

City of Wetaskiwin
Consolidated Financial Statements

December 31, 2020

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Consolidated Financial Statements
December 31, 2020

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City of Wetaskiwin
For the Year Ended December 31
MANAGEMENT REPORT

The Consolidated Financial Statements of the City of Wetaskiwin have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council of the City of Wetaskiwin is responsible for ensuring that management fulfils its responsibilities for financial reporting and maintaining internal controls and exercises this responsibility through Council. The Council reviews internal financial reports on a monthly basis and external Audited Financial Statements yearly.

The external auditors, Grant Thornton LLP, Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian Auditing Standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the City's system of internal controls for financial reporting and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial management of the City of Wetaskiwin and meet when required.

On behalf of the City of Wetaskiwin



November 22, 2021

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Independent Auditor's Report

To the Mayor and Members of Council of the City of Wetaskiwin

Opinion

We have audited the consolidated financial statements of the City of Wetaskiwin ("the City"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net assets and cash flows for the year then ended, and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City of Wetaskiwin as at December 31, 2020, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw attention to Note 26 of the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern

and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

City of Wetaskiwin
Consolidated Statement of Financial Position

For the Year Ended December 31

2020
2019
 Restated -
 See Note 26

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 18,591,785	\$ 11,832,367
Receivables		
Taxes and Grants-in-Place of Taxes (Note 3)	2,096,654	1,787,219
Taxes Local Improvements - Current	-	16,832
Taxes Local Improvements - Long-Term	43,415	43,415
Trade and Other Receivables	10,314,148	5,734,603
Land for Resale Inventory	598,887	598,887
Investments (Note 4)	5,267,602	4,188,308
	<hr/>	<hr/>
	36,912,491	24,201,631

LIABILITIES

Accounts Payable and Accrued Liabilities	3,548,842	2,773,502
Deposit Liabilities	822,067	810,555
Deferred Revenues (Note 5)	7,318,002	638,277
Employee Benefit Obligations (Note 6)	240,876	242,767
Provision for Landfill Closure and Post-Closure Liability Costs (Note 7)	3,749,747	3,688,382
Long Term Debt (Note 9)	22,203,509	24,008,811
	<hr/>	<hr/>
	37,883,043	32,162,294

NET FINANCIAL DEBT

(970,552) **(7,960,663)**

NON-FINANCIAL ASSETS

Tangible Capital Assets (Schedule I and Note 11)	143,779,788	147,113,280
Inventory for Consumption	260,445	362,063
Prepaid Expenses	223,579	3,538
	<hr/>	<hr/>
	144,263,812	147,478,881

ACCUMULATED SURPLUS (Schedule II and Note 12)

\$ 143,293,260 **\$ 139,518,218**

Approved on behalf of the City Council

Mayor

Councillor

City of Wetaskiwin
Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31	2020 Budget	2020 Actual	2019 Actual
			Restated - See Note 26
REVENUE			
Net Municipal Taxes (Schedule III)	\$ 15,934,871	\$ 15,824,394	\$ 16,045,352
User Fees and Sale of Goods	12,603,121	10,119,407	11,038,220
Government Transfers for Operating (Schedule IV)	1,461,293	2,340,053	1,669,944
Investment Income	375,982	261,682	75,198
Penalties and Cost of Taxes	575,300	347,418	814,174
Franchise Contracts	2,402,650	2,411,319	2,249,904
Development Levies	-	9,900	2,300
Rentals	560,707	364,139	552,824
Licenses, Permits and Fines	811,100	346,361	409,211
Other	449,411	878,842	1,747,728
	<hr/>	<hr/>	<hr/>
	35,174,435	32,903,515	34,604,855
EXPENSES (Schedule V and Note 15)			
Legislative	405,802	374,924	388,733
Administration	4,110,286	3,756,581	3,974,654
Protective Services	5,799,854	6,041,886	5,405,188
Transportation Services	6,007,180	5,695,867	5,532,649
Water Supply and Distribution	4,284,937	3,759,866	3,767,996
Wastewater Treatment and Disposal	1,080,653	1,175,691	842,587
Waste Management	1,329,291	1,268,620	1,265,463
Family and Community Support	497,283	651,627	524,690
Planning and Engineering	1,167,063	872,100	416,734
Parks and Recreation	6,480,806	5,752,172	6,081,236
Culture	1,021,160	831,851	1,195,024
	<hr/>	<hr/>	<hr/>
	32,184,315	30,181,185	29,394,954
Excess of revenue over expenses - before Other	2,990,120	2,722,330	5,209,901
Other			
Government Transfers for Capital (Schedule IV)	68,000	1,052,712	2,960,876
Excess of revenue over expenses	3,058,120	3,775,042	8,170,777
Accumulated surplus , beginning of year	139,518,218	139,732,021	131,347,441
Prior period adjustments (Note 26)	-	(213,803)	-
Accumulated surplus , beginning of year, as restated	-	139,518,218	131,347,441
Accumulated surplus , end of year	\$142,576,338	\$143,293,260	\$139,518,218

City of Wetaskiwin
Consolidated Statement of Change in Net Assets (Debt)

