

Consolidated Financial Statements

City of Wetaskiwin

December 31, 2021

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December 31, 2021

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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



August 22, 2022

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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, 2021, 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, 2021, 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, 2020 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.

Wetaskiwin, Canada
August 22, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

City of Wetaskiwin
Consolidated Statement of Financial Position

For the Year Ended December 31

2021

2020
(restated)

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)	\$ 22,734,388	\$ 18,328,857
Receivables		
Taxes and Grants-in-Place of Taxes (Note 3)	2,027,252	2,096,654
Taxes Local Improvements - Long-Term	26,583	43,415
Trade and Other Receivables	13,090,134	10,327,990
Land for Resale Inventory	816,831	598,887
Investments (Note 4)	5,468,014	5,267,602
	<u>44,163,202</u>	<u>36,663,405</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	4,591,585	4,572,960
Deposit Liabilities	696,650	822,067
Deferred Revenues (Note 5)	14,580,747	7,321,370
Employee Benefit Obligations (Note 6)	263,681	240,876
Provision for Landfill Closure and Post-Closure Liability Costs (Note 7)	3,749,747	3,749,747
Long Term Debt (Note 9)	20,332,875	22,203,509
	<u>44,215,285</u>	<u>38,910,529</u>

NET FINANCIAL ASSETS (DEBT)

(52,083) (2,247,124)

NON-FINANCIAL ASSETS


Tangible Capital Assets (Schedule I and Note 11)	148,547,281	143,830,570
Inventory for Consumption	123,755	260,445
Prepaid Expenses	118,475	223,579
	<u>148,789,511</u>	<u>144,314,594</u>

ACCUMULATED SURPLUS (Schedule II and Note 12)

\$ 148,737,428 \$ 142,067,470

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

	2021 Budget	2021 Actual	2020 Actual (restated)
REVENUE			
Net Municipal Taxes (Schedule III)	\$ 16,038,000	\$ 15,980,309	\$ 15,824,394
User Fees and Sale of Goods	11,599,900	9,910,497	10,075,461
Government Transfers for Operating (Schedule IV)	2,136,200	3,227,512	2,334,345
Investment Income	373,600	243,095	261,682
Penalties and Cost of Taxes	575,300	597,724	347,418
Franchise Contracts	2,538,800	2,438,957	2,411,319
Development Levies	-	2,429	9,900
Rentals	455,700	436,234	370,023
Licenses, Permits and Fines	648,900	481,989	399,355
Other	353,100	902,313	863,910
	<u>34,719,500</u>	<u>34,221,059</u>	<u>32,897,807</u>
EXPENSES (Schedule V and Note 15)			
Legislative	414,000	439,852	374,924
Administration	4,053,069	5,184,793	3,765,285
Protective Services	6,645,262	6,764,470	6,095,721
Transportation Services	4,333,110	6,176,383	5,755,702
Water Supply and Distribution	4,110,700	3,740,261	3,723,897
Wastewater Treatment and Disposal	1,355,200	1,681,008	1,204,109
Waste Management	1,391,500	1,108,718	1,269,609
Family and Community Support	511,900	702,755	652,278
Planning and Engineering	1,382,100	1,302,964	916,232
Parks and Recreation	5,869,400	5,177,384	5,824,124
Culture	997,100	1,091,737	837,873
	<u>31,063,341</u>	<u>33,342,019</u>	<u>30,419,754</u>
Excess of revenue over expenses - before Other	3,656,159	879,040	2,478,053
Other			
Government Transfers for Capital (Schedule IV)	-	5,790,918	1,052,712
Excess of revenue over expenses	3,656,159	6,669,958	3,530,765
Accumulated surplus, beginning of year	142,201,370	142,067,470	139,518,218
Prior period adjustments (Note 26)	-	-	(981,513)
Accumulated surplus, beginning of year, as restated	-	142,067,470	138,536,705
Accumulated surplus, end of year	<u>\$ 145,857,529</u>	<u>\$ 148,737,428</u>	<u>\$ 142,067,470</u>

