

TOWN OF MAYERTHORPE

Financial Statements

For The Year Ended December 31, 2023

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, 2023, 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, 2023, 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.



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
February 26, 2024

TOWN OF MAYERTHORPE
Statement of Financial Position
As at December 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 451,648	\$ 65,349
Accounts receivable (Note 3)	713,036	616,250
Local improvements receivable (Note 4)	642,588	727,902
Land held for resale	70,020	70,020
Long-term investments	<u>9,531</u>	<u>9,350</u>
	<u>1,886,823</u>	<u>1,488,871</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	492,317	414,175
Deposit liabilities	2,450	2,575
Deferred revenue (Note 7)	462,846	410,490
Long-term debt (Note 8)	<u>2,431,734</u>	<u>2,638,292</u>
	<u>3,389,347</u>	<u>3,465,532</u>
NET FINANCIAL DEBT	<u>(1,502,524)</u>	<u>(1,976,661)</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	151,994	142,482
Prepaid expenses	36,209	21,040
Tangible capital assets (Schedule 1)	<u>27,494,131</u>	<u>28,446,381</u>
	<u>27,682,334</u>	<u>28,609,903</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 26,179,810</u>	<u>\$ 26,633,242</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, 2023

	Budget <u>2023</u> (Note 17)	Actual <u>2023</u>	Actual <u>2022</u>
REVENUE			
Net taxation (Schedule 2)	\$ 1,649,029	\$ 1,627,607	\$ 1,568,227
User fees and sales of goods	1,295,584	1,218,955	1,182,070
Government transfers for operating (Schedule 3)	1,053,577	698,529	503,819
Franchise fees (Note 14)	215,158	216,929	206,794
Other	140,735	72,280	117,191
Penalties on taxes	49,500	68,468	75,634
Investment income	13,325	48,986	20,468
Fines	29,250	18,219	14,036
Licenses and permits	<u>25,800</u>	<u>15,797</u>	<u>16,556</u>
	<u>4,471,958</u>	<u>3,985,770</u>	<u>3,704,795</u>
EXPENSES			
Parks and recreation	706,215	681,654	493,951
Roads, streets, walks and lighting	654,194	550,788	504,831
Administration	659,733	533,206	604,868
Water supply and distribution	478,872	383,517	399,363
Planning and development	648,477	204,606	212,206
Protective services	186,051	197,532	177,170
Family and community support services	146,189	138,234	122,737
Wastewater treatment and disposal	152,427	133,694	115,407
Fire services	171,750	124,729	121,845
Waste management	120,994	124,631	117,726
Council and legislative	113,990	120,333	108,722
Public transit	112,099	117,047	96,457
Library	71,911	70,578	62,298
Cemeteries	37,943	41,409	34,584
Disaster and emergency services	34,985	24,822	20,139
Storm sewers and drainage	29,318	22,782	44,609
Amortization	<u>-</u>	<u>1,139,435</u>	<u>1,137,577</u>
	<u>4,325,148</u>	<u>4,608,997</u>	<u>4,374,490</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>146,810</u>	<u>(623,227)</u>	<u>(669,695)</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 3)	1,770,757	169,795	402,178
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(3,042)</u>
	<u>1,770,757</u>	<u>169,795</u>	<u>399,136</u>
ANNUAL SURPLUS (DEFICIT)	1,917,567	(453,432)	(270,559)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,633,242</u>	<u>26,633,242</u>	<u>26,903,801</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 28,550,809</u>	<u>\$ 26,179,810</u>	<u>\$ 26,633,242</u>

TOWN OF MAYERTHORPE
Statement of Changes in Net Financial Debt
For The Year Ended December 31, 2023

	Budget <u>2023</u> (Note 17)	Actual <u>2023</u>	Actual <u>2022</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>1,917,567</u>	\$ <u>(453,432)</u>	\$ <u>(270,559)</u>
Acquisition of tangible capital assets	(2,335,767)	(187,184)	(409,329)
Proceeds on disposal of tangible capital assets	-	-	6,800
Amortization of tangible capital assets	-	1,139,435	1,137,577
Loss on disposal of tangible capital assets	-	-	3,042
	<u>(2,335,767)</u>	<u>952,251</u>	<u>738,090</u>
Use (acquisition) of prepaid expenses	-	(15,170)	23,878
Use (acquisition) of inventory	-	(9,512)	6,628
	<u>-</u>	<u>(24,682)</u>	<u>30,506</u>
DECREASE (INCREASE) IN NET FINANCIAL DEBT	(418,200)	474,137	498,037
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(1,976,661)</u>	<u>(1,976,661)</u>	<u>(2,474,698)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(2,394,861)</u>	\$ <u>(1,502,524)</u>	\$ <u>(1,976,661)</u>