For the Year Ended December 31	2020 Budget	2020 Actual	2019 Actual
			Restated - see Note 26
Excess of revenue over expenses	\$ 3,058,120	\$ 3,775,042	\$ 8,170,777
Acquisition of tangible capital assets	-	(2,570,845)	(9,956,932)
Proceeds on disposal of tangible capital assets	-	-	590,740
Amortization of tangible capital assets	5,971,000	5,854,220	5,757,176
Loss (gain) on disposal of tangible capital assets	-	50,117	(357,882)
	<u>5,971,000</u>	<u>3,333,492</u>	<u>(3,966,898)</u>
Change in supplies inventory	-	101,618	39,990
Change in prepaid assets	-	(220,041)	147,858
	<u>-</u>	<u>(118,423)</u>	<u>187,848</u>
Net change in net assets (debt)	9,029,120	6,990,111	4,391,727
Net debt , beginning of year	(7,960,663)	(7,960,663)	(12,352,390)
Net assets (debt) , end of year	\$ 1,068,457	\$ (970,552)	\$ (7,960,663)

City of Wetaskiwin Consolidated Statement of Cash Flows

For the Year Ended December 31

2020

2019

Restated -
See Note 26

Cash provided by (used in) Operating transactions

Excess of revenue over expenses	\$ 3,775,042	\$ 8,170,777
Non-cash items included in excess of revenue over expenses:		
Amortization	5,854,220	5,757,176
Loss (gain) on disposal of tangible capital asset	50,117	(357,882)
Non-cash changes to operations (net changes):		
(Increase) decrease in taxes and grants-in-place of taxes	(309,435)	143,172
Decrease (increase) in taxes local improvements - current	16,832	-
(Increase) decrease in taxes local improvements - long-term	-	16,832
(Increase) decrease in trade and other receivables	(4,579,545)	(1,442,274)
Increase (decrease) in accounts payable and accrued liabilities	775,340	(404,545)
Increase (decrease) in deposit liabilities	11,512	(248,040)
Increase (decrease) in deferred revenue	6,679,725	(1,121,795)
Decrease (increase) in employee benefit obligations	(1,891)	(64,950)
Provision for landfill closure and post-closure costs	61,365	63,337
Decrease (increase) in inventory for consumption	101,618	39,990
(Increase) decrease in prepaids	(220,041)	147,858
	<u>12,214,859</u>	<u>10,699,656</u>
Capital activities		
Acquisition of tangible capital assets	(2,570,845)	(9,956,932)
Proceeds on sale of tangible capital assets	-	590,740
	<u>(2,570,845)</u>	<u>(9,366,192)</u>
Investing activities		
(Increase) decrease in investments	(1,079,294)	1,177,800
Financing transactions		
Long term debt repaid	(1,805,302)	(1,771,625)
Net change in cash and cash equivalents	6,759,418	739,639
Cash and cash equivalents, beginning of year	11,832,367	11,092,728
Cash and cash equivalents, end of year	\$ 18,591,785	\$ 11,832,367

City of Wetaskiwin
Schedule I - Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31

2020								
	<u>Engineering Structures</u>	<u>Buildings</u>	<u>Machinery & Equipment</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>Totals</u>
Cost, beginning of year	\$155,049,503	\$ 40,141,734	\$ 11,869,728	\$ 2,880,888	\$ 15,412,959	\$ 5,252,685	\$ 1,590,519	\$232,198,016
Acquisitions	74,685	(30)	76,415	-	(436)	-	2,420,211	2,570,845
Disposals	(48,999)	-	(1,118)	-	-	-	-	(50,117)
Cost, end of year	155,075,189	40,141,704	11,945,025	2,880,888	15,412,523	5,252,685	4,010,730	234,718,744

Accumulated amortization, beginning of year	55,425,747	10,113,037	5,781,932	-	10,714,516	3,049,504	-	85,084,736
Amortization	3,509,317	880,174	655,726	-	534,332	274,671	-	5,854,220
Accumulated amortization, end of year	58,935,064	10,993,211	6,437,658	-	11,248,848	3,324,175	-	90,938,956
Net carrying amount, end of year	\$ 96,140,125	\$ 29,148,493	\$ 5,507,367	\$ 2,880,888	\$ 4,163,675	\$ 1,928,510	\$ 4,010,730	\$143,779,788

2019								
	<u>Engineering Structures</u>	<u>Buildings</u>	<u>Machinery & Equipment</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>Totals</u>
Cost, beginning of the year	\$142,708,252	\$ 40,113,039	\$ 11,516,665	\$ 3,097,246	\$ 15,241,223	\$ 5,252,685	\$ 4,609,037	\$ 222,538,147
Acquisitions	12,341,956	108,695	353,063	-	171,736	-	(3,018,518)	9,956,932
Disposals	(705)	(80,000)	-	(216,358)	-	-	-	(297,063)
Cost, end of year	155,049,503	40,141,734	11,869,728	2,880,888	15,412,959	5,252,685	1,590,519	232,198,016
Accumulated amortization, beginning of year	52,111,034	9,289,425	5,129,177	-	10,132,960	2,729,169	-	79,391,755
Amortization	3,315,236	887,294	652,755	-	581,556	320,335	-	5,757,176
Disposals	(523)	(63,682)	-	-	-	-	-	(64,205)
Accumulated amortization, End of year	55,425,747	10,113,037	5,781,932	-	10,714,516	3,049,504	-	85,084,736
Net carrying amount, end of year	\$ 99,623,756	\$ 30,028,697	\$ 6,087,796	\$ 2,880,888	\$ 4,698,443	\$ 2,203,181	\$ 1,590,519	\$147,113,280

City of Wetaskiwin
Schedule II - Consolidated Schedule of Changes in Accumulated Surplus