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

For the Year Ended December 31

	2021 Budget	2021 Actual	2020 Actual (restated)
Excess of revenue over expenses	\$ 3,656,159	\$ 6,669,958	\$ 3,530,765
Acquisition of tangible capital assets	-	(10,768,311)	(2,570,845)
Proceeds on disposal of tangible capital assets	-	64,999	-
Tangible capital assets transferred to land held for resale	-	217,944	-
Amortization of tangible capital assets	4,528,500	5,760,980	5,856,965
Loss (gain) on disposal of tangible capital assets	-	7,677	50,117
	4,528,500	(4,716,711)	3,336,237
Change in supplies inventory	-	136,690	101,618
Change in prepaid assets	-	105,104	(220,041)
	-	241,794	(118,423)
Net change in net assets (debt)	8,184,659	2,195,041	6,748,579
Net debt, beginning of year	(1,126,565)	(2,247,124)	(8,995,703)
Net assets (debt), end of year	\$ 7,058,094	\$ (52,083)	\$ (2,247,124)

City of Wetaskiwin
Consolidated Statement of Cash Flows

For the Year Ended December 31

2021

2020
(restated)

Cash provided by (used in)

Operating transactions

Excess of revenue over expenses	\$ 6,669,958	\$ 3,530,765
Non-cash items included in excess of revenue over expenses:		
Amortization	5,760,980	5,856,965
Tangible capital assets transferred to land held for resale	217,944	-
Loss (gain) on disposal of tangible capital asset	7,677	50,117
Non-cash changes to operations (net changes):		
(Increase) decrease in taxes and grants-in-place of taxes	69,402	(309,435)
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	(2,762,144)	(4,595,694)
(Increase) decrease in land for resale inventory	(217,944)	-
Increase (decrease) in accounts payable and accrued liabilities	18,625	1,029,653
Increase (decrease) in deposit liabilities	(125,417)	11,512
Increase (decrease) in deferred revenue	7,259,377	6,683,093
Decrease (increase) in employee benefit obligations	22,805	(1,891)
Provision for landfill closure and post-closure costs	-	61,365
Decrease (increase) in inventory for consumption	136,690	101,618
(Increase) decrease in prepaids	105,104	(220,041)
	<u>17,179,889</u>	<u>12,214,859</u>

Capital activities

Acquisition of tangible capital assets	(10,768,311)	(2,570,845)
Proceeds on sale of tangible capital assets	64,999	-
	<u>(10,703,312)</u>	<u>(2,570,845)</u>

Investing activities

Decrease (increase) in investments	<u>(200,412)</u>	<u>(1,079,294)</u>
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Financing transactions

Long term debt repaid	<u>(1,870,634)</u>	<u>(1,805,302)</u>
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Net change in cash and cash equivalents

4,405,531 6,759,418

Cash and cash equivalents, beginning of year

18,328,857 11,569,439

Cash and cash equivalents, end of year

\$ 22,734,388 \$ 18,328,857

City of Wetaskiwin

Schedule I - Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31

2021									
	Engineering Structures	Buildings	Machinery & Equipment	Land	Improvements	Vehicles	Assets Under Construction	Totals	
Cost, beginning of year	\$155,075,189	\$ 40,148,503	\$ 11,945,025	\$ 2,880,888	\$ 15,460,623	\$ 5,252,685	\$ 4,010,730	\$234,773,643	
Acquisitions	1,325,268	3,047,932	323,767	-	(45,292)	71,877	6,044,759	10,768,311	
Disposals	-	(1,033,501)	-	(71,620)	-	(157,993)	-	(1,263,114)	
Cost, end of year	156,400,457	42,162,934	12,268,792	2,809,268	15,415,331	5,166,569	10,055,489	244,278,840	
Accumulated amortization, beginning of year	58,935,064	10,993,721	6,437,658	-	11,252,455	3,324,175	-	90,943,073	
Amortization	3,492,852	895,789	645,217	-	490,811	236,311	-	5,760,980	
Disposals	-	(887,178)	-	-	-	(85,316)	-	(972,494)	
Accumulated amortization, end of year	62,427,916	11,002,332	7,082,875	-	11,743,266	3,475,170	-	95,731,559	
Net carrying amount, end of year	\$ 93,972,541	\$ 31,160,602	\$ 5,185,917	\$ 2,809,268	\$ 3,672,065	\$ 1,691,399	\$ 10,055,489	\$148,547,281	

