

TOWN OF MAYERTHORPE
Consolidated Financial Statements
Year Ended December 31, 2013

TOWN OF MAYERTHORPE
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Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Mayerthorpe

We have audited the accompanying consolidated financial statements of the Town of Mayerthorpe, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Independent Auditor's Report to the Members of Council of Town of Mayerthorpe *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Mayerthorpe as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The consolidated financial statements for the year ended December 31, 2012 were audited by another accounting firm and are presented for comparative purposes only.

Edmonton, Alberta
March 17, 2014



Seniuk & Company

**Seniuk and Company
Chartered Accountants**

TOWN OF MAYERTHORPE
Consolidated Statement of Financial Position
December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 98,656	\$ -
Taxes and grants in place of taxes (Note 4)	278,651	202,575
Grants and receivables from other governments (Note 5)	138,162	223,404
Trade and other receivables	118,897	109,034
Land held for resale	35,000	35,000
Long term Investments (Note 6)	22,925	25,811
	\$ 692,291	\$ 595,824
LIABILITIES		
Bank overdraft (Note 3)	\$ -	\$ 215,405
Accounts payable	256,865	316,729
Deposits liabilities	19,172	12,502
Long term debt (Note 9)	2,146,487	2,132,544
Deferred revenue (Note 8)	304,436	244,272
	2,726,960	2,921,452
NET FINANCIAL ASSET (DEBT)	(2,034,669)	(2,325,628)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	21,772,963	21,700,495
Inventory for consumption	99,946	126,708
Prepaid expenses	28,439	23,970
	21,901,348	21,851,173
ACCUMULATED SURPLUS (Note 12)	\$ 19,866,679	\$ 19,525,545

On behalf of Council


 _____ Councilor

 _____ Councilor

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Consolidated Statement of Operations
Year Ended December 31, 2013

	Budget		
	2013	2013	2012
REVENUE			
Net municipal taxes (Schedule 1)	\$ 1,328,146	\$ 1,340,478	\$ 1,252,197
User fees and sale of goods	961,717	932,315	864,417
Government transfers for operating (Schedule 2)	74,767	117,215	384,090
Investment income	3,550	6,080	3,083
Penalties and costs of taxes	44,000	56,678	48,638
Licenses and permits	10,335	12,376	9,749
Rentals	950	1,100	-
Fines	30,600	13,955	22,692
Franchise fees & concession contracts	59,402	53,283	45,831
Total revenue	2,513,467	2,533,480	2,630,697
EXPENSES			
Administration and legislative	878,489	542,163	487,373
Fire service	149,134	147,069	117,774
Bylaw enforcement	82,319	52,328	68,855
Disaster and emergency measures	19,675	18,017	18,697
Roads, streets, walks and lighting	653,514	662,592	567,660
Storm sewers and drainage	54,081	30,383	-
Water supply and distribution	405,796	330,430	378,836
Wastewater treatment and disposal	185,950	116,307	107,339
Waste management	137,819	122,086	118,900
Family and community support	128,095	129,687	125,131
Cemeteries and crematoriums	28,180	32,567	27,221
Land use planning, zoning and development	159,428	104,530	108,370
Parks and recreation	262,962	189,332	195,071
Libraries, museums and halls	15,712	15,711	16,038
Total operating expenses	3,161,154	2,493,202	2,337,265
Excess (deficiency) of revenue over expenses before other	(647,687)	40,278	293,432
OTHER			
Government transfers for capital (Schedule 2)	1,272,786	1,020,767	565,370
Amortization	-	(719,911)	(676,638)
	1,272,786	300,856	(111,268)
EXCESS OF REVENUE OVER EXPENSES	625,099	341,134	182,164
ACCUMULATED SURPLUS, BEGINNING OF YEAR	19,525,545	19,525,545	19,343,381
ACCUMULATED SURPLUS, END OF YEAR	\$ 20,491,778	\$ 19,866,679	\$ 19,525,545