For the Year Ended December 31	Unrestricted	Restricted	Equity in	2020	2019
	Surplus	Surplus	Capital		
For the Year Ended December 31					Restated - See Note 26
Balance, beginning of year, as previously stated	\$ 5,985,017	\$ 10,642,535	\$ 123,104,469	\$ 139,732,021	\$ 131,347,441
Prior period adjustment (Note 26)	\$ (213,803)	\$ -	\$ -	\$ (213,803)	\$ -
 Balance, beginning of year, restated	 \$ 5,771,214	 \$ 10,642,535	 \$ 123,104,469	 \$ 139,518,218	 \$ 131,347,441
Excess of revenue over expenses	3,775,042	-	-	3,775,042	8,170,777
Unrestricted funds designated for future use	(10,713,874)	10,713,874	-	-	-
Unrestricted funds designated for tangible capital assets	(103,899)	-	103,899	-	-
Restricted funds used for operations	1,147,688	(1,147,688)	-	-	-
Restricted funds used for tangible capital assets	-	(1,414,234)	1,414,234	-	-
Government transfers for tangible capital assets	(1,052,712)	-	1,052,712	-	-
Loss on disposal of tangible capital assets	50,117	-	(50,117)	-	-
Annual amortization expense	5,854,220	-	(5,854,220)	-	-
Long-term debt repayment	(1,805,302)	-	1,805,302	-	-
 (2,848,720)	 8,151,952	 (1,528,190)	 3,775,042	 8,170,777	
 \$ 2,922,494	 \$ 18,794,487	 \$ 121,576,279	 \$ 143,293,260	 \$ 139,518,218	

City of Wetaskiwin
Schedule III - Consolidated Schedule of Property and Other Taxes

For the Year Ended December 31	2020	2020	2019
	Budget	Actual	Actual Restated - See Note 26
Taxation			
Real Property Taxes	\$ 19,875,997	\$ 19,674,898	\$ 19,925,696
Linear Property Taxes	278,264	327,849	337,220
Government Grants-in-lieu of Property Taxes	25,277	30,682	28,563
Special Assessments and Local Improvement Plans	915	-	-
	<hr/>	<hr/>	<hr/>
	20,180,453	20,033,429	20,291,479
Requisitions			
Alberta School Foundation Fund	3,660,760	3,606,647	2,738,761
St. Thomas Aquinas Roman Catholic Board	307,722	325,986	1,232,791
Wetaskiwin and Area Lodge Authority	277,100	273,088	274,575
Designated Industrial Property (DIP)	-	3,314	-
	<hr/>	<hr/>	<hr/>
	4,245,582	4,209,035	4,246,127
	<hr/>	<hr/>	<hr/>
	\$ 15,934,871	\$ 15,824,394	\$ 16,045,352

City of Wetaskiwin
Schedule IV - Consolidated Schedule of Government Transfers

For the Year Ended December 31	2020 Budget	2020 Actual	2019 Actual Restated - See Note 26
Transfers for operating			
Provincial Government	\$ 1,042,006	1,907,009	\$ 1,191,823
Other Government Organizations	419,287	433,043	478,121
Transfers for capital			
Provincial Government	1,461,293	\$ 2,340,052	1,669,944
	<u>68,000</u>	1,052,712	2,960,876
	<u>\$ 1,529,293</u>	\$ 3,392,764	\$ 4,630,820

City of Wetaskiwin
Schedule V - Consolidated Schedule of Expenses by Object

For the Year Ended December 31	2020 Budget	2020 Actual	2019 Actual Restated - See Note 26
Consolidated Expenses by Object			
Salaries, Wages and Benefits	\$ 13,627,360	\$ 11,167,942	\$ 12,695,563
Contracted and General Services	4,225,324	4,651,605	3,385,474
Purchases from Other Governments	3,020,629	3,230,494	2,911,566
Materials, Goods and Utilities	4,205,687	3,993,248	3,695,334
Provisions for Allowances	46,000	-	110,386
Transfers to Local Boards and Agencies	-	217	30,239
Transfers to Individuals and Organizations	140,505	335,032	182,931
Bank Charges and Short-Term Interest	60,000	63,518	53,190
Interest on Long-Term Debt	869,560	834,792	932,495
Amortization of Tangible Capital Assets	5,971,000	5,854,220	5,757,176
Loss (gain) on Disposal of Tangible Capital Assets	-	50,117	(357,882)
Other Operating Expenses	18,250	-	(1,518)
	<hr/> \$ 32,184,315	<hr/> \$ 30,181,185	<hr/> \$ 29,394,954

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Wetaskiwin (the City) are prepared by management in accordance with Public Sector Accounting Standards. Significant accounting policies adopted by the City are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and accumulated surplus of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the City and are, therefore, accountable to the City Council for the administration of their financial affairs and resources. They include the following:

- City of Wetaskiwin Fire Department
- City of Wetaskiwin Waterworks and Wastewater Systems
- City of Wetaskiwin Library Board
- City of Wetaskiwin Waste Management
- City of Wetaskiwin Family and Social Services
- City of Wetaskiwin Memorial Cemetery
- Wetaskiwin Community Transportation Society

The schedule of taxes levied also includes requisitions for educational, health, social and other external social organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed, or tangible capital assets are acquired.

c) Use of estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, financial statements have been prepared within reasonable limits of materiality. Actual results could differ from estimates.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the effective interest rate basis over the term of the respective investments. When there has been a loss in the value that is other than a temporary decline, the respective investment is written down to recognize the loss.

e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

f) Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

g) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from the municipal reserve.

h) Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Revenue from local improvements is recognized when a new local improvement is approved by Council.

i) Landfill closure and post-closure liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in a productive use and is management's estimate of the cost of the post-remediation including operation, maintenance and monitoring.

k) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

l) Employee benefit obligations

The costs of post-employment benefits, compensated absences and termination benefits are recorded as an expense when the event that gives rise to the obligation occurs.

m) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the consolidated change in financial assets (debt) for the year.

n) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Major Asset Category	Useful Life Range
Land Improvements	2 to 5 Years
Buildings	10 to 50 Years
Engineered Structures:	
Water System	45 to 75 Years
Wastewater System	45 to 75 Years
Other Engineered Structures	15 to 75 Years
Machinery and Equipment	3 to 38 Years
Vehicles	3 to 25 Years

Assets under construction are not amortized until the asset is available for productive use.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Tangible capital assets (Continued)

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

i. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital assets. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

ii. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iii. Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

o. Future accounting changes

The following summarizes upcoming changes to Canadian Public Sector Accounting Standards issued by the Public Sector Accounting Standards Board. In 2021, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time

Public Sector Accounting Standard	Name	Effective Date (fiscal year beginning on or after)
PS 1201	Financial Statement Presentation	April 1, 2022
PS 2601	Foreign Currency Translation	April 1, 2022
PS 3041	Portfolio Investments	April 1, 2022
PS 3280	Asset Retirement Obligations	April 1, 2022
PS 3400	Revenue	April 1, 2022
PS 3450	Financial Instruments	April 1, 2022

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

2. CASH AND CASH EQUIVALENTS

	2020	2019
Cash	\$ 4,800	\$ 4,885
Temporary Investments	157,374	1,135,311
Cash in bank, net of outstanding cheques and deposits	<u>18,429,611</u>	<u>10,692,171</u>
	<u><u>\$ 18,591,785</u></u>	<u><u>\$ 11,832,367</u></u>

Temporary investments are short-term deposits with original maturities of three months or less. Short term notes and deposits have effective interest rates of 0% to 0.25% (2019 - 0.00% to 0.25%) and mature in less than one year or have callable features.

Included in cash and cash equivalents is a restricted amount of \$372,541 (2019 - \$275,232) held for operations, debenture funds for capital expenditures \$- (2019 - \$340,838) received from the province and held exclusively for capital transportation and infrastructure projects.

The City holds in trust cash in the amount of \$133,986 (2019 - \$114,800) for various operating programs. These amounts are not included in cash and temporary investments nor are their offsetting trust liabilities included in these financial statements.

3. TAXES AND GRANTS-IN-PLACE OF TAXES RECEIVABLE

	2020	2019
		Restated
Current Taxes and Grants-in-place of Taxes	\$ 413,179	\$ 1,333,564
Arrears Taxes	<u>1,967,742</u>	<u>792,624</u>
	<u><u>2,380,921</u></u>	<u><u>2,126,188</u></u>
Less: Allowance for Doubtful Accounts	<u>(284,267)</u>	<u>(338,969)</u>
	<u><u>\$ 2,096,654</u></u>	<u><u>\$ 1,787,219</u></u>

4. INVESTMENTS

	2020	2019
	Cost	Market
Government and government guaranteed bonds, patronage dividends and other	<u>\$ 5,267,602</u>	<u>\$ 5,490,539</u>
	<u><u>\$ 4,188,308</u></u>	<u><u>\$ 4,198,987</u></u>

Government and government guaranteed bonds have effective interest rates of 2.30% to 3.24% (2019 - 2.30% to 3.24%) with maturity dates from September 29, 2021, to July 25, 2029.

Council has designated funds in the above amounts for the future costs associated with landfill closure and post-closure liability in the amount of \$3,749,747 (2019 - \$3,688,382).

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

5. DEFERRED REVENUES

	2020	2019
		Restated
Operating		
Family and Community Support Services	\$ 208,970	\$ 22,207
Utility Surcharge	10,250	7,023
Other Grant Programs	1,680,845	200,000
Other	362,991	68,209
	<hr/>	<hr/>
	2,263,056	297,439
Capital		
Offsite Levies	-	340,838
Basic Capital Grant	3,647,022	-
Federal Gas Tax Fund	1,407,924	-
	<hr/>	<hr/>
	5,054,946	340,838
	<hr/>	<hr/>
	\$ 7,318,002	\$ 638,277

Federal gas tax fund

Funding in the amount of \$723,888 (2019 - \$1,430,022) was received or receivable in the current year from the Alberta Provincial Government. The use of these funds is restricted to eligible capital infrastructure projects, as approved under the funding agreement.

6. EMPLOYEE BENEFIT OBLIGATIONS

	2020	2019
Vacation, Overtime Accrual	\$ 240,876	\$ 242,767

Vacation and Overtime

The vacation and overtime liability comprises the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or entitled to these benefits within the next budgetary year.

The City of Wetaskiwin provides 1.5 short term sick days per month for full-time staff and may carry forward to the future years to a maximum of 120 days. City employees must qualify for short term sick leave per the City of Wetaskiwin's policy to access their accrual. The short-term sick time accrual is not vested, and no expense is incurred when the employment relationship is ended.