2020 (Restated)									
	Engineering Structures	Buildings	Machinery & Equipment	Land	Improvements	Vehicles	Assets Under Construction	Totals	
Cost, beginning of year	\$155,049,503	\$ 40,148,533	\$ 11,869,728	\$ 2,880,888	\$ 15,461,059	\$ 5,252,685	\$ 1,590,519	\$ 232,252,915	
Acquisitions	74,685	(30)	76,415	-	(436)	-	2,420,211	2,570,845	
Disposals	(48,989)	-	(1,118)	-	-	-	-	(50,117)	
Cost, end of year	155,075,189	40,148,503	11,945,025	2,880,888	15,460,623	5,252,685	4,010,730	234,773,643	
Accumulated amortization, beginning of year	55,425,747	10,113,037	5,781,932	-	(10,715,717)	3,049,504	-	85,086,108	
Amortization	3,509,317	880,513	655,726	-	536,738	274,671	-	5,856,965	
Disposals	-	-	-	-	-	-	-	-	
Accumulated amortization, End of year	58,935,064	10,993,721	6,437,658	-	11,252,455	3,324,175	-	90,943,073	
Net carrying amount, end of year	\$ 96,140,125	\$ 29,154,782	\$ 5,507,367	\$ 2,880,888	\$ 4,208,168	\$ 1,928,510	\$ 4,010,730	\$143,830,570	

See accompanying notes to the consolidated financial statements

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

For the Year Ended December 31	Unrestricted Surplus	Restricted Surplus	Equity in Capital Assets	2021	2020 (restated)
Balance, beginning of year	\$ 2,922,495	\$ 18,794,487	\$ 121,576,278	\$ 143,293,260	\$ 139,518,218
Prior period adjustment (Note 26)	\$ (1,276,573)	\$ -	\$ 50,783	\$ (1,225,790)	\$ (981,513)
Balance, beginning of year, restated	\$ 1,645,922	\$ 18,794,487	\$ 121,627,061	\$ 142,067,470	\$ 139,536,705
Excess of revenue over expenses	6,669,958	-	-	6,669,958	3,530,765
Unrestricted funds designated for future use	(5,272,794)	5,272,794	-	-	-
Restricted funds used for tangible capital assets	-	(5,164,238)	5,164,238	-	-
Government transfers for tangible capital assets	(5,790,918)	-	5,790,918	-	-
Disposal of tangible capital assets, net of amortization	477,465	-	(477,465)	-	-
Annual amortization expense	5,760,980	-	(5,760,980)	-	-
Long-term debt repayment	(1,870,634)	-	1,870,634	-	-
	(25,943)	108,556	6,587,345	6,669,958	3,530,765
	\$ 1,619,979	\$ 18,903,043	\$ 128,214,406	\$ 148,737,428	\$ 143,067,470

City of Wetaskiwin

Schedule III - Consolidated Schedule of Property and Other Taxes

For the Year Ended December 31	2021 Budget	2021 Actual	2020 Actual (restated)
Taxation			
Real Property Taxes	\$ 19,986,600	\$ 19,865,685	\$ 19,674,898
Linear Property Taxes	271,600	343,017	327,849
Government Grants-in-lieu of Property Taxes	24,500	28,149	30,682
Special Assessments and Local Improvement Plans	900	-	-
	<u>20,283,600</u>	<u>20,236,851</u>	<u>20,033,429</u>
Requisitions			
Alberta School Foundation Fund	3,660,800	3,668,462	3,606,647
St. Thomas Aquinas Roman Catholic Board	307,700	309,994	325,986
Wetaskiwin and Area Lodge Authority	277,100	276,413	273,088
Designated Industrial Property (DIP)	-	1,673	3,314
	<u>4,245,600</u>	<u>4,256,542</u>	<u>4,209,035</u>
	<u>\$ 16,038,000</u>	<u>\$ 15,980,309</u>	<u>\$ 15,824,394</u>