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2013

	2013	2012
Excess (Shortfall) of Revenues Over Expenses	\$ 341,134	\$ 182,164
Acquisition of tangible capital assets	(792,379)	(1,091,195)
Amortization of tangible capital assets	719,911	676,638
	<u>(72,468)</u>	<u>(414,557)</u>
Use of prepaids	(4,469)	\$ (8,158)
Use of inventory	26,762	53,356
	<u>22,293</u>	<u>45,198</u>
(INCREASE) DECREASE IN NET DEBT	290,959	(187,195)
Net financial assets (DEBT), beginning of year	<u>(2,325,628)</u>	<u>(2,138,433)</u>
NET ASSETS - END OF YEAR	\$ (2,034,669)	\$ (2,325,628)

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 341,134	\$ 182,164
Item not affecting cash:		
Amortization	719,911	676,638
	1,061,045	858,802
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(76,076)	(59,477)
Trade and other receivables	(9,863)	1,410,986
Grants and receivables from other governments	85,242	(101,733)
Inventory	26,762	53,356
Prepaid expenses	(4,469)	(8,160)
Accounts payable	(59,865)	(1,144,223)
Deferred income	60,164	125,186
Deposits received	6,670	(726)
	28,565	275,209
Cash flow from operating activities	1,089,610	1,134,011
INVESTING ACTIVITIES		
Additions to capital assets	(792,379)	(1,091,195)
Long term Investments	2,886	(16,661)
Cash flow used by investing activities	(789,493)	(1,107,856)
FINANCING ACTIVITIES		
Proceeds from long term financing	154,411	199,925
Repayment of long term debt	(140,467)	(149,327)
Cash flow from financing activities	13,944	50,598
INCREASE IN CASH FLOW	314,061	76,753
Deficiency - beginning of year	(215,405)	(292,158)
CASH (DEFICIENCY) - END OF YEAR (Note 2)	\$ 98,656	\$ (215,405)

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE

Consolidated Schedule of Property and Other Taxes

(Schedule 1)

Year Ended December 31, 2013

	Budget 2013	2013	2012
TAXATION			
Real property tax	\$ 1,513,744	\$ 1,525,693	\$ 1,412,031
Linear property taxes	45,696	45,696	54,373
Special assessments	33,540	36,241	36,729
Grants in lieu of property taxes	24,096	22,459	26,608
	1,617,076	1,630,089	1,529,741
REQUISITIONS			
Alberta School Foundation	267,350	267,350	255,964
Seniors' housing requisition	21,580	22,261	21,580
	288,930	289,611	277,544
NET MUNICIPAL TAXES	\$ 1,328,146	\$ 1,340,478	\$ 1,252,197

Consolidated Schedule of Government Transfers

(Schedule 2)

Year Ended December 31, 2013

	Budget 2013	2013	2012
TRANSFERS FOR OPERATING			
Provincial Government	\$ 58,717	\$ 96,681	\$ 313,321
Federal Government	-	-	10,400
Other Local Governments	16,050	20,534	60,369
	74,767	117,215	384,090
	74,767	117,215	384,090
TRANSFERS FOR CAPITAL			
Provincial Government	1,272,786	1,020,767	565,370
TOTAL GOVERNMENT TRANSFERS	\$ 1,347,553	\$ 1,137,982	\$ 949,460

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE

**Consolidated Schedule of Consolidated Expenditures by Object
Year Ended December 31, 2013**

(Schedule 3)

	Budget 2013	2013	2012
EXPENSES			
Salaries, wages & benefits	\$ 987,522	\$ 1,024,023	\$ 919,157
Contracted and general services	523,182	461,411	429,187
Materials, goods and utilities	587,813	575,155	651,362
Interest on long term	163,002	105,781	96,118
Bank charges and short term interest	2,500	4,369	4,647
Utilities and telephone	225,628	225,123	200,645
Other expenditures	671,507	97,342	36,150
Total Consolidated Expenditures by Object	\$ 3,161,154	\$ 2,493,204	\$ 2,337,266

