

TOWN OF MAYERTHORPE

Financial Statements

For The Year Ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Mayerthorpe

Opinion

We have audited the financial statements of the Town of Mayerthorpe (the "Town"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Mayerthorpe as at December 31, 2021, the results of its operations and accumulated surplus, changes in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
March 14, 2022

TOWN OF MAYERTHORPE
Statement of Financial Position
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 5,916	\$ 539,880
Accounts receivable (Note 3)	597,126	695,590
Local improvements receivable (Note 4)	836,326	889,487
Land held for resale	70,020	70,020
Long-term investments	<u>8,814</u>	<u>9,029</u>
	<u>1,518,202</u>	<u>2,204,006</u>
LIABILITIES		
Bank indebtedness (Note 5)	\$ 137,047	\$ 142,661
Accounts payable and accrued liabilities (Note 6)	574,605	454,952
Deposit liabilities	2,575	2,375
Deferred revenue (Note 7)	401,526	307,914
Short-term debt (Note 8)	25,000	350,000
Long-term debt (Note 9)	<u>2,852,147</u>	<u>3,014,904</u>
	<u>3,992,900</u>	<u>4,272,806</u>
NET FINANCIAL DEBT	<u>(2,474,698)</u>	<u>(2,068,800)</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	149,110	155,376
Prepaid expenses	44,919	26,802
Tangible capital assets (Schedule 1)	<u>29,184,470</u>	<u>29,995,775</u>
	<u>29,378,499</u>	<u>30,177,953</u>
ACCUMULATED SURPLUS (Note 11)	\$ <u>26,903,801</u>	\$ <u>28,109,153</u>
CONTINGENCIES (Note 14)		

ON BEHALF OF TOWN COUNCIL:

_____ *Mayor*

_____ *Deputy Mayor*

TOWN OF MAYERTHORPE
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2021

	Budget <u>2021</u> (Note 18)	Actual <u>2021</u>	Actual <u>2020</u>
REVENUE			
Net taxation (Schedule 2)	\$ 1,549,472	\$ 1,490,486	\$ 1,470,557
User fees and sales of goods	1,231,685	1,103,705	1,084,736
Government transfers for operating (Schedule 3)	548,364	437,236	585,467
Franchise fees (Note 15)	177,924	164,642	155,433
Other	62,353	134,975	432,294
Penalties on taxes	48,775	79,083	63,002
Local improvements	-	29,729	-
Investment income	12,670	20,512	22,553
Fines	34,000	14,996	19,913
Licenses and permits	<u>15,150</u>	<u>10,272</u>	<u>10,956</u>
	<u>3,680,393</u>	<u>3,485,636</u>	<u>3,844,911</u>
EXPENSES			
Administration	619,212	1,182,513	525,926
Roads, streets, walks and lighting	501,882	499,046	562,587
Parks and recreation	554,942	420,680	493,987
Water supply and distribution	437,806	408,037	526,800
Planning and development	517,059	349,956	737,309
Protective services	153,125	170,795	155,424
Wastewater treatment and disposal	131,830	131,253	150,634
Fire services	173,816	129,749	130,462
Waste management	140,250	128,403	143,230
Council and legislative	109,806	113,461	93,180
Family and community support services	82,435	104,675	123,141
Library	62,199	78,281	82,359
Cemeteries	43,071	38,057	43,743
Public transit	122,949	32,479	37,642
Storm sewers and drainage	39,954	25,461	35,896
Disaster and emergency services	17,969	22,488	13,828
Amortization	<u>-</u>	<u>1,202,633</u>	<u>1,067,987</u>
	<u>3,708,305</u>	<u>5,037,967</u>	<u>4,924,135</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>(27,912)</u>	<u>(1,552,331)</u>	<u>(1,079,224)</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 3)	517,188	326,654	908,173
Contributed assets	-	16,500	1,626,171
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>3,825</u>	<u>(88)</u>
	<u>517,188</u>	<u>346,979</u>	<u>2,534,256</u>
ANNUAL SURPLUS (DEFICIT)	489,276	(1,205,352)	1,455,032
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>28,109,153</u>	<u>28,109,153</u>	<u>26,654,121</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 28,598,429</u>	<u>\$ 26,903,801</u>	<u>\$ 28,109,153</u>