Post-employment benefits

The City of Wetaskiwin sponsors life insurance benefits to qualifying retirees from the date of retirement. The City pays 100% of the cost of the life insurance. The cost of these benefits is recognized as a program expenditure each year.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

7. PROVISION FOR LANDFILL CLOSURE AND POST-CLOSURE LIABILITY COSTS

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 14 years after the closure using a discount rate of 2.5% and assuming an annual inflation of 2.0%. The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The estimated remaining capacity of the landfill site is 184,800 tonnes (2019 - 198,000). The existing landfill site is expected to reach capacity in approximately 14 years. The City of Wetaskiwin has adjusted its use of estimates based on a new study completed in 2018. The City of Wetaskiwin has designated assets for settling closure and post closure liabilities based on the study from 2018.

	2020	2019
Estimated Closure Costs, in 2034	\$ 2,582,735	\$ 2,634,389
Estimated Post-Closure Costs	<u>1,964,751</u>	<u>2,004,046</u>
	4,547,486	4,638,435
Portion of total liability remaining to be recognized	<u>859,104</u>	<u>1,013,390</u>
	3,688,382	3,625,045
Estimated accrued liability portion	<u>61,365</u>	<u>63,337</u>
	\$ 3,749,747	\$ 3,688,382

Management estimates the site has approximately 184,800 tonnes of landfill capacity remaining. With an estimated annual utilization of 13,200 tonnes the landfill has approximately 14 years of life remaining. It is estimated that post-closure care would be required for a period of 25 years.

8. CONTAMINATED SITES

City of Wetaskiwin determined that an estimated financial liability of \$120,000 was required under PS 3260 Liability for Contaminated Sites for a specific property. The property contained contaminants that had leached into the soil. The liability was estimated based on data and assessment from Alberta Environment for the cost of remediation to meet environmental standards.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

9. LONG TERM DEBT

	2020	2019
Tax-Supported Debentures	\$ 14,703,296	\$ 15,713,786
Self-Supported Debentures	7,371,435	8,134,067
Local Improvement Debentures	128,778	160,958
	<hr/>	<hr/>
	\$ 22,203,509	\$ 24,008,811

Principal and interest payments on debt in the next five years are as follows:

	Principal	Interest	Total
2021	\$ 1,870,633	\$ 801,132	\$ 2,671,765
2022	1,938,596	732,351	2,670,947
2023	1,778,063	662,020	2,440,083
2024	1,719,010	593,033	2,312,043
2025	1,597,537	526,673	2,124,210
Thereafter	<hr/>	<hr/>	<hr/>
	13,299,670	3,075,345	16,375,015
	<hr/>	<hr/>	<hr/>
	\$ 22,203,509	\$ 3,315,209	\$ 28,594,063

Debenture debt is repayable to Alberta Capital Finance Authority and the Federation of Canadian Municipalities and bears interest at rates ranging from 2.18% to 6.38% per annum and matures in periods 2022 through 2043. The average annual interest rate is 4.43%. Debenture debt is issued on the credit and security of the City of Wetaskiwin at large.

Interest expense on long-term debt amounted to \$834,792 (2019 - \$932,495).

The City of Wetaskiwin's total cash payments for interest in 2020 were \$834,792 (2019 - \$932,495).

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/10 for the City of Wetaskiwin be disclosed as follows:

	2020	2019
		Restated
Total Debt Limit	\$ 49,355,273	\$ 51,907,283
Total Debt	<hr/>	<hr/>
	22,203,509	24,008,811
Amount of Debt Limit Unused	<hr/>	<hr/>
	\$ 27,151,764	\$ 27,898,472
Debt Servicing Limit	<hr/>	<hr/>
Debt Servicing	\$ 8,225,879	\$ 8,651,214
	<hr/>	<hr/>
	2,640,094	2,704,120
Amount of Debt Servicing Limit Unused	<hr/>	<hr/>
	\$ 5,585,785	\$ 5,947,094

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statement must be interpreted as a whole.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

11. TANGIBLE CAPITAL ASSETS
2020 **2019**

Net Book Value

Engineering Structures

Roadway Systems	\$ 32,340,929	\$ 34,094,404
Water Systems	39,544,264	40,664,227
Wastewater Systems	15,757,107	16,178,521
Storm Systems	8,445,803	8,629,190
Fibre Optics	52,022	57,414
Buildings	29,148,493	30,028,697
Machinery & Equipment	5,507,367	6,087,796
Land	2,880,888	2,880,888
Land improvements	4,163,675	4,698,443
Vehicles	1,928,510	2,203,181
Assets Under Construction	4,010,730	1,590,519
	<hr/>	<hr/>
	\$ 143,779,788	\$ 147,113,280

a) Assets Under Construction

Assets under construction have a value of \$4,010,730 (2019 - \$1,590,519) and have not been amortized. Amortization of these assets will commence when the asset is put in service.

12. ACCUMULATED SURPLUS

	2020	2019
		Restated
Unrestricted Surplus	\$ 2,922,494	\$ 5,771,214
Restricted Surplus - Reserves	18,794,487	10,642,535
Equity in Tangible Capital Assets	121,576,279	123,104,469
	<hr/>	<hr/>
	\$ 143,293,260	\$ 139,518,218

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible Capital Assets	\$ 234,718,744	\$ 232,198,016
Accumulated Amortization	(90,938,956)	(85,084,736)
Long-Term Debt	(22,203,509)	(24,008,811)
	<hr/>	<hr/>
	\$ 121,576,279	\$ 123,104,469

