

TOWN OF MAYERTHORPE

Financial Statements

For The Year Ended December 31, 2022

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, 2022, 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, 2022, 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 13, 2023

TOWN OF MAYERTHORPE
Statement of Financial Position
As at December 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 65,349	\$ 5,916
Accounts receivable (Note 3)	616,250	597,126
Local improvements receivable (Note 4)	727,902	836,326
Land held for resale	70,020	70,020
Long-term investments	<u>9,350</u>	<u>8,814</u>
	<u>1,488,871</u>	<u>1,518,202</u>
LIABILITIES		
Bank indebtedness (Note 5)	\$ -	\$ 137,047
Accounts payable and accrued liabilities (Note 6)	414,175	574,605
Deposit liabilities	2,575	2,575
Deferred revenue (Note 7)	410,490	401,526
Short-term debt	-	25,000
Long-term debt (Note 8)	<u>2,638,292</u>	<u>2,852,147</u>
	<u>3,465,532</u>	<u>3,992,900</u>
NET FINANCIAL DEBT	<u>(1,976,661)</u>	<u>(2,474,698)</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	142,482	149,110
Prepaid expenses	21,040	44,919
Tangible capital assets (Schedule 1)	<u>28,446,381</u>	<u>29,184,470</u>
	<u>28,609,903</u>	<u>29,378,499</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 26,633,242</u>	<u>\$ 26,903,801</u>
CONTINGENCIES (Note 13)		

ON BEHALF OF TOWN COUNCIL:


 _____ Mayor


 _____ Deputy Mayor

TOWN OF MAYERTHORPE
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2022

	Budget <u>2022</u> (Note 17)	Actual <u>2022</u>	Actual <u>2021</u>
REVENUE			
Net taxation (Schedule 2)	\$ 1,602,831	\$ 1,568,227	\$ 1,490,486
User fees and sales of goods	1,227,518	1,182,070	1,103,705
Government transfers for operating (Schedule 3)	559,726	503,819	437,236
Franchise fees (Note 14)	162,000	206,794	164,642
Other	171,189	117,191	134,975
Penalties on taxes	49,000	75,634	79,083
Investment income	13,350	20,468	20,512
Licenses and permits	17,500	16,556	10,272
Fines	31,750	14,036	14,996
Local improvements	-	-	29,729
	<u>3,834,864</u>	<u>3,704,795</u>	<u>3,485,636</u>
EXPENSES			
Administration	563,075	604,868	1,182,513
Roads, streets, walks and lighting	509,864	504,831	499,046
Parks and recreation	519,417	493,951	420,680
Water supply and distribution	445,412	399,363	408,037
Planning and development	238,947	212,206	349,956
Protective services	182,588	177,170	170,795
Family and community support services	93,280	122,737	104,675
Fire services	155,275	121,845	129,749
Waste management	121,000	117,726	128,403
Wastewater treatment and disposal	139,353	115,407	131,253
Council and legislative	112,835	108,722	113,461
Public transit	116,271	96,457	32,479
Library	65,385	62,298	78,281
Storm sewers and drainage	46,530	44,609	25,461
Cemeteries	41,612	34,584	38,057
Disaster and emergency services	20,092	20,139	22,488
Amortization	-	1,137,577	1,202,633
	<u>3,370,936</u>	<u>4,374,490</u>	<u>5,037,967</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>463,928</u>	<u>(669,695)</u>	<u>(1,552,331)</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 3)	1,261,330	402,178	326,654
Contributed assets	-	-	16,500
Gain (loss) on disposal of tangible capital assets	-	(3,042)	3,825
	<u>1,261,330</u>	<u>399,136</u>	<u>346,979</u>
ANNUAL SURPLUS (DEFICIT)	1,725,258	(270,559)	(1,205,352)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,903,801</u>	<u>26,903,801</u>	<u>28,109,153</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 28,629,059</u>	<u>\$ 26,633,242</u>	<u>\$ 26,903,801</u>

TOWN OF MAYERTHORPE
Statement of Changes in Net Financial Debt
For The Year Ended December 31, 2022