City of Wetaskiwin

Schedule IV - Consolidated Schedule of Government Transfers

For the Year Ended December 31	2021 Budget	2021 Actual	2020 Actual (restated)
Transfers for operating			
Provincial Government	\$ 1,563,200	2,345,733	\$ 1,901,301
Federal Government	-	71,874	-
Other Government Organizations	573,000	809,905	433,044
	2,136,200	\$ 3,227,512	2,334,345
Transfers for capital			
Provincial Government	-	5,649,365	1,052,712
Other Government Organizations	-	141,553	-
	\$ 2,136,200	\$ 9,018,430	\$ 3,387,057

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

For the Year Ended December 31	2021 Budget	2021 Actual	2020 Actual (restated)
Consolidated Expenses by Object			
Salaries, Wages and Benefits	\$ 12,978,641	\$ 12,368,706	\$ 11,167,942
Contracted and General Services	4,918,200	6,110,046	4,656,641
Purchases from Other Governments	3,265,800	3,389,037	3,278,194
Materials, Goods and Utilities	4,333,600	4,253,420	4,132,204
Provisions for Allowances	-	(14,861)	-
Transfers to Other Governments	-	72,016	44,132
Transfers to Local Boards and Agencies	40,700	238	217
Transfers to Individuals and Organizations	160,000	459,630	335,032
Bank Charges and Short-Term Interest	30,000	61,542	63,518
Interest on Long-Term Debt	787,900	784,674	834,792
Amortization of Tangible Capital Assets	4,528,500	5,760,980	5,856,965
Loss (gain) on Disposal of Tangible Capital Assets	-	7,677	50,117
Other Operating Expenses	20,000	88,914	-
	<u>\$ 31,063,341</u>	<u>\$ 33,342,019</u>	<u>\$ 30,419,754</u>

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 Library Board
- City of Wetaskiwin Family and Social Services

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.

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.

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:

<u>Major Asset Category</u>	<u>Useful Life Range</u>
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.

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 2022, 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
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2. CASH AND CASH EQUIVALENTS

	2021	2020 (restated)
Cash	\$ 4,600	\$ 4,800
Temporary Investments	50,694	157,374
Cash in bank, net of outstanding cheques and deposits	22,679,094	18,166,683
	<u>\$ 22,734,388</u>	<u>\$ 18,328,857</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 0.40% (2020 - 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 (2020 - \$372,541) held for operations, debenture funds for capital expenditures \$- (2020 - \$NIL) received from the province and held exclusively for capital transportation and infrastructure projects.

The City holds in trust cash in the amount of \$161,618 (2020 - \$133,986) 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

	2021	2020 (restated)
Current Taxes and Grants-in-place of Taxes	\$ 1,018,399	\$ 413,179
Arrears Taxes	1,240,267	1,967,742
	2,258,666	2,380,921
Less: Allowance for Doubtful Accounts	(231,414)	(284,267)
	<u>\$ 2,027,252</u>	<u>\$ 2,096,654</u>

4. INVESTMENTS

	2021		2020 (restated)	
	Cost	Market	Cost	Market
Government and government guaranteed bonds, patronage dividends and other	\$ 5,468,014	\$ 5,428,571	\$ 5,267,602	\$ 5,490,539

Government and government guaranteed bonds have effective interest rates of 1.67% to 6.63% (2020 - 2.3% to 3.24%) with maturity dates from March 16, 2022, to January 28, 2033.

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 (2020 - \$3,749,747).

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2021

5. DEFERRED REVENUES

	2021	2020
		(restated)
Operating		
Family and Community Support Services	\$ 464,541	\$ 220,318
Utility Surcharge	13,145	10,250
Other Grant Programs	7,373,558	1,680,845
Other	542,734	355,011
	<u>8,393,978</u>	<u>2,266,424</u>
Capital		
Municipal Sustainability Initiative	3,656,322	3,647,022
Canada Community Building Fund (formerly Federal Gas Tax)	2,530,447	1,407,924
	<u>6,186,769</u>	<u>5,054,946</u>
	<u>\$ 14,580,747</u>	<u>\$ 7,321,370</u>

Canada Community Building Fund

Funding in the amount of \$2,530,447 (2020 - \$723,888) 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

	2021	2020
		(restated)
Vacation, Overtime Accrual	\$ 263,681	\$ 240,876

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, 2021

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 25 years after the closure using a discount rate of 2.5% and assuming an annual inflation of 2.63%. 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 176,300 tonnes (2020 - 184,800). The existing landfill site is expected to reach capacity in approximately 22 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.