TOWN OF MAYERTHORPE
Statement of Changes in Net Financial Debt
For The Year Ended December 31, 2021

	Budget <u>2021</u> (Note 18)	Actual <u>2021</u>	Actual <u>2020</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>489,276</u>	\$ <u>(1,205,352)</u>	\$ <u>1,455,032</u>
Acquisition of tangible capital assets	(687,852)	(379,214)	(843,252)
Contributed tangible capital assets	-	(16,500)	(1,626,171)
Proceeds on disposal of tangible capital assets	-	8,212	-
Amortization of tangible capital assets	-	1,202,633	1,067,987
Loss (gain) on disposal of tangible capital assets	-	(3,825)	88
	<u>(687,852)</u>	<u>811,306</u>	<u>(1,401,348)</u>
Use (acquisition) of prepaid expenses	-	(18,118)	6,821
Use (acquisition) of inventory	-	6,266	(49,582)
	<u>-</u>	<u>(11,852)</u>	<u>(42,761)</u>
DECREASE (INCREASE) IN NET FINANCIAL DEBT	(198,576)	(405,898)	10,923
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(2,068,800)</u>	<u>(2,068,800)</u>	<u>(2,079,723)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(2,267,376)</u>	\$ <u>(2,474,698)</u>	\$ <u>(2,068,800)</u>

TOWN OF MAYERTHORPE
Statement of Cash Flows
For The Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (1,205,352)	\$ 1,455,032
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	1,202,633	1,067,987
Contributed tangible capital assets	(16,500)	(1,626,171)
Loss (gain) on disposal of tangible capital assets	<u>(3,825)</u>	<u>88</u>
	<u>(23,044)</u>	<u>896,936</u>
Change in non-cash working capital balances:		
Accounts receivable	98,464	(32,752)
Local improvements receivable	53,161	87,710
Inventory of supplies	6,266	(49,582)
Prepaid expenses	(18,118)	6,821
Accounts payable and accrued liabilities	119,654	(26,894)
Deposit liabilities	200	-
Deferred revenue	<u>93,612</u>	<u>(259,628)</u>
	<u>353,239</u>	<u>(274,325)</u>
	<u>330,195</u>	<u>622,611</u>
FINANCING ACTIVITIES		
Proceeds from short-term debt	25,000	350,000
Proceeds from long-term debt	29,729	-
Repayment of short-term debt	(350,000)	-
Proceeds from bank indebtedness	-	142,661
Repayment of bank indebtedness	(5,614)	-
Repayment of long-term debt	<u>(192,487)</u>	<u>(191,590)</u>
	<u>(493,372)</u>	<u>301,071</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(379,214)	(843,252)
Proceeds on disposal of tangible capital assets	8,212	-
Long term investments	<u>215</u>	<u>(1,750)</u>
	<u>(370,787)</u>	<u>(845,002)</u>
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(533,964)	78,680
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>539,880</u>	<u>461,200</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,916</u>	<u>\$ 539,880</u>

TOWN OF MAYERTHORPE
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2021

Schedule 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2021</u>	<u>2020</u>
COST:								
Balance, Beginning of Year	\$ 131,549	\$ 29,076	\$ 9,794,039	\$ 34,556,316	\$ 1,341,806	\$ 624,782	\$ 46,477,568	\$ 44,030,070
Acquisition of tangible capital assets	-	-	16,320	368,873	10,521	-	395,714	2,469,423
Disposal of tangible capital assets	-	-	-	(21,389)	(18,800)	(23,995)	(64,184)	(21,926)
Balance, End of Year	<u>131,549</u>	<u>29,076</u>	<u>9,810,359</u>	<u>34,903,800</u>	<u>1,333,527</u>	<u>600,787</u>	<u>46,809,098</u>	<u>46,477,568</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	14,830	1,868,212	13,487,459	770,792	340,500	16,481,793	15,435,645
Annual amortization	-	3,029	205,692	832,059	117,603	44,250	1,202,633	1,067,987
Accumulated amortization on disposals	-	-	-	(21,389)	(14,413)	(23,995)	(59,797)	(21,838)
Balance, End of Year	-	<u>17,859</u>	<u>2,073,904</u>	<u>14,298,128</u>	<u>873,982</u>	<u>360,755</u>	<u>17,624,628</u>	<u>16,481,793</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 131,549</u>	<u>\$ 11,217</u>	<u>\$ 7,736,455</u>	<u>\$ 20,605,672</u>	<u>\$ 459,545</u>	<u>\$ 240,032</u>	<u>\$ 29,184,470</u>	<u>\$ 29,995,775</u>

Cost includes construction in progress of \$9,890 (2020 - \$93,053). These amounts are not amortized until the asset is completed and in use.