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2013

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	1,340,478							1,340,478
Government transfers	265,612	66,683	460,058	4,973	65,842	157,259	117,555	1,137,982
User fees and sales of goods	16,509	34,352	53,345	11,298	27,982	764,017	24,812	932,315
Investment income	6,080							6,080
Other revenues	111,484	16,161		3,565		6,183		137,393
	1,740,162	117,196	513,403	19,836	93,825	927,459	142,367	3,554,248
EXPENSES								
Contract & general services	94,517	32,716	68,092	42,320	8,315	193,241	22,210	461,411
Salaries & wages	350,717	116,949	206,718	38,044	89,378	128,718	93,500	1,024,023
Materials, Goods & Supplies	60,413	56,375	261,683	8,458	59,391	92,752	36,083	575,155
Utilities and Telephone	17,099	6,771	100,111		19,820	77,141	4,180	225,122
Long-term debt interest			24,677	4,133		76,972		105,781
Other expenses	19,418	4,604	31,694	11,575	28,138		6,280	101,710
	542,165	217,415	692,975	104,530	205,043	568,823	162,253	2,493,203
NET REVENUE, BEFORE AMORTIZATION	1,197,998	-100,219	-179,572	-84,694	-111,218	358,636	-19,887	1,061,045
Amortization expense	9,052	40,918	230,311		171,208	268,423		719,911
NET REVENUE	1,188,946	-141,136	-409,883	-84,694	-282,426	90,213	-19,887	341,134

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Mayerthorpe are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Town of Mayerthorpe (the "Town"). The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

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

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

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 or services and/or the legal obligation to pay.

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

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

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

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

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

Requisition Over-levy and Under-levy

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

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

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

Inventories for Resale

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

Prepaid Local Improvement Charges

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

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage. The Town of Mayerthorpe uses the Regional Landfill Authority at Lac Ste. Anne County and as such, is not directly responsible for landfill closure and post-closure liabilities but is assessed by the Highway 43 East Waste Commission for its proportionate share of all landfill costs including any closure or post-closure costs incurred. At present, no landfill or post-closure liabilities have been assessed.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction are not expected to be repaid in the future or the result of a direct financial return.

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

Non-Financial Assets

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

Tangible Capital Assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Land improvements	15 years
Buildings	25-50 years
Machinery and equipment	5 - 25 years
Motor vehicles	10 - 25 years
Engineered structures - Roadways	5 - 40 years
Engineered structures - Water system	45 - 75 years
Engineered structures - Wastewater system	45 - 75 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Inventories

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

Cultural and Historical Tangible Capital Assets

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

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.

2. CASH AND TEMPORARY INVESTMENTS

	2013	2012
Bank indebtedness	\$ (86,333)	\$ (234,807)
Restricted cash	184,989	19,402
	\$ 98,656	\$ (215,405)

Temporary investments are short-term deposits with original maturities of three months or less.

Included in cash are restricted amounts received from government grants and are held exclusively for future approved projects. (Note 8)

3. BANK OVERDRAFT

The bank overdraft is payable on demand with interest payable monthly at prime minus 0.25%. The Town has an authorized credit limit of \$800,000 as at December 31, 2013.

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

4. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2013	2012
Current taxes and grants in place of taxes	\$ 192,958	\$ 100,417
Arrears taxes and grants in place of taxes	86,193	111,265
Sub-total	279,151	211,682
Allowance for doubtful accounts	(500)	(9,107)
	\$ 278,651	\$ 202,575

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants receivable are comprised of:

	2013	2012
Government grants	\$ 98,364	\$ 199,070
Goods and Services Tax refundable	39,798	24,334
	\$ 138,162	\$ 223,404

6. LONG TERM INVESTMENTS

	2013	2012
ATB Financial term deposit bearing interest at 2.50%, non-redeemable, maturing February 28, 2017	\$ 16,954	\$ 16,540
Alberta Association of Municipal Districts and Counties, held in reserve	426	426
United Farmers of Alberta Co-operative Limited, patronage equity.	1,405	2,650
Servus Credit Union Ltd. term deposit bearing interest at 1.25%, redeemable only on annual anniversary date, maturing June 26, 2018	4,140	-
Servus Credit Union Ltd. term deposit bearing interest at 3.00%, redeemable only on annual anniversary date, maturing December 24, 2014.	-	6,195
	\$ 22,925	\$ 25,811