	2021	2020 (restated)
Estimated Closure Costs, in 2043	\$ 3,649,734	\$ 2,582,735
Estimated Post-Closure Costs	2,776,445	1,964,751
	6,426,179	4,547,486
Portion of total liability remaining to be recognized	2,676,432	859,104
Estimated accrued liability portion	3,749,747	3,688,382
Additional liability accrued	-	61,365
	<u>\$ 3,749,747</u>	<u>\$ 3,749,747</u>

Management estimates the site has approximately 176,300 tonnes of landfill capacity remaining. With an estimated annual utilization of 8,500 tonnes the landfill has approximately 22 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, 2021

9. LONG TERM DEBT

	2021	2020 (restated)
Tax-Supported Debentures	\$ 13,653,030	\$ 14,703,296
Self-Supported Debentures	6,584,835	7,371,435
Local Improvement Debentures	95,010	128,778
	<u>\$ 20,332,875</u>	<u>\$ 22,203,509</u>

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

	Principal	Interest	Total
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
2026	1,661,979	460,459	2,122,438
Thereafter	11,637,690	2,597,424	14,235,114
	<u>\$ 20,332,875</u>	<u>\$ 5,571,960</u>	<u>\$ 25,904,835</u>

Debenture debt is repayable to Alberta Capital Loans 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 \$784,674 (2020 - \$834,792).

The City of Wetaskiwin's total cash payments for interest in 2021 were \$801,132 (2020 - \$867,307).

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:

	2021	2020 (restated)
Total Debt Limit	\$ 51,331,589	\$ 49,346,711
Total Debt	<u>20,332,875</u>	<u>22,203,509</u>
Amount of Debt Limit Unused	<u>\$ 30,998,714</u>	<u>\$ 27,143,202</u>
Debt Servicing Limit	\$ 8,555,265	\$ 8,224,452
Debt Servicing	<u>2,655,308</u>	<u>2,640,094</u>
Amount of Debt Servicing Limit Unused	<u>\$ 5,899,957</u>	<u>\$ 5,584,358</u>

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, 2021

11. TANGIBLE CAPITAL ASSETS

	2021	2020 (restated)
Net Book Value		
Engineering Structures		
Roadway Systems	\$ 31,792,136	\$ 32,340,929
Water Systems	38,420,736	39,544,264
Wastewater Systems	15,341,005	15,757,107
Storm Systems	8,372,019	8,445,803
Fibre Optics	46,645	52,022
Buildings	31,160,602	29,154,782
Machinery & Equipment	5,185,917	5,507,367
Land	2,809,268	2,880,888
Land improvements	3,672,065	4,208,168
Vehicles	1,691,399	1,928,510
Assets Under Construction	10,055,489	4,010,730
	<u>\$ 148,547,281</u>	<u>\$ 143,830,570</u>

a) Assets Under Construction

Assets under construction have a value of \$10,055,489 (2020 - \$4,010,730) and have not been amortized. Amortization of these assets will commence when the asset is put in service.

12. ACCUMULATED SURPLUS

	2021	2020 (restated)
Unrestricted Surplus	\$ 1,619,979	\$ 1,645,922
Restricted Surplus - Reserves	18,903,043	18,794,487
Equity in Tangible Capital Assets	128,214,406	121,627,061
	<u>\$ 148,737,428</u>	<u>\$ 142,067,470</u>

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020 (restated)
Tangible Capital Assets	\$ 244,278,840	\$ 234,773,643
Accumulated Amortization	(95,731,559)	(90,943,073)
Long-Term Debt	(20,332,875)	(22,203,509)
	<u>\$ 128,214,406</u>	<u>\$ 121,627,061</u>