TOWN OF MAYERTHORPE
Schedule of Property Taxes
For The Year Ended December 31, 2021

Schedule 2

	<u>2021</u> (Budget) (Note 18)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
TAXATION			
Real property taxes	\$ 1,798,941	\$ 1,738,628	\$ 1,715,632
Linear property taxes	48,443	52,592	50,206
Government grants in place of property taxes	<u>21,371</u>	<u>17,894</u>	<u>21,973</u>
	<u>1,868,755</u>	<u>1,809,114</u>	<u>1,787,811</u>
DEDUCT:			
Education requisition	295,791	296,077	294,672
Seniors Foundation requisition	23,300	22,551	22,582
Designated Industrial Property requisition	<u>192</u>	<u>-</u>	<u>-</u>
	<u>319,283</u>	<u>318,628</u>	<u>317,254</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,549,472</u>	<u>\$ 1,490,486</u>	<u>\$ 1,470,557</u>

TOWN OF MAYERTHORPE
Schedule of Government Transfers
For The Year Ended December 31, 2021

Schedule 3

	<u>2021</u> (Budget) (Note 18)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
GOVERNMENT TRANSFERS FOR OPERATING			
Provincial	\$ 260,838	\$ 215,316	\$ 382,480
Local Governments	219,526	202,676	164,506
Federal	<u>68,000</u>	<u>19,244</u>	<u>38,481</u>
	548,364	437,236	585,467
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	517,188	326,654	886,777
Federal	<u>-</u>	<u>-</u>	<u>21,396</u>
	<u>517,188</u>	<u>326,654</u>	<u>908,173</u>
	<u>\$ 1,065,552</u>	<u>\$ 763,890</u>	<u>\$ 1,493,640</u>

TOWN OF MAYERTHORPE
Schedule of Segmented Information
For The Year Ended December 31, 2021

Schedule 4

	<u>General Administration</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Environmental Services</u>	<u>Community Services</u>	<u>2021</u>	<u>2020</u>
REVENUE									
Net taxation	\$ 1,520,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,520,215	\$ 1,470,557
Government transfers	108,792	15,679	238,011	52,024	242,670	21,945	87,769	766,890	1,493,000
User fees and sale of goods	5,371	75,848	6,332	12,284	75,883	900,331	27,656	1,103,705	1,084,736
Other revenues	106,022	24,322	10,679	76,741	31,943	7,021	3,935	260,663	549,358
Franchise fees	164,642	-	-	-	-	-	-	164,642	155,433
Contributed assets	-	-	16,500	-	-	-	-	16,500	-
	<u>1,905,042</u>	<u>115,849</u>	<u>271,522</u>	<u>141,049</u>	<u>350,496</u>	<u>929,297</u>	<u>119,360</u>	<u>3,832,615</u>	<u>4,753,084</u>
EXPENSES									
Salaries, wages and benefits	444,826	146,078	235,011	139,887	188,783	250,085	101,739	1,506,409	1,452,216
Contracted and general services	600,991	125,666	16,685	53,998	135,937	206,679	13,714	1,153,670	876,492
Materials, goods and utilities	43,664	47,169	219,827	6,085	130,228	163,145	28,109	638,227	776,852
Other expenses	203,411	-	-	140,830	-	-	22,264	366,505	572,360
Interest on long-term debt	-	-	27,523	2,879	-	73,245	-	103,647	109,731
Government transfers	-	4,119	-	2,038	44,012	-	9,385	59,554	64,917
Bank charges and short-term interest	3,085	-	-	4,238	-	-	-	7,323	3,668
Amortization of tangible capital assets	50,299	49,316	432,158	1,456	300,149	369,077	177	1,202,632	1,067,987
	<u>1,346,276</u>	<u>372,348</u>	<u>931,204</u>	<u>351,411</u>	<u>799,109</u>	<u>1,062,231</u>	<u>175,388</u>	<u>5,037,967</u>	<u>4,924,223</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 558,766</u>	<u>\$ (256,499)</u>	<u>\$ (659,682)</u>	<u>\$ (210,362)</u>	<u>\$ (448,613)</u>	<u>\$ (132,934)</u>	<u>\$ (56,028)</u>	<u>\$ (1,205,352)</u>	<u>\$ (171,139)</u>