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

14. RESTRICTED SURPLUS

	2019	Increase	Decrease	2020
Airport	\$ 9,502	\$ 688	\$ -	\$ 10,190
Equipment Pool	1,239,140	500,000	10,000	1,729,140
Fire	644,519	341,227	5,308	980,438
Infrastructure Tax Reserve	333,626	2,263,782	283,787	2,313,621
Land Development	15,435	378,656	86,549	307,542
Library Reserve	59,765	139,029	-	198,794
Manluk Pool	86,513	86,456	77,389	95,580
Royal Canadian Mounted Police	258,306	-	-	258,306
Water and Wastewater	3,141,022	4,052,230	1,142,843	6,050,409
Solid Waste	1,672,034	80,988	10,000	1,743,022
Snow Removal Stabilization	803,584	-	444,584	359,000
Community Land Reserve	50,086	-	-	50,086
Contingency	2,034,842	267,500	501,462	1,800,880
Work-in-progress	51,930	-	-	51,930
Cemetery Care Fund - Memorial	36,902	15,801	-	52,703
Cemetery Care Fund - Old	49,837	3,610	-	53,447
Transportation	64,961	-	-	64,961
Stormwater	-	444,584	-	444,584
Public Art	25,000	23,260	-	48,260
Information Technology	46,000	58,027	-	104,027
Stabilization	19,531	2,058,036	-	2,077,567
	<hr/> \$ 10,642,535	<hr/> \$ 10,713,874	<hr/> \$ 2,561,922	<hr/> \$ 18,794,487

15. SEGMENTED INFORMATION

The City of Wetaskiwin is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Legislative - Council services

Administration - The Chief Administrative Officer, General Administration, Finance, Information Technology, Human Resources, Economic Development, Communications, and Municipal Building services.

Protective Services - Municipal RCMP, Fire Department, Bylaw Enforcement, and Animal Control services.

Transportation Services - Public Works, Fleet Maintenance, Road and Operations (snow removal, sanding, street lighting, dust control, etc.) and Transit services.

Water Supply and Distribution - Water Supply and Distribution services.

Wastewater Treatment and Disposal - Wastewater and Storm Sewer services.

Waste Management - Garbage (Solid Waste) and Curbside Recycling Collection.

Family and Community Support - Offers locally based preventative and supportive services for families.

Planning and Engineering - Planning, Engineering, and Building Inspection services.

Parks and Recreation - Arenas, Parks and Playgrounds, and Recreation programs.

Culture - Cultural Facilities services.

City of Wetaskiwin
Notes to the Consolidated Financial Statements

15. SEGMENTED INFORMATION (continued)

For the year ended December 31	Legislative	Administration	Protective Services	Transportation Services	Water Supply and Distribution	Wastewater Treatment and Disposal	Waste Management	Family and Community Support	Planning and Engineering	Parks and Recreation	Culture	2020 Total
Revenue												
Net Municipal Taxes	\$ -	\$ 15,824,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,824,394
User Fees and Sale of Goods	-	13,150	38,315	5,368	4,444,091	3,382,915	1,770,848	122,627	49,467	276,150	16,476	10,119,407
Government Transfers	-	826,891	587,463	8,400	-	-	75,677	377,658	54,375	292,439	117,150	2,340,053
Investment Income	-	261,312	-	-	-	-	-	-	-	-	370	261,682
Penalties and Cost of Taxes	-	300,593	-	-	46,825	-	-	-	-	-	-	347,418
Franchise Contracts	-	2,406,319	-	-	-	-	-	-	-	5,000	-	2,411,319
Development Levies	-	-	-	-	-	-	-	-	9,900	-	-	9,900
Rentals	-	-	104,208	-	-	-	-	-	2,498	257,433	-	364,139
Licenses, permits and fines	-	93,940	161,853	-	-	-	-	3,808	86,760	-	-	346,361
Other	-	13,925	337,201	204,770	191,553	-	-	37,115	15,454	77,023	1,801	878,842
	-	19,740,524	1,229,040	218,538	4,682,469	3,382,915	1,846,525	541,208	218,454	908,045	135,797	32,903,515
Expenses												
Salaries, Wages and Benefits	329,661	1,741,057	1,851,898	1,430,471	1,120,814	4,836	775,217	245,545	484,091	2,707,428	476,924	11,167,942
Contract and General Services	45,263	1,562,299	394,152	382,025	406,523	339,632	194,451	11,228	374,411	812,429	129,192	4,651,605
Purchases from Other Governments	-	-	3,230,494	-	-	-	-	-	-	-	-	3,230,494
Materials, Goods and Utilities	-	174,800	195,261	1,453,440	621,075	335,616	12,844	107,864	5,245	979,431	107,672	3,993,248
Transfers to Local Boards and Agencies	-	-	-	-	-	-	-	-	217	-	-	217
Transfers to Individuals and Organizations	-	-	-	-	-	-	-	274,800	4,677	-	55,555	335,032
Bank Charges and Short-Term Interest	-	62,992	-	-	-	-	-	-	-	-	526	63,518
Interest on Long-Term Debt	-	66,980	116,382	14,730	237,011	25,193	13,745	-	-	360,751	-	834,792
Amortization of Tangible Capital Assets	-	148,453	253,699	2,414,083	1,374,443	421,415	272,363	12,190	3,459	892,133	61,982	5,854,220
(Gain) Loss on Disposal of Tangible Capital Assets	-	-	-	1,118	-	48,999	-	-	-	-	-	50,117
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
	374,924	3,756,581	6,041,886	5,695,867	3,759,866	1,175,691	1,268,620	651,627	872,100	5,752,172	831,851	30,181,185
Net revenue	\$ (374,924)	\$ 15,983,943	\$ (4,812,846)	\$ (5,477,329)	\$ 922,603	\$ 2,207,224	\$ 577,905	\$ (110,419)	\$ (653,646)	\$ (4,844,127)	\$ (696,054)	\$ 2,722,330