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2021

14. RESTRICTED SURPLUS

	2020 (restated)	Increase	Decrease	2021
Airport	\$ 10,190	\$ 11	\$ 9,500	\$ 701
Equipment Pool	1,729,140	896,863	395,645	2,230,358
Fire	980,438	286,422	575,772	691,088
Infrastructure Tax Reserve	2,313,621	1,520,925	2,448,286	1,386,260
Land Development	307,542	5,168	-	312,710
Library Reserve	198,794	-	-	198,794
Manluk Pool	95,580	82,920	1,840	176,660
Royal Canadian Mounted Police	258,306	-	39,717	218,589
Water and Wastewater	6,050,409	3,320,880	2,154,509	7,216,780
Solid Waste	1,743,022	28,909	22,846	1,749,085
Snow Removal Stabilization	359,000	-	-	359,000
Community Land Reserve	50,086	-	-	50,086
Contingency	1,800,880	197,781	456,691	1,541,970
Work-in-progress	51,930	-	-	51,930
Cemetery Care Fund - Memorial	52,703	17,409	-	70,112
Cemetery Care Fund - Old	53,447	2,526	-	55,973
Transportation	64,961	1,092	-	66,053
Stormwater	444,584	7,472	-	452,056
Public Art	48,260	77,071	-	125,331
Information Technology	104,027	118,367	18,656	203,738
Stabilization	2,077,567	20,000	351,798	1,745,769
	<u>\$ 18,794,487</u>	<u>\$ 6,583,816</u>	<u>\$ 6,475,260</u>	<u>\$ 18,903,043</u>

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	2021 Total
Revenue												
Net Municipal Taxes	\$ -	\$ 15,980,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,980,309
User Fees and Sale of Goods	-	30,990	24,537	5,704	4,298,422	3,246,800	1,786,673	140,374	1,875	335,223	39,899	9,910,497
Government Transfers	-	812,470	845,614	22,083	-	-	62,621	581,264	96,870	633,651	172,939	3,227,512
Investment Income	-	242,731	-	-	-	-	-	-	-	-	364	243,095
Penalties and Cost of Taxes	-	453,611	-	-	144,113	-	-	-	-	-	-	597,724
Franchise Contracts	-	2,436,457	-	-	-	-	-	-	-	-	-	2,436,457
Development Levies	-	-	-	-	-	-	-	-	2,429	-	-	2,429
Rentals	-	-	109,104	-	-	-	-	-	3,000	324,130	-	436,234
Licenses, permits and fines	-	101,435	244,843	-	-	-	-	4,148	123,890	-	7,673	481,989
Other	-	38,284	225,312	506,382	-	-	-	17,850	58,920	50,475	5,090	902,313
	-	20,086,287	1,449,410	534,169	4,442,535	3,246,800	1,849,294	743,636	286,984	1,345,979	225,965	34,221,059
Expenses												
Salaries, Wages and Benefits	333,188	2,087,945	2,082,422	1,674,868	1,007,760	1,868	672,254	208,201	733,423	2,904,941	661,836	12,368,706
Contract and General Services	77,238	2,500,902	390,282	470,392	539,383	913,261	133,949	46,532	588,892	259,261	189,954	6,110,046
Purchases from Other Governments	-	-	3,389,037	-	-	-	-	-	-	-	-	3,389,037
Materials, Goods and Utilities	1,120	210,625	548,182	1,527,922	616,484	334,403	21,312	60,440	5,462	798,190	129,280	4,253,420
Provisions for Allowances	-	(14,861)	-	-	-	-	-	-	-	-	-	(14,861)
Transfers to Other Governments	-	-	-	-	-	-	-	72,016	-	-	-	72,016
Transfers to Local Boards and Agencies	-	-	-	-	-	-	-	238	-	-	-	238
Transfers to Individuals and Organizations	-	61,500	-	-	-	-	-	303,037	38,652	-	56,441	459,630
Bank Charges and Short-Term Interest	-	46,669	1,210	-	-	-	5,308	112	-	7,589	654	61,542
Interest on Long-Term Debt	-	56,840	103,234	29,900	208,913	15,375	8,898	-	-	359,514	-	784,674
Amortization of Tangible Capital Assets	-	144,259	250,103	2,400,624	1,367,721	416,101	266,997	12,179	1,535	847,889	53,572	5,760,980
(Gain) Loss on Disposal of Tangible Capital Assets	-	-	-	72,677	-	-	-	-	(65,000)	-	-	7,677
Other Operating Expenses	-	86,914	-	-	-	-	-	-	-	-	-	86,914
	411,546	5,184,793	6,764,470	6,176,383	3,740,261	1,681,008	1,108,718	702,765	1,302,964	5,177,384	1,091,737	33,342,019
Net revenue	\$ (411,546)	\$ 14,911,494	\$ (5,315,060)	\$ (5,642,214)	\$ 702,274	\$ 1,565,792	\$ 740,576	\$ 40,881	\$ (1,015,980)	\$ (3,831,405)	\$ (865,772)	\$ 879,040