	Budget <u>2022</u> (Note 17)	Actual <u>2022</u>	Actual <u>2021</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>1,725,258</u>	\$ <u>(270,559)</u>	\$ <u>(1,205,352)</u>
Acquisition of tangible capital assets	(1,737,118)	(409,329)	(379,214)
Contributed tangible capital assets	-	-	(16,500)
Proceeds on disposal of tangible capital assets	-	6,800	8,212
Amortization of tangible capital assets	-	1,137,577	1,202,633
Loss (gain) on disposal of tangible capital assets	-	3,042	(3,825)
	<u>(1,737,118)</u>	<u>738,090</u>	<u>811,306</u>
Use (acquisition) of prepaid expenses	-	23,878	(18,118)
Use (acquisition) of inventory	-	6,628	6,266
	<u>-</u>	<u>30,506</u>	<u>(11,852)</u>
DECREASE (INCREASE) IN NET FINANCIAL DEBT	(11,860)	498,037	(405,898)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(2,474,698)</u>	<u>(2,474,698)</u>	<u>(2,068,800)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(2,486,558)</u>	\$ <u>(1,976,661)</u>	\$ <u>(2,474,698)</u>

TOWN OF MAYERTHORPE
Statement of Cash Flows
For The Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (270,559)	\$ (1,205,352)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	1,137,577	1,202,633
Contributed tangible capital assets	-	(16,500)
Loss (gain) on disposal of tangible capital assets	<u>3,042</u>	<u>(3,825)</u>
	<u>870,060</u>	<u>(23,044)</u>
Change in non-cash working capital balances:		
Accounts receivable	(19,124)	98,464
Local improvements receivable	108,424	53,161
Inventory of supplies	6,628	6,266
Prepaid expenses	23,878	(18,118)
Accounts payable and accrued liabilities	(160,432)	119,654
Deposit liabilities	-	200
Deferred revenue	<u>8,964</u>	<u>93,612</u>
	<u>(31,662)</u>	<u>353,239</u>
	<u>838,398</u>	<u>330,195</u>
FINANCING ACTIVITIES		
Proceeds from short-term debt	-	25,000
Proceeds from long-term debt	-	29,729
Repayment of short-term debt	(25,000)	(350,000)
Repayment of bank indebtedness	(137,047)	(5,614)
Repayment of long-term debt	<u>(213,853)</u>	<u>(192,487)</u>
	<u>(375,900)</u>	<u>(493,372)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(409,329)	(379,214)
Proceeds on disposal of tangible capital assets	6,800	8,212
Long term investments	<u>(536)</u>	<u>215</u>
	<u>(403,065)</u>	<u>(370,787)</u>
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	59,433	(533,964)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,916</u>	<u>539,880</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 65,349</u>	<u>\$ 5,916</u>

TOWN OF MAYERTHORPE
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2022

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>2022</u>	<u>2021</u>
COST:								
Balance, Beginning of Year	\$ 131,549	\$ 29,076	\$ 9,810,359	\$ 34,903,800	\$ 1,333,527	\$ 600,787	\$ 46,809,098	\$ 46,477,568
Acquisition of tangible capital assets	-	88,455	-	115,190	205,684	-	409,329	395,714
Disposal of tangible capital assets	-	-	-	(10,124)	(111,139)	-	(121,263)	(64,184)
Balance, End of Year	<u>131,549</u>	<u>117,531</u>	<u>9,810,359</u>	<u>35,008,866</u>	<u>1,428,072</u>	<u>600,787</u>	<u>47,097,164</u>	<u>46,809,098</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	17,859	2,073,904	14,298,128	873,982	360,755	17,624,628	16,481,793
Annual amortization	-	6,350	204,221	781,921	104,127	40,958	1,137,577	1,202,633
Accumulated amortization on disposals	-	-	-	(10,124)	(101,297)	-	(111,421)	(59,797)
Balance, End of Year	-	<u>24,209</u>	<u>2,278,125</u>	<u>15,069,924</u>	<u>876,812</u>	<u>401,713</u>	<u>18,650,783</u>	<u>17,624,628</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>131,549</u>	\$ <u>93,322</u>	\$ <u>7,532,234</u>	\$ <u>19,938,942</u>	\$ <u>551,260</u>	\$ <u>199,074</u>	\$ <u>28,446,381</u>	\$ <u>29,184,470</u>

Cost includes construction in progress of \$35,803 (2021 - \$9,890). 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, 2022