City of Wetaskiwin
Notes to the Consolidated Financial Statements

15. SEGMENTED INFORMATION (continued)

For the year ended December 31	Legislative	Administration	Protective services	Transportation Services	Water Supply and Distribution	Wastewater Treatment and Disposal	Waste Management	Family and Community Support	Planning and Engineering	Parks and Recreation	Culture	2019 Total Restated
Revenue												
Net Municipal Taxes	-	16,045,352	-	-	-	-	-	-	-	-	-	16,045,352
User Fees and Sale of Goods	-	10,929	60,199	7,112	4,487,152	2,981,121	2,229,863	173,980	118,287	929,710	39,867	11,038,220
Government Transfers	-	31,092	555,985	138,646	-	-	-	452,458	46,313	250,779	194,671	1,669,944
Investment Income	-	75,198	-	-	-	-	-	-	-	-	-	75,198
Penalties and Cost of Taxes	-	664,823	-	-	149,351	-	-	-	-	-	-	814,174
Franchise Contracts	-	2,249,504	-	-	-	-	-	-	-	400	-	2,249,904
Development Levies	-	-	-	-	-	-	-	-	2,300	-	-	2,300
Rentals	-	-	104,208	-	-	-	-	-	8,810	439,806	-	552,824
Licenses, permits and fines	-	94,578	204,287	-	-	-	-	4,195	106,151	-	-	409,211
Other	140	353,697	301,184	624,594	185,934	-	15	86,362	38,252	152,507	5,043	1,747,728
	140	19,525,173	1,225,863	770,352	4,822,437	2,981,121	2,229,878	716,995	320,113	1,773,202	239,581	34,604,855
Expenses												
Salaries, Wages and Benefits	331,530	2,394,716	1,627,834	1,539,669	1,186,355	22,628	789,291	343,921	430,792	3,369,784	659,043	12,695,563
Contract and General Services	57,026	1,095,858	318,785	367,459	266,235	126,553	172,342	15,669	294,932	465,132	205,483	3,385,474
Purchases from Other Governments	-	-	2,911,566	-	-	-	-	-	-	-	-	2,911,566
Materials, Goods and Utilities	177	97,941	162,628	1,265,207	746,857	263,762	11,454	74,405	14,432	908,208	150,263	3,695,334
Provisions for Allowances	-	110,386	-	-	-	-	-	-	-	-	-	110,386
Transfers to Local Boards and Agencies	-	-	-	-	-	-	-	-	30,239	-	-	30,239
Transfers to Individuals and Organizations	-	-	-	-	-	-	-	78,514	-	-	104,417	182,931
Bank Charges and Short-Term Interest	-	53,190	-	-	-	-	-	-	-	-	-	53,190
Interest on Long-Term Debt	-	75,530	133,160	20,487	257,884	27,736	18,731	-	-	398,967	-	932,495
Amortization of Tangible Capital Assets	-	148,551	251,215	2,339,827	1,310,490	401,908	273,645	12,181	4,396	939,145	75,818	5,757,176
(Gain) Loss on Disposal of Tangible Capital Assets	-	-	-	-	175	-	-	-	(358,057)	-	-	(357,882)
Other Operating Expenses	-	(1,518)	-	-	-	-	-	-	-	-	-	(1,518)
	388,733	3,974,654	5,405,188	5,532,649	3,767,996	842,587	1,265,463	524,690	416,734	6,081,236	1,195,024	29,394,954
Net revenue	\$ (388,593)	\$ 15,550,519	\$ (4,179,325)	\$ (4,762,297)	\$ 1,054,441	\$ 2,138,534	\$ 964,415	\$ 192,305	\$ (96,621)	\$ (4,308,034)	\$ (955,443)	\$ 5,209,901

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

16. TRUST FUNDS

	2020	2019
Beautification Program	\$ 1,678	\$ 1,648
Christmas Hamper	32,020	31,451
Archives	9,686	9,514
Volunteer Fire Department	76,709	58,541
Ashoro Trust	<u>13,893</u>	<u>13,646</u>
	\$ 133,986	\$ 114,800

17. SALARY AND BENEFITS DISCLOSURE

	Salary ¹	Benefits and Allowances ^{2,3}	2020	2019
Mayor Gandam	\$ 76,300	\$ 2,665	\$ 78,965	\$ 87,764
Councillor G. Blatz-Morgan	35,207	5,427	40,634	12,464
Councillor J. Branco	33,507	5,435	38,942	12,191
Councillor W. Neilson	33,613	5,193	38,806	44,074
Councillor D. Billingsley	36,376	305	36,681	39,487
Councillor A. Hilgartner	34,304	2,361	36,665	41,285
Councillor K. Lonsdale	34,251	5,434	39,685	42,363
Councillor P. MacQuarrie (4 months) ⁽ⁱ⁾	-	-	-	10,566
Councillor P. Ganske (6 months) ⁽ⁱⁱ⁾	-	-	-	21,616
City Manager ⁽ⁱⁱⁱ⁾	127,694	1,924	129,618	53,689
City Manager (9 months) ^(iv)	-	-	-	402,238
Acting City Manager ^(v)	45,610	2,775	48,385	37,168
Designated Officer ^(vi)	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,543</u>
	\$ 456,862	\$ 31,519	\$ 488,381	\$ 947,448