City of Wetaskiwin
Notes to the Consolidated Financial Statements

15. SEGMENTED INFORMATION (continued)

(restated)

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	2,641	285,198	10,308	10,075,461
Government Transfers	-	826,891	587,463	8,400	-	-	75,677	371,950	54,375	292,439	117,150	2,334,345
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	-	-	370,023
Licenses, permits and fines	-	93,940	161,853	-	-	-	-	3,808	133,586	263,317	6,168	399,355
Other	-	13,925	337,201	204,770	191,553	-	-	37,115	15,454	62,091	1,801	863,910
	-	19,740,524	1,229,040	218,538	4,682,469	3,382,915	1,846,525	535,500	218,454	908,045	135,797	32,897,807
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	387,061	406,523	339,632	194,451	11,228	374,411	812,429	129,192	4,656,641
Purchases from Other Governments	-	-	3,278,194	-	-	-	-	-	-	-	-	3,278,194
Materials, Goods and Utilities	-	183,504	201,396	1,508,239	585,106	364,034	13,833	108,515	5,245	1,051,383	110,949	4,132,204
Transfers to Other Governments	-	-	-	-	-	-	-	-	44,132	-	-	44,132
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	64,727	5,856,965
(Gain) Loss on Disposal of Tangible Capital Assets	-	-	-	1,118	-	48,999	-	-	-	-	-	50,117
	374,924	3,765,285	6,095,721	5,755,702	3,723,897	1,204,109	1,269,609	652,278	916,232	5,824,124	837,873	30,419,754
Net revenue	\$ (374,924)	\$ 15,975,239	\$ (4,866,681)	\$ (5,537,164)	\$ 958,572	\$ 2,178,806	\$ 576,916	\$ (116,778)	\$ (697,778)	\$ (4,916,079)	\$ (702,076)	\$ 2,478,053

City of Wetaskiwin
Notes to Consolidated Financial Statements
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16. TRUST FUNDS

	2021	2020 (restated)
Beautification Program	\$ 1,688	\$ 1,678
Christmas Hamper	32,213	32,020
Archives	9,745	9,686
Volunteer Fire Department	103,995	76,709
Ashoro Trust	13,977	13,893
	<u>\$ 161,618</u>	<u>\$ 133,986</u>

17. SALARY AND BENEFITS DISCLOSURE

	Salary ¹	Benefits and Allowances ^{2,3}	2021	2020 (restated)
Mayor Gandam	\$ 80,816	\$ 5,735	\$ 86,551	\$ 78,965
Councillor G. Blatz-Morgan	38,714	3,942	42,656	40,634
Councillor J. Branco	28,967	5,345	34,312	38,942
Councillor W. Neilson	34,251	5,081	39,332	38,806
Councillor D. Billingsley	37,757	2,135	39,892	36,681
Councillor A. Hilgartner	27,595	3,076	30,671	36,665
Councillor K. Lonsdale	33,720	6,960	40,680	39,685
Councillor B. Elliott	8,037	1,322	9,359	-
Councillor K. Aberle	5,328	1,586	6,914	-
City Manager ⁽ⁱ⁾	179,850	31,670	211,520	129,618
Acting City Manager ⁽ⁱⁱ⁾	-	-	-	48,385
	<u>\$ 475,035</u>	<u>\$ 66,852</u>	<u>\$ 541,887</u>	<u>\$ 488,381</u>

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. 2020: Acting City Manager was in place - (January 2020 - March 2020)

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 Designated Officer of the City of Wetaskiwin.