Schedule 2

	<u>2022</u> (Budget) (Note 17)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
TAXATION			
Real property taxes	\$ 1,868,658	\$ 1,793,375	\$ 1,738,628
Linear property taxes	49,412	54,475	52,592
Government grants in place of property taxes	<u>21,799</u>	<u>21,779</u>	<u>17,894</u>
	<u>1,939,869</u>	<u>1,869,629</u>	<u>1,809,114</u>
DEDUCT:			
Education requisition	313,538	280,315	296,077
Seniors Foundation requisition	23,300	21,087	22,551
Designated Industrial Property requisition	<u>200</u>	<u>-</u>	<u>-</u>
	<u>337,038</u>	<u>301,402</u>	<u>318,628</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,602,831</u>	<u>\$ 1,568,227</u>	<u>\$ 1,490,486</u>

TOWN OF MAYERTHORPE
Schedule of Government Transfers
For The Year Ended December 31, 2022

Schedule 3

	<u>2022</u> (Budget) (Note 17)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
GOVERNMENT TRANSFERS FOR OPERATING			
Local Governments	351,257	276,099	202,676
Provincial	\$ 180,453	\$ 199,938	\$ 215,316
Federal	<u>28,016</u>	<u>27,782</u>	<u>19,244</u>
	559,726	503,819	437,236
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	915,001	305,130	326,654
Federal	<u>346,329</u>	<u>97,048</u>	<u>-</u>
	<u>1,261,330</u>	<u>402,178</u>	<u>326,654</u>
	<u>\$ 1,821,056</u>	<u>\$ 905,997</u>	<u>\$ 763,890</u>

TOWN OF MAYERTHORPE
Schedule of Segmented Information
For The Year Ended December 31, 2022

Schedule 4

	General Administration	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2022	2021
REVENUE									
Net taxation	\$ 1,568,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568,227	\$ 1,520,215
User fees and sale of goods	10,024	91,804	3,554	17,028	95,519	925,538	38,603	1,182,070	1,103,705
Government transfers	185,395	22,582	129,677	-	320,300	101,981	146,062	905,997	766,890
Other revenues	108,463	24,436	-	2,590	33,288	69,304	5,804	243,885	260,663
Franchise fees	206,794	-	-	-	-	-	-	206,794	164,642
Contributed assets	-	-	-	-	-	-	-	-	16,500
	<u>2,078,903</u>	<u>138,822</u>	<u>133,231</u>	<u>19,618</u>	<u>449,107</u>	<u>1,096,823</u>	<u>190,469</u>	<u>4,106,973</u>	<u>3,832,615</u>
EXPENSES									
Salaries, wages and benefits	439,624	141,076	203,444	121,281	204,331	248,597	144,132	1,502,485	1,506,409
Materials, goods and utilities	60,112	49,615	229,724	10,936	182,283	163,503	77,550	773,723	638,227
Contracted and general services	188,943	112,729	45,856	37,852	129,238	194,895	22,279	731,792	1,153,670
Interest on long-term debt	-	-	25,242	2,544	-	69,456	-	97,242	103,647
Other expenses	13,273	8,214	1,339	38,093	918	654	265	62,756	366,505
Government transfers	-	9,296	-	1,500	39,295	-	9,551	59,642	59,554
Bank charges and short-term interest	11,638	-	492	-	185	-	-	12,315	7,323
Amortization of tangible capital assets	50,087	40,618	399,338	2,061	290,475	354,821	177	1,137,577	1,202,632
	<u>763,677</u>	<u>361,548</u>	<u>905,435</u>	<u>214,267</u>	<u>846,725</u>	<u>1,031,926</u>	<u>253,954</u>	<u>4,377,532</u>	<u>5,037,967</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 1,315,226</u>	<u>\$ (222,726)</u>	<u>\$ (772,204)</u>	<u>\$ (194,649)</u>	<u>\$ (397,618)</u>	<u>\$ 64,897</u>	<u>\$ (63,485)</u>	<u>\$ (270,559)</u>	<u>\$ (1,205,352)</u>

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, 2022 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, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Bank accounts	\$ 53,880	\$ -
Guaranteed investment certificates	10,596	4,666
Petty cash	<u>873</u>	<u>1,250</u>
	<u>\$ 65,349</u>	<u>\$ 5,916</u>