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of the Town of Mayerthorpe's (the "Town") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenue, and expenses, and changes in equity balances and cash flows of the Town.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian 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 expenditure during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Government Transfers

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurred providing the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

(e) Requisition of Over-Levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual 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. In situations 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.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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 annual surplus, provides the consolidated change in net financial assets for the year.

i) 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, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	15-50 years
Buildings	50 years
Engineered structures	5-75 years
Machinery and equipment	5-20 years
Vehicles	10-20 years

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

ii) Contributions of Tangible Capital Assets

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

iii) 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 leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes bank accounts, petty cash and guaranteed investment certificates. All amounts are readily converted into known amounts of cash and are subject to an insignificant change in value.

(h) Inventories

Inventories for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method.

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 capital assets under their respective function.

(i) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

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 and are recognized as revenue in the year the tax is levied.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) *Liability for Contaminated Sites*

Contaminated sites are the result of a chemical, organic or radioactive material or live organism in amounts that exceed an environmental standard being introduced into soil, water or sediment. The Town recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the Town is directly responsible or accepts responsibility for the contamination;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Town's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Town's best estimate, as of December 31, 2021 of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Town will measure the liability using present value techniques.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

2. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Guaranteed investment certificates	\$ 4,666	\$ 4,666
Petty cash	1,250	1,200
Bank accounts	<u>-</u>	<u>534,014</u>
	<u>\$ 5,916</u>	<u>\$ 539,880</u>

Guaranteed investment certificates bears interest at a rate of 3.24% and matures on June 28, 2023.

3. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Property taxes	\$ 524,498	\$ 408,169
Trade	243,618	167,049
Utilities	90,623	92,123
Goods and Services Tax	<u>34,261</u>	<u>65,946</u>
	893,000	733,287
Allowance for doubtful accounts	<u>(295,874)</u>	<u>(37,697)</u>
	<u>\$ 597,126</u>	<u>\$ 695,590</u>

4. LOCAL IMPROVEMENTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Local improvement bylaw #1052, expiring 2036	\$ 355,200	\$ 377,400
Local improvement bylaw #1068, expiring 2037	111,568	118,541
Local improvement bylaw #1050, expiring 2036	85,951	91,681
Local improvement bylaw #1036, expiring 2040	70,205	73,900
Local improvement bylaw #896, expiring 2026	62,665	75,198
Local improvement bylaw #1053, expiring 2041	34,468	36,110
Local improvement bylaw #1142, expiring 2034	29,729	-
Local improvement bylaw #994, expiring 2023	25,711	38,567
Local improvement bylaw #937, expiring 2029	16,893	19,004
Local improvement bylaw #1011, expiring 2024	14,277	19,036
Local improvement bylaw #1013, expiring 2024	13,831	18,442
Local improvement bylaw #1000, expiring 2023	5,879	8,819
Local improvement bylaw #1015, expiring 2024	4,284	5,712
Local improvement bylaw #1012, expiring 2024	3,167	4,222
Local improvement bylaw #1002, expiring 2028	<u>2,498</u>	<u>2,855</u>
	<u>\$ 836,326</u>	<u>\$ 889,487</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

5. BANK INDEBTEDNESS

	<u>2021</u>	<u>2020</u>
Line of credit	\$ <u>137,047</u>	\$ <u>142,661</u>
	<u>\$ 137,047</u>	<u>\$ 142,661</u>

The Town is approved for a revolving demand loan of \$800,000 that is available, if needed, for operating cash flow. The interest rate is set at prime plus 1% (2020 - 1%).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade	\$ 378,583	\$ 220,135
Contaminated sites	100,000	100,000
Vacation and banked time	73,567	76,435
Construction holdbacks	12,866	48,330
Accrued interest on long-term debt	<u>9,589</u>	<u>10,052</u>
	<u>\$ 574,605</u>	<u>\$ 454,952</u>