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 69,849	\$ -	\$ 69,849	\$ 69,849
Land improvements	23,352	5,258	18,094	19,651
Engineered structures	23,290,160	9,932,686	13,357,474	13,120,483
Buildings	8,317,322	666,829	7,650,493	7,787,234
Machinery and equipment	783,913	406,506	377,407	380,878
Motor vehicles	476,387	176,741	299,646	322,400
	\$ 32,960,983	\$ 11,188,020	\$ 21,772,963	\$ 21,700,495

The net book value of the tangible capital assets at year end also represents the amount of equity in tangible capital assets.

Equity in tangible capital assets equals the tangible capital assets balance.

8. DEFERRED REVENUE

Deferred revenue is comprised of:

	2013	2012
Basic Municipal Transportation Grant	\$ 73,618	\$ 10,815
Federal Gas Tax Fund	79,186	163,079
Regional Collaboration Grant	123,691	-
Other miscellaneous grants	3,141	25,276
Pool renovation donations	-	13,173
Prepaid local improvement charges	21,083	23,784
Prepaid user fees and licences	3,717	8,144
	\$ 304,436	\$ 244,271

Basic Municipal Transportation Grant

Additional funding in the amount of \$83,880 was received in the current year from the Basic Municipal Transportation Grant and is restricted to eligible capital transportation projects, as approved under the funding agreement. Funds from this grant are being deferred for a future road projects. Unexpended funds related to the advance are supported by restricted cash of \$73,618 held exclusively for this project (refer to Note 2).

Federal Gas Tax Fund

Additional funding in the amount of \$82,146 was received in the current year from the Federal Gas Tax Fund and is restricted to eligible capital projects, as approved under the funding agreement. Funds from this grant are being deferred for a future road projects. Unexpended funds related to the advance are supported by restricted cash of \$79,186 held exclusively for this project (refer to Note 2).

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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

8. DEFERRED REVENUE <i>(continued)</i>	2013	2012
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Regional Collaboration Grant

Funding of the \$125,000 was received in the current year from the Regional Collaboration Grant and is restricted to the waterline rehabilitation project, as approved under the funding agreement. Funds from this grant are being deferred for future waterline rehabilitation project. Unexpended funds related to the advance are supported by restricted cash of \$123,691 held exclusively for these projects (refer to Note 2).

9. LONG TERM DEBT	2013	2012
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Alberta Capital Finance Authority - 400046 loan bearing interest at prime plus 1.8% per annum (effective rate at year end 4.8%), repayable in semi-annual blended payments of \$10,469. The loan matures on September 15, 2026 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 2006 paving project.

	\$ 201,979	\$ 213,036
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Alberta Capital Finance Authority - 400503 loan bearing interest at prime plus 1.5% per annum (effective rate at year end 4.8%), repayable in semi-annual blended payments of \$4,122. The loan matures on September 15, 2018 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 2008 paving project.

	36,969	43,513
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Alberta Capital Finance Authority - 3100176 loan bearing interest at 4.264% per annum, repayable in semi-annual blended payments of \$19,077. The loan matures on March 16, 2015 and is secured by the credit and security of the Town at large. Utilized to cover the costs for the extension of utilities across Highway 43.

	54,875	89,576
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Alberta Capital Finance Authority - 4000810 loan bearing interest at 4.589% per annum, repayable in semi-annual blended payments of \$1,428. The loan matures on December 15, 2034 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 2009 paving project.

	38,247	39,312
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Alberta Capital Finance Authority - 4000811 loan bearing interest at 4.589% per annum, repayable in semi-annual blended payments of \$18,531. The loan matures on December 15, 2034 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the water treatment plant upgrade.