Guaranteed investment certificates have interest rates ranging from 3.24% to 3.81% with maturity dates ranging from June 28, 2023 and August 25, 2023.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Property taxes	\$ 421,354	\$ 524,498
Trade	321,004	243,618
Utilities	87,207	90,623
Goods and Services Tax	<u>13,172</u>	<u>34,261</u>
	842,737	893,000
Allowance for doubtful accounts	<u>(226,487)</u>	<u>(295,874)</u>
	<u>\$ 616,250</u>	<u>\$ 597,126</u>

4. LOCAL IMPROVEMENTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Local improvement bylaw #1052, expiring 2036	\$ 333,000	\$ 355,200
Local improvement bylaw #1068, expiring 2037	104,595	111,568
Local improvement bylaw #1050, expiring 2036	80,220	85,951
Local improvement bylaw #1036, expiring 2040	66,510	70,205
Local improvement bylaw #896, expiring 2026	50,132	62,665
Local improvement bylaw #1053, expiring 2041	21,337	34,468
Local improvement bylaw #1142, expiring 2034	15,684	29,729
Local improvement bylaw #937, expiring 2029	14,781	16,893
Local improvement bylaw #994, expiring 2023	12,856	25,711
Local improvement bylaw #1011, expiring 2024	9,518	14,277
Local improvement bylaw #1013, expiring 2024	9,221	13,831
Local improvement bylaw #1000, expiring 2023	2,940	5,879
Local improvement bylaw #1015, expiring 2024	2,856	4,284
Local improvement bylaw #1002, expiring 2028	2,141	2,498
Local improvement bylaw #1012, expiring 2024	<u>2,111</u>	<u>3,167</u>
	<u>\$ 727,902</u>	<u>\$ 836,326</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2022

5. BANK INDEBTEDNESS

	<u>2022</u>	<u>2021</u>
Line of credit	\$ <u>-</u>	\$ <u>137,047</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% (2021 - 1%).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade	\$ 265,241	\$ 378,583
Contaminated sites	100,000	100,000
Vacation and banked time	40,133	73,567
Accrued interest on long-term debt	8,801	9,589
Construction holdbacks	<u>-</u>	<u>12,866</u>
	\$ <u>414,175</u>	\$ <u>574,605</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	\$ 268,361	\$ 238,373	\$ (245,463)	\$ 261,271
Canada Community Building Fund	74,631	80,136	(80,112)	74,655
Prepaid user fees and licenses	26,538	42,781	(26,537)	42,782
Other miscellaneous grants	<u>31,996</u>	<u>320,852</u>	<u>(321,066)</u>	<u>31,782</u>
	\$ <u>401,526</u>	\$ <u>682,142</u>	\$ <u>(673,178)</u>	\$ <u>410,490</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2022

8. LONG-TERM DEBT

	<u>2022</u>	<u>2021</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.	\$ 547,412	\$ 578,356
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.	508,078	534,741
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.	339,078	359,862
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.	319,409	337,444
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$12,087 including interest at 3.130%; due September 15, 2037.	287,630	302,453
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.	109,396	119,254
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$4,898 including interest at 3.130%; due September 15, 2037.	108,456	114,045
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.	75,551	92,346
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.	89,593	94,452
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.	52,639	65,064

(Continues)

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2022

9. LONG-TERM DEBT (CONT'D)

	<u>2022</u>	<u>2021</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.	35,431	52,544
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.	73,083	76,094
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.	12,265	24,199
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.	33,961	35,237
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.	26,138	27,740
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.	3,155	6,225
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028.	2,056	2,362
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>14,961</u>	<u>29,729</u>
	<u>\$ 2,638,292</u>	<u>\$ 2,852,147</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 206,561	\$ 90,999	\$ 297,560
2024	197,815	84,005	281,820
2025	186,402	77,188	263,590
2026	193,154	70,436	263,590
2027	165,049	63,751	228,800
Thereafter	<u>1,689,311</u>	<u>288,381</u>	<u>1,977,692</u>
	<u>\$ 2,638,292</u>	<u>\$ 674,760</u>	<u>\$ 3,313,052</u>

Interest on long-term debt expense amounted to \$97,241 (2021 - \$103,648).