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, retiring allowances and any other direct cash remunerations.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. Benefit figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, and retirement planning services, concessionary loans, travel allowances and club memberships
 - i. Councillor resigned - April 2019
 - ii. Councillor resigned - June 2019
 - iii. 2020: March 27 - December 31, 2020: Acting City Manager was in place - (January 2020 - March 2020)
 - iv. City Manager end of contract (April 2019 - December 2019)
 - v. 2020: Activing January 1 - March 26, 2020: Acting City Manager (October 2019 - December 2019)
 - vi. The City does not have a Designated Officer Bylaw. Bylaw 1946-20 is the Assessor Bylaw in which Bob Daudelin, A.M.A.A., of Accurate Assessment Group Ltd. was appointed as a Desingated Officer of the City of Wetaskiwin.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2020

18. LOCAL AUTHORITIES PENSION PLAN (LAPP)

Employees of the City of Wetaskiwin participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves approximately 275,863 members and 433 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The City of Wetaskiwin is required to make current service contributions to the LAPP of 9.39% (2019 - 9.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2019 - 13.84%) on pensionable earnings above this amount.

Employees of the City of Wetaskiwin are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2019 - 12.84%) on pensionable salary above this amount.

Total current service contributions by the City of Wetaskiwin to the LAPP in 2020 were \$650,729 (2019 - \$686,862). Total current service contributions by the employees of the City of Wetaskiwin to the LAPP in 2020 were \$586,935 (2019 - 615,913).

At December 31, 2020, the LAPP reported the value of its assets at \$53.6 billion (2019 - \$50.5 billion) with the actuarial surplus of \$5.0 billion (2019 - 7.9 billion).

19. COMMITMENTS AND CONTINGENCIES

Leases

The City has entered into agreements to lease equipment and buildings for various periods until 2022. The minimum lease payments for equipment and buildings in aggregate for each of the next two years are as follows:

	Total
2021	115,112
2022	87,667

20. CONTINGENCIES

The City of Wetaskiwin is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City of Wetaskiwin could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The City of Wetaskiwin has been named in various lawsuits, which have been estimated by management and their consultants as unlikely to materialize. As such, no loss has been accrued in these financial statements.

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21. FINANCIAL INSTRUMENTS

The City of Wetaskiwin's financial instruments consist of cash and cash equivalents, accounts receivable, investments, landfill closure and post-closure liability, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the City of Wetaskiwin is not exposed to significant interest or currency risks arising from these financial instruments.

The City of Wetaskiwin is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

22. RELATED PARTY TRANSACTIONS

Subdivision land development expense includes \$30,239 (2019 - \$30,239) paid to West Central Planning Agency of which the City has an interest.

23. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

24. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City of Wetaskiwin contractual rights arise because of contracts entered into for various services. Contractual rights arise from the normal course of business and are not reflected in the consolidated financial statements until revenues or assets are received. The following table outlines the contractual rights of the City of Wetaskiwin for future assets:

2021	-\$204,981
2022	-\$200,988

25. IMPACTS OF THE COVID-19 PANDEMIC

Since March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

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25. IMPACTS OF THE COVID-19 PANDEMIC (continued)

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the future financial position and results of the City for future periods.

The City has experienced reductions in various revenue streams, and responded during the year with wage reductions, furloughs, layoffs, as well as management of costs.

26. PRIOR PERIOD ADJUSTMENTS

During the current year, the City reviewed its other receivables and determined certain amounts some were previously recorded in error in the prior year. The following changes have been applied retroactively and the 2019 comparative figures have been restated as follows:

	12/31/2019 (Previously stated)	Restatement Adjustments	12/31/2019 (Re-stated)
Consolidated Statement of Financial Position			
Trade and other receivables	5,899,853	(165,250)	5,734,603
Taxes and Grants-in-Place of Taxes	1,813,565	(26,346)	1,787,219
Deferred Revenue	(616,070)	(22,207)	(638,277)
Accumulated Surplus, end of year	139,732,021	(213,803)	139,518,218
Consolidated Statement of Operations			
Net municipal taxes	16,071,698	(26,346)	16,045,352
User fees and sale of goods	11,159,357	(121,137)	11,038,220
Government transfer for operating	1,588,716	81,228	1,669,944
Rentals	649,016	(96,192)	552,824
Other	1,651,536	96,192	1,747,728
Administration	3,944,654	30,000	3,974,654
Waste Management	1,251,349	14,114	1,265,463
Government transfer for capital	3,064,310	(103,434)	2,960,876
Excess of revenues over expenses	8,384,580	(213,803)	8,170,777
Consolidated Statement of changes in Net Debt			
Excess of revenue over expenses	8,384,580	(213,803)	8,170,777
Net change in net assets (debt)	4,605,530	(213,803)	4,391,727
Net financial debt, end of year	(7,746,860)	(213,803)	(7,960,663)
Consolidated Statement of Cash Flows			
Excess of revenue over expenses	8,384,580	(213,803)	8,170,777
(Increase) decrease in taxes and grants-in-places of taxes	133,659	9,513	143,172
(Increase) decrease in trade and other receivables	(1,607,525)	165,251	(1,442,274)
Increase (decrease) in taxes local improvements	-	16,832	16,832
Increase (decrease) in deferred revenue	(1,144,002)	22,207	(1,121,795)
Net change in cash and cash equivalents	739,639	-	739,639