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% (2020 - 9.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2020 - 13.84%) on pensionable earnings above this amount.

Employees of the City of Wetaskiwin are required to make current service contributions of 8.39% (2020 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2020 - 12.84%) on pensionable salary above this amount.

Total current service contributions by the City of Wetaskiwin to the LAPP in 2021 were \$706,561 (2020 - \$650,729). Total current service contributions by the employees of the City of Wetaskiwin to the LAPP in 2021 were \$643,993 (2020 - \$586,935).

At December 31, 2021, the LAPP reported the value of its assets at \$61.7 billion (2020 - \$53.6 billion) with the actuarial surplus of \$11.92 billion (2020 - \$7.96 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 is:

	<u>Total</u>
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.

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. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

23. 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:

2022 - \$200,988

24. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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.

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.

City of Wetaskiwin
Notes to Consolidated Financial Statements
December 31, 2021

26. PRIOR PERIOD ADJUSTMENTS

During the current year, the City reviewed its balance sheet accounts and determined certain amounts were previously recorded in error in prior years. Additional payable accruals for various services, utility supplies and expenses for certain contracts had not been recorded in the correct period, and certain asset and liability accounts were identified that should have been written off in prior years. The following changes have been applied retroactively and the 2020 comparative figures have been restated as follows:

	12/31/2020 (Previously stated)	Restatement Adjustments	12/31/2020 (Re-stated)
Consolidated Statement of Financial Position			
Cash	18,591,785	(262,928)	18,328,857
Trade and other receivables	10,314,148	(13,842)	10,327,990
Accounts payable and accrued liabilities	3,548,842	1,024,118	4,572,960
Deferred revenue	7,318,002	3,368	7,321,370
Tangible capital assets	143,779,788	50,782	143,830,570
Accumulated surplus, end of year	143,293,260	(1,225,790)	142,067,470
Consolidated Statement of Operations			
User Fees and Sale of Goods	10,119,407	(43,946)	10,075,461
Government Transfers for Operating	2,340,053	(5,708)	2,334,345
Rentals	364,139	5,884	370,023
Licenses, Permits and Fines	346,361	52,994	399,355
Other	878,842	(14,932)	863,910
Administrative	3,756,581	8,704	3,765,285
Protective Services	6,041,886	53,835	6,095,721
Transportation Services	5,695,867	59,835	5,755,702
Water Supply and Distribution	3,759,866	(35,969)	3,723,897
Wastewater Treatment and Disposal	1,175,691	28,418	1,204,109
Waste Management	1,268,620	989	1,269,609
Family and Community Support	651,627	651	652,278
Planning and Engineering	872,100	44,132	916,232
Parks and Recreation	5,752,172	71,952	5,824,124
Culture	831,851	6,022	837,873
Excess of revenues over expenses - before Other	2,722,330	(244,277)	2,478,053
Excess of revenues over expenses	3,775,042	(244,277)	3,530,765
Accumulated surplus, end of year	143,293,260	(1,225,790)	142,067,470
Consolidated Statement of changes in Net Debt			
Excess of revenue over expenses	3,775,042	(244,277)	3,530,765
Net debt, beginning of year	(7,960,663)	(765,040)	(8,725,703)
Net change in net assets (debt)	6,990,111	(511,532)	6,478,579
Net financial debt, end of year	(970,552)	(1,276,572)	(2,247,124)
Consolidated Statement of Cash Flows			
Excess of revenue over expenses	3,775,042	(244,277)	3,530,765
Amortization	5,854,220	2,745	5,856,965
(Increase) decrease in trade and other receivables	(4,579,545)	(16,109)	(4,595,654)
Increase (decrease) in accounts payable and accrued liabilities	775,340	254,313	1,029,653
Increase (decrease) in deferred revenue	6,679,725	3,368	6,683,093
Cash and cash equivalents, beginning of year	11,832,367	(262,928)	11,569,439