TOWN OF MAYERTHORPE
Statement of Cash Flows
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (453,432)	\$ (270,559)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	1,139,435	1,137,577
Loss on disposal of tangible capital assets	<u>-</u>	<u>3,042</u>
	<u>686,003</u>	<u>870,060</u>
Change in non-cash working capital balances:		
Accounts receivable	(96,786)	(19,124)
Local improvements receivable	85,314	108,424
Inventory of supplies	(9,512)	6,628
Prepaid expenses	(15,170)	23,878
Accounts payable and accrued liabilities	78,143	(160,432)
Deposit liabilities	(125)	-
Deferred revenue	<u>52,356</u>	<u>8,964</u>
	<u>94,220</u>	<u>(31,662)</u>
	<u>780,223</u>	<u>838,398</u>
FINANCING ACTIVITIES		
Repayment of short-term debt	-	(25,000)
Repayment of bank indebtedness	-	(137,047)
Repayment of long-term debt	<u>(206,558)</u>	<u>(213,853)</u>
	<u>(206,558)</u>	<u>(375,900)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(187,184)	(409,329)
Proceeds on disposal of tangible capital assets	-	6,800
Long term investments	<u>(182)</u>	<u>(536)</u>
	<u>(187,366)</u>	<u>(403,065)</u>
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	386,299	59,433
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>65,349</u>	<u>5,916</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 451,648</u>	<u>\$ 65,349</u>

TOWN OF MAYERTHORPE
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2023

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>2023</u>	<u>2022</u>
COST:								
Balance, Beginning of Year	\$ 131,549	\$ 117,531	\$ 9,810,359	\$ 35,008,866	\$ 1,428,072	\$ 600,787	\$ 47,097,164	\$ 46,809,098
Acquisition of tangible capital assets	7,390	-	-	99,448	56,376	23,970	187,184	409,329
Disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,347)</u>	<u>(34,074)</u>	<u>-</u>	<u>(39,421)</u>	<u>(121,263)</u>
Balance, End of Year	<u>138,939</u>	<u>117,531</u>	<u>9,810,359</u>	<u>35,102,968</u>	<u>1,450,373</u>	<u>624,757</u>	<u>47,244,927</u>	<u>47,097,164</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	24,209	2,278,125	15,069,924	876,812	401,713	18,650,783	17,624,628
Annual amortization	-	6,233	204,221	775,037	106,994	46,950	1,139,435	1,137,577
Accumulated amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,347)</u>	<u>(34,074)</u>	<u>-</u>	<u>(39,421)</u>	<u>(111,421)</u>
Balance, End of Year	<u>-</u>	<u>30,442</u>	<u>2,482,346</u>	<u>15,839,613</u>	<u>949,732</u>	<u>448,663</u>	<u>19,750,796</u>	<u>18,650,783</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 138,939</u>	<u>\$ 87,089</u>	<u>\$ 7,328,013</u>	<u>\$ 19,263,355</u>	<u>\$ 500,641</u>	<u>\$ 176,094</u>	<u>\$ 27,494,131</u>	<u>\$ 28,446,381</u>

Cost includes construction in progress of \$63,182 (2022 - \$35,978). 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, 2023