The Town's total cash payments for interest amounted to \$98,015 (2021 - \$104,097).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2022

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 1)	\$ 47,097,164	\$ 46,809,098
Accumulated amortization (Schedule 1)	(18,650,783)	(17,624,628)
Long-term debt (Note 8)	(2,638,292)	(2,852,147)
Local improvements receivable (Note 4)	<u>727,902</u>	<u>836,326</u>
	<u>\$ 26,535,991</u>	<u>\$ 27,168,649</u>

10. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
UNRESTRICTED DEFICIT	<u>\$ (403,841)</u>	<u>\$ (700,890)</u>
RESTRICTED SURPLUS		
Administration	10,547	3,047
Bylaw enforcement	5,066	66
Cemetery	41,963	37,963
Culture	17,850	15,350
Disaster services	14,292	14,292
Economic development	42,192	38,176
Emergency response centre	5,072	8,372
Environmental	31,583	31,583
Fire	145,196	130,196
Murals	4,828	4,828
Planning	59,946	57,446
Public transit	7,919	5,419
Public works	15,087	8,662
Recreation	38,366	36,366
Sewer	4,514	3,928
Solid waste	28,424	24,711
Storm sewer and drainage	4,057	4,057
Utility	10,452	5,247
Water	<u>13,738</u>	<u>6,333</u>
	<u>501,092</u>	<u>436,042</u>
EQUITY IN TANGIBLE CAPITAL ASSETS (Note 9)	<u>26,535,991</u>	<u>27,168,649</u>
	<u>\$ 26,633,242</u>	<u>\$ 26,903,801</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2022

11. 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>2022</u> <u>Total</u>	2021 <u>Total</u>
Mayor Janet Jabush	\$ 16,450	\$ 738	\$ 17,188	\$ 14,896
Councillors				
Anna Greenwood	11,935	481	12,416	11,284
Sandra Morton	11,285	444	11,729	10,989
Pat Burns	11,655	-	11,655	10,118
Esther Sonnenberg	10,875	420	11,295	2,974
Rebecca Wells	9,715	354	10,069	3,365
Marc Claybrook	8,610	291	8,901	3,454
Clay Davidson	-	-	-	6,983
Bernie Jogola	-	-	-	6,664
Pat Hagman	-	-	-	6,559
Chief Administrative Officer (<i>former</i>)	168,613	34,605	203,218	211,533
Chief Administrative Officer (<i>current</i>)	23,659	1,839	25,498	-
Designated Officers (7)	245,833	44,942	290,775	276,796

(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.

12. 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>2022</u>	<u>2021</u>
Total debt limit	\$ 5,557,193	\$ 5,228,454
Total debt	<u>(2,638,292)</u>	<u>(2,877,147)</u>
Amount of total debt limit unused	<u>\$ 2,918,901</u>	<u>\$ 2,351,307</u>
Debt servicing limit	\$ 926,199	\$ 871,409
Debt servicing	<u>(297,560)</u>	<u>(323,446)</u>
Amount of debt servicing limit unused	<u>\$ 628,639</u>	<u>\$ 547,963</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.

13. 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.

14. 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>2022</u> (Budget) (Note 17)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
Fortis Alberta	\$ 95,000	\$ 124,778	\$ 107,024
ATCO Gas	<u>67,000</u>	<u>82,016</u>	<u>57,618</u>
	<u>\$ 162,000</u>	<u>\$ 206,794</u>	<u>\$ 164,642</u>

15. 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 8.45% (2021 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% (2021 - 13.84%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 11.80% (2021 - 12.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2022 were \$72,286 (2021 - \$93,639). Total current and past service contributions made by the employees of the Town to the LAPP in 2022 were \$64,903 (2021 - \$84,906).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$4.9 billion).

16. 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, 2022

17. BUDGET

The budget figures are provided for information purposes only, and have not been audited. The 2022 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>2022</u> (Budget)
Annual surplus (per statement of operations and accumulated surplus)	\$ 1,725,258
Acquisition of tangible capital assets	(1,737,118)
Net transfers from restricted surplus	126,307
Local improvements	96,066
Debenture repayment	<u>(210,513)</u>
	\$ _____ -

18. LIABILITY FOR CONTAMINATED SITES

As of December 31, 2022, 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 (2021 - \$100,000). The liability is reported in accounts payable and accrued liabilities (*Note 6*) in the Statement of Financial Position.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.