7. DEFERRED REVENUE

Deferred revenue consists of the following amounts which have been restricted by third parties for a specific purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>Opening</u>	<u>Receipts/ (Refund)</u>	<u>Revenue</u>	<u>Ending</u>
MSI Capital	\$ 91,281	\$ 396,958	\$ (219,878)	\$ 268,361
Federal Gas Tax Fund	32,769	155,072	(113,210)	74,631
Other miscellaneous grants	44,184	55,024	(68,962)	30,246
Prepaid user fees and licenses	26,738	28,287	(26,737)	28,288
ACP - Regional collaboration grant	<u>112,942</u>	<u>(104,305)</u>	<u>(8,637)</u>	<u>-</u>
	<u>\$ 307,914</u>	<u>\$ 531,036</u>	<u>\$ (437,424)</u>	<u>\$ 401,526</u>

8. SHORT-TERM DEBT

The Town obtained short-term, non-revolving demand loan of \$25,000 (2020 - \$350,000) bearing interest at prime plus 0.30% (2020 - prime), to assist with the temporary financing related to grader repairs (2020 - highway improvements). The loan is to be repaid no later than December 31, 2022.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

9. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$27,651 including interest at 4.268%; due December 15, 2035.	\$ 578,356	\$ 608,020
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$21,029 including interest at 2.915%; due December 15, 2037.	534,741	560,643
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$18,531 including interest at 4.589%; due December 15, 2034.	359,862	379,724
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$14,920 including interest at 3.058%; due December 15, 2036.	337,444	354,940
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$12,087 including interest at 3.130%; due March 15, 2037.	302,453	316,822
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$6,635 including interest at 2.922%; due June 15, 2032.	119,254	128,830
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$4,898 including interest at 3.130%; due March 15, 2037.	114,045	119,464
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$10,469 including interest at 4.699%; due September 15, 2026.	92,346	108,378
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$3,838 including interest at 3.022%; due March 15, 2037.	94,452	99,167
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$6,925 including interest at 2.299%; due December 15, 2026.	65,064	77,208

(Continues)

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

9. LONG-TERM DEBT (CONT'D)

	<u>2021</u>	<u>2020</u>
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$9,115 including interest at 2.314%; due December 15, 2024.	52,544	69,268
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$2,651 including interest at 3.039%; due December 15, 2040.	76,094	79,017
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$6,260 including interest at 2.756%; due December 16, 2023.	24,199	35,811
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,204 including interest at 3.245%; due December 15, 2041.	35,237	36,472
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,428 including interest at 4.589%; due December 15, 2034.	27,740	29,271
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,610 including interest at 2.756%; due December 16, 2023.	6,225	9,212
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028.	2,362	2,657
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,428 including interest at 2.297%; due December 15, 2034.	<u>29,729</u>	<u>-</u>
	<u>\$ 2,852,147</u>	<u>\$ 3,014,904</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 200,272	\$ 98,174	\$ 298,446
2023	207,138	91,308	298,446
2024	198,406	84,300	282,706
2025	187,006	77,469	264,475
2026	193,772	70,703	264,475
Thereafter	<u>1,865,553</u>	<u>354,234</u>	<u>2,219,787</u>
	<u>\$ 2,852,147</u>	<u>\$ 776,188</u>	<u>\$ 3,628,335</u>

Interest on long-term debt expense amounted to \$103,648 (2020 - \$109,731).

The Town's total cash payments for interest amounted to \$104,097 (2020 - \$110,421).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 1)	\$ 46,809,098	\$ 46,477,568
Accumulated amortization (Schedule 1)	(17,624,628)	(16,481,793)
Long-term debt (Note 9)	(2,852,147)	(3,014,904)
Local improvements receivable (Note 4)	<u>836,326</u>	<u>889,487</u>
	<u>\$ 27,168,649</u>	<u>\$ 27,870,358</u>

11. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
UNRESTRICTED DEFICIT	<u>\$ (700,890)</u>	<u>\$ (241,360)</u>
RESTRICTED SURPLUS		
Administration	3,047	12,047
Bylaw enforcement	66	13,431
Cemetery	37,963	34,963
Culture	15,350	31,470
Disaster services	14,292	20,217
Economic development	38,176	32,689
Emergency response centre	8,372	8,372
Environmental	31,583	31,583
Fire	130,196	125,196
Murals	4,828	4,828
Planning	57,446	57,446
Public transit	5,419	5,419
Public works	8,662	8,662
Recreation	36,366	39,026
Sewer	3,928	3,009
Solid waste	24,711	20,297
Storm sewer and drainage	4,057	4,057
Tax stabilization	-	11,658
Utility	5,247	12,561
Water	<u>6,333</u>	<u>3,224</u>
	<u>436,042</u>	<u>480,155</u>
EQUITY IN TANGIBLE CAPITAL ASSETS (Note 10)	<u>27,168,649</u>	<u>27,870,358</u>
	<u>\$ 26,903,801</u>	<u>\$ 28,109,153</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

12. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
Mayor Janet Jabush	\$ 14,307	\$ 589	\$ 14,896	\$ 16,225
Councilors				
Anna Greenwood	10,882	402	11,284	10,945
Sandra Morton	10,602	387	10,989	11,966
Pat Burns	10,118	-	10,118	9,055
Clay Davidson	6,983	-	6,983	9,295
Pat Hagman	6,498	61	6,559	9,086
Bernie Jogola	6,470	194	6,664	9,146
Marc Claybrook	3,306	148	3,454	-
Rebecca Wells	3,221	144	3,365	-
Esther Sonnenberg	2,850	124	2,974	-
Chief Administrative Officer	171,585	39,948	211,533	208,877
Designated Officers (5)	227,338	49,458	276,796	276,168

(1) Salary includes regular base pay, per diem payments and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of the employee benefits and contributions made on behalf of employees including pension and health care benefits.

13. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 5,228,454	\$ 5,767,367
Total debt	<u>(2,877,147)</u>	<u>(3,364,904)</u>
Amount of total debt limit unused	<u>\$ 2,351,307</u>	<u>\$ 2,402,463</u>
Debt servicing limit	\$ 871,409	\$ 961,228
Debt servicing	<u>(323,446)</u>	<u>(646,584)</u>
Amount of debt servicing limit unused	<u>\$ 547,963</u>	<u>\$ 314,644</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

14. CONTINGENCIES

The Town is a member of the MUNIX Reciprocal Insurance Exchange. Under the terms of the membership, the Town 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.

15. FRANCHISE FEES

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	<u>2021</u> (Budget) (Note 18)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
Fortis Alberta	\$ 104,460	\$ 107,024	\$ 100,728
ATCO Gas	<u>73,464</u>	<u>57,618</u>	<u>54,705</u>
	<u>\$ 177,924</u>	<u>\$ 164,642</u>	<u>\$ 155,433</u>

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 9.39% (2020 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2020 - 13.84%) for the excess. Employees of the Town are required to make current service contributions of 8.39% (2020 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 12.84% (2020 - 12.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2021 were \$93,639 (2020 - \$92,080). Total current and past service contributions made by the employees of the Town to the LAPP in 2021 were \$84,906 (2020 - \$83,667).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.9 billion (2019 - \$7.9 billion).

17. SEGMENTED INFORMATION

The Town provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in *Note 1*. For additional information see the Schedule of Segment Disclosure (*Schedule 4*).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2021

18. BUDGET

The budget figures are provided for information purposes only, and have not been audited. The 2021 budget, prepared by the Town of Mayerthorpe, reflects all municipal activities including capital projects and restricted surplus for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2021</u> (Budget)
Annual surplus (per statement of operations and accumulated surplus)	\$ 489,276
Acquisition of tangible capital assets	(687,852)
Net transfers from restricted surplus	273,335
Local improvements	118,409
Debenture repayment	<u>(193,168)</u>
	\$ _____ -

19. LIABILITY FOR CONTAMINATED SITES

As of December 31, 2021, the liability for contaminated sites relates to a property owned by the Town that has soil contamination.

Liability estimates are based on environmental site assessments. The Town has recognized a total liability for the remediation of contaminated sites of \$100,000 (2020 - \$100,000). The liability is reported in accounts payable and accrued liabilities (*Note 6*) in the Statement of Financial Position.

20. COMPARATIVE FIGURES

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

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.