Schedule 2

	<u>2023</u> (Budget) (Note 17)	2023 (Actual)	<u>2022</u> (Actual)
TAXATION			
Real property taxes	\$ 1,928,310	\$ 1,854,513	\$ 1,793,375
Linear property taxes	50,400	58,217	54,475
Government grants in place of property taxes	<u>22,234</u>	<u>23,116</u>	<u>21,779</u>
	<u>2,000,944</u>	<u>1,935,846</u>	<u>1,869,629</u>
DEDUCT:			
Education requisition	329,215	286,528	280,315
Seniors Foundation requisition	22,500	21,711	21,087
Designated Industrial Property requisition	<u>200</u>	<u>-</u>	<u>-</u>
	<u>351,915</u>	<u>308,239</u>	<u>301,402</u>
NET MUNICIPAL PROPERTY TAXES	\$ <u><u>1,649,029</u></u>	\$ <u><u>1,627,607</u></u>	\$ <u><u>1,568,227</u></u>

TOWN OF MAYERTHORPE
Schedule of Government Transfers
For The Year Ended December 31, 2023

Schedule 3

	<u>2023</u> (Budget) (Note 17)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
GOVERNMENT TRANSFERS FOR OPERATING			
Provincial	\$ 400,658	\$ 382,407	\$ 199,938
Local Governments	642,919	315,962	276,099
Federal	<u>10,000</u>	<u>160</u>	<u>27,782</u>
	1,053,577	698,529	503,819
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	1,610,934	148,541	305,130
Federal	<u>159,823</u>	<u>21,254</u>	<u>97,048</u>
	<u>1,770,757</u>	<u>169,795</u>	<u>402,178</u>
	<u>\$ 2,824,334</u>	<u>\$ 868,324</u>	<u>\$ 905,997</u>

TOWN OF MAYERTHORPE
Schedule of Segmented Information
For The Year Ended December 31, 2023

Schedule 4

	General Administration	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2023	2022
REVENUE									
Net taxation	\$ 1,627,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,627,607	\$ 1,568,227
User fees and sale of goods	4,333	88,076	3,023	14,053	119,764	934,736	54,970	1,218,955	1,182,070
Government transfers	208,540	16,753	121,964	409	339,373	20,992	160,294	868,325	905,997
Other revenues	129,342	29,218	-	2,580	43,080	6,220	13,309	223,749	243,885
Franchise fees	216,929	-	-	-	-	-	-	216,929	206,794
	<u>2,186,751</u>	<u>134,047</u>	<u>124,987</u>	<u>17,042</u>	<u>502,217</u>	<u>961,948</u>	<u>228,573</u>	<u>4,155,565</u>	<u>4,106,973</u>
EXPENSES									
Salaries, wages and benefits	515,963	159,204	227,485	126,010	229,868	228,032	162,350	1,648,912	1,530,800
Contracted and general services	206,968	126,866	14,383	49,960	260,078	229,660	26,544	914,459	731,792
Materials, goods and utilities	51,939	54,338	286,376	9,648	208,980	140,661	93,734	845,676	773,723
Interest on long-term debt	-	-	22,544	2,214	-	65,521	-	90,279	97,242
Government transfers	-	6,674	-	3,750	51,222	-	8,983	70,629	59,642
Bank charges and short-term interest	4,972	-	-	-	280	-	-	5,252	12,315
Other expenses (recovery)	(126,300)	-	-	13,024	1,802	750	5,079	(105,645)	34,441
Amortization of tangible capital assets	51,283	38,644	396,345	2,061	296,174	354,751	177	1,139,435	1,137,577
	<u>704,825</u>	<u>385,726</u>	<u>947,133</u>	<u>206,667</u>	<u>1,048,404</u>	<u>1,019,375</u>	<u>296,867</u>	<u>4,608,997</u>	<u>4,377,532</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 1,481,926</u>	<u>\$ (251,679)</u>	<u>\$ (822,146)</u>	<u>\$ (189,625)</u>	<u>\$ (546,187)</u>	<u>\$ (57,427)</u>	<u>\$ (68,294)</u>	<u>\$ (453,432)</u>	<u>\$ (270,559)</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.

(f) 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.

(g) 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.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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.

(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.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- i. there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii. the past transaction or event giving rise to the liability has occurred;
- iii. it is expected that future economic benefits will be given up; and
- iv. a reasonable estimate of the amount can be made.

When a liability for an asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

It is in management's opinion that the Town does not have any significant asset retirement obligations to record on the Statement of Financial Position.

(k) 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, 2023 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.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) *Financial instruments*

Measurement of financial instruments

The Town initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The Town subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the annual surplus (deficit).

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and local improvement receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

The Town has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment annually or when there are indicators of impairment. The amount of the write-down is recognized in the annual surplus (deficit). The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the annual surplus (deficit).

Transaction costs

The Town recognizes its transaction costs in the annual surplus (deficit) in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their organization, issuance or assumption.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2023

2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Bank accounts	\$ 444,803	\$ 53,880
Guaranteed investment certificate	5,775	10,596
Petty cash	<u>1,070</u>	<u>873</u>
	\$ 451,648	\$ 65,349

The guaranteed investment certificate bears interest at a rate of 5.10% per annum and matures on July 2, 2024.

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Property taxes	\$ 513,342	\$ 421,354
Trade	209,693	321,004
Utilities	86,528	87,207
Goods and Services Tax	<u>14,544</u>	<u>13,172</u>
	824,107	842,737
Allowance for doubtful accounts	<u>(111,071)</u>	<u>(226,487)</u>
	\$ 713,036	\$ 616,250

4. LOCAL IMPROVEMENTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Local improvement bylaw #1052, expiring 2036	\$ 310,800	\$ 333,000
Local improvement bylaw #1068, expiring 2037	97,622	104,595
Local improvement bylaw #1050, expiring 2036	74,491	80,220
Local improvement bylaw #1036, expiring 2040	62,815	66,510
Local improvement bylaw #896, expiring 2026	37,599	50,132
Local improvement bylaw #1053, expiring 2041	18,055	21,337
Local improvement bylaw #1142, expiring 2034	14,899	15,684
Local improvement bylaw #937, expiring 2029	12,670	14,781
Local improvement bylaw #1011, expiring 2024	4,759	9,518
Local improvement bylaw #1013, expiring 2024	4,610	9,221
Local improvement bylaw #1002, expiring 2028	1,784	2,141
Local improvement bylaw #1015, expiring 2024	1,428	2,856
Local improvement bylaw #1012, expiring 2024	1,056	2,111
Local improvement bylaw #994, expiring 2023	-	12,856
Local improvement bylaw #1000, expiring 2023	<u>-</u>	<u>2,940</u>
	\$ 642,588	\$ 727,902

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2023

5. BANK INDEBTEDNESS

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%.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade	\$ 345,602	\$ 265,241
Contaminated sites (Note 18)	100,000	100,000
Vacation and banked time	35,248	40,133
Accrued interest on long-term debt	8,082	8,801
Construction holdbacks	<u>3,385</u>	<u>-</u>
	<u>\$ 492,317</u>	<u>\$ 414,175</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</u>	<u>Revenue</u>	<u>Ending</u>
MSI Capital	\$ 261,271	\$ 164,886	\$ (202,551)	\$ 223,606
Canada Community Building Fund	74,655	84,891	(46,656)	112,890
Other grants	31,782	396,658	(342,818)	85,622
Prepaid user fees and licenses	<u>42,782</u>	<u>36,694</u>	<u>(38,748)</u>	<u>40,728</u>
	<u>\$ 410,490</u>	<u>\$ 683,129</u>	<u>\$ (630,773)</u>	<u>\$ 462,846</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2023

8. LONG-TERM DEBT

	<u>2023</u>	<u>2022</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.	\$ 515,134	\$ 547,412
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.	480,633	508,078
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.	317,330	339,078
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.	300,818	319,409
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.	272,339	287,630
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.	99,248	109,396
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.	102,691	108,456
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.	57,958	75,551
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.	84,586	89,593
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.	39,927	52,639

(Continues)

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2023

9. LONG-TERM DEBT (CONT'D)

	<u>2023</u>	<u>2022</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.	17,919	35,431
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.	69,979	73,083
Debenture was retired during the year	-	12,265
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.	32,644	33,961
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.	24,462	26,138
Debenture was retired during the year	-	3,155
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028.	1,741	2,056
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>14,325</u>	<u>14,961</u>
	<u>\$ 2,431,734</u>	<u>\$ 2,638,292</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	170,997	57,804	228,801
Thereafter	<u>1,518,317</u>	<u>233,577</u>	<u>1,751,894</u>
	<u>\$ 2,431,734</u>	<u>\$ 586,761</u>	<u>\$ 3,018,495</u>

Interest on long-term debt expense amounted to \$90,280 (2022 - \$97,241).

The Town's total cash payments for interest amounted to \$90,999 (2022 - \$98,015).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2023

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 1)	\$ 47,244,927	\$ 47,097,164
Accumulated amortization (Schedule 1)	(19,750,796)	(18,650,783)
Long-term debt (Note 8)	(2,431,734)	(2,638,292)
Local improvements receivable (Note 4)	<u>642,588</u>	<u>727,902</u>
	<u>\$ 25,704,985</u>	<u>\$ 26,535,991</u>

10. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
UNRESTRICTED DEFICIT	<u>\$ (261,481)</u>	<u>\$ (403,841)</u>
RESTRICTED SURPLUS		
Administration	24,309	10,547
Bylaw enforcement	15,066	5,066
Cemetery	48,963	41,963
Culture	22,350	17,850
Disaster services	19,292	14,292
Economic development	75,162	42,192
Emergency response centre	69,255	5,072
Environmental	36,583	31,583
Fire	163,196	145,196
Murals	4,828	4,828
Planning	55,409	59,946
Public transit	61,066	7,919
Public works	29,858	15,087
Recreation	35,361	38,366
Sewer	2,342	4,514
Solid waste	26,187	28,424
Storm sewer and drainage	4,057	4,057
Utility	15,455	10,452
Water	<u>27,567</u>	<u>13,738</u>
	<u>736,306</u>	<u>501,092</u>
EQUITY IN TANGIBLE CAPITAL ASSETS (Note 9)	<u>25,704,985</u>	<u>26,535,991</u>
	<u>\$ 26,179,810</u>	<u>\$ 26,633,242</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2023

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>2023</u> <u>Total</u>	<u>2022</u> <u>Total</u>
Mayor Janet Jabush	\$ 15,475	\$ 730	\$ 16,205	\$ 17,188
Councillors				
Sandra Morton	12,460	463	12,923	11,729
Anna Greenwood	10,525	418	10,943	12,416
Esther Sonnenberg	10,125	394	10,519	11,295
Pat Burns	10,320	-	10,320	11,655
Rebecca Wells	9,750	372	10,122	10,069
Marc Claybrook (3)	8,080	281	8,361	8,901
Chief Administrative Officer (<i>former</i>)	192,313	25,946	218,259	25,498
Chief Administrative Officer (<i>acting</i>)	24,703	-	24,703	203,218
Designated Officers (6, 2022 - 7)	246,046	46,439	292,485	290,775

(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.

(3) Resigned in November 2023.

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>2023</u>	<u>2022</u>
Total debt limit	\$ 5,978,655	\$ 5,557,193
Total debt	<u>(2,431,734)</u>	<u>(2,638,292)</u>
Amount of total debt limit unused	<u>\$ 3,546,921</u>	<u>\$ 2,918,901</u>
Debt servicing limit	\$ 996,443	\$ 926,199
Debt servicing	<u>(281,820)</u>	<u>297,560</u>
Amount of debt servicing limit unused	<u>\$ 714,623</u>	<u>\$ 1,223,759</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, 2023

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>2023</u> (Budget) (Note 17)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Fortis Alberta	\$ 136,872	\$ 135,740	\$ 124,778
ATCO Gas	<u>78,286</u>	<u>81,189</u>	<u>82,016</u>
	<u>\$ 215,158</u>	<u>\$ 216,929</u>	<u>\$ 206,794</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% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2023 were \$68,341 (2022 - \$72,286). Total current and past service contributions made by the employees of the Town to the LAPP in 2023 were \$61,089 (2022 - \$64,903).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 billion (2021 - \$11.9 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, 2023

17. BUDGET

The budget figures are provided for information purposes only, and have not been audited. The 2023 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>2023</u> (Budget)
Annual surplus (per statement of operations and accumulated surplus)	\$ 1,917,567
Acquisition of tangible capital assets	(2,335,767)
Net transfers to restricted surplus	(19,086)
Debenture proceeds	559,991
Local improvements	78,407
Debenture repayment	<u>(201,112)</u>
	\$ _____ -

18. LIABILITY FOR CONTAMINATED SITES

As of December 31, 2023, 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 (2022 - \$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.