	496,159	509,975
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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

9. LONG TERM DEBT <i>(continued)</i>	2013	2012
Alberta Capital Finance Authority - 4001057 loan bearing interest at 4.268% per annum, repayable in annual blended payments of \$27,651. The loan matures on December 15, 2035 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the lift station and sewer line rehabilitation.	784,021	805,181
Alberta Capital Finance Authority - 4001328 loan bearing interest at 2.922% per annum, repayable in monthly blended payments of \$6,635. The loan matures on June 15, 2032 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the water supply line.	188,618	196,210
Alberta Capital Finance Authority - 1180579 loan bearing interest at 5.75% per annum, repayable in annual blended payments of \$22,637. The loan matures on October 1, 2018 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 46th Avenue and Agriculture Resource Road (52nd Avenue) paving project.	96,008	112,194
Alberta Capital Finance Authority - 4001608 loan bearing interest at 2.756% per annum, repayable in semi-annual blended payments of \$6,789. The loan matures on December 16, 2023 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 2013 paving project (46th Ave).	117,977	-
Alberta Capital Finance Authority - 4001609 loan bearing interest at 2.756% per annum, repayable in semi-annual blended payments of \$1,610. The loan matures on December 16, 2023 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 2013 paving project (49/50 Ave).	27,981	-
Alberta Capital Finance Authority - 4001610 loan bearing interest at 3.295% per annum, repayable in monthly blended payments of \$359. The loan matures on December 16, 2028 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the 2013 hospital sidewalk project.	8,453	-
Alberta Capital Finance Authority - 1184670 loan bearing interest at 5.75% per annum, repayable in annual blended payments of \$35,451. The loan matures on April 2, 2016 and is secured by the credit and security of the Town at large. Utilized to cover the costs of the west water line project.	95,200	123,547
Amounts payable within one year	-	-

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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

9. LONG TERM DEBT *(continued)*

	2013	2012
	\$ 2,146,487	\$ 2,132,544

Principal reductions over the next 5 years are approximately:

2014	\$ 140,467
2015	160,452
2016	148,750
2017	136,170
2018	107,119
	<u>\$ 692,958</u>

Interest on long-term debt amounted to \$ 105,781 (2012 - 96,118)

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Mayerthorpe be disclosed as follows:

	2013	2012
Total debt limit	\$ 3,800,220	\$ 3,946,046
Total debt	(2,146,488)	(2,132,544)
Amount of debt limit unused	1,653,732	1,813,502
Debt servicing limit	633,370	657,674
Debt servicing	(246,248)	(245,445)
Amount of debt servicing limit unused	\$ 387,122	\$ 412,229

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2013	2012
Tangible capital assets (Note 7)	\$ 32,960,982	\$ 32,170,101
Accumulated amortization (Note 7)	(11,188,019)	(10,469,605)
Long term debt (Note 9)	(2,146,488)	(2,132,544)
	\$ 19,626,475	\$ 19,567,952

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

12. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2013	2012
Unrestricted Surplus	\$ (305,306)	\$ (229,247)
Restricted reserve	545,510	186,841
Equity in tangible capital assets	19,626,475	19,567,951
	\$ 19,866,679	\$ 19,525,545

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Town is required to make current service contributions to the LAPP of 5.525% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2013 were \$12,702 (2012 - \$13,193). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2013 were \$10,596 (2012 - \$10,929).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

14. SEGMENTED DISCLOSURE

The Town of Mayerthorpe provides a range of services to its ratepayers. 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.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

15. SALARY 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:

			2013	2012
	Salary (1)	Benefits & allowances (2)	Total	Total
Kate Patrick - Mayor	\$ 9,023	\$ -	\$ 9,023	\$ 8,700
Kim Connell - Former Mayor	11,085	193	11,278	12,812
Glen Wilcox - Deputy Mayor	7,920	-	7,920	9,300
Russell Claybrook - Councilor	7,680	80	7,760	6,769
Dan Richard- Councilor	4,868	-	4,868	6,521
Dave Hutchison - Councilor	5,888	21	5,909	7,326
James Mason - Councilor	5,858	20	5,878	7,295
Pat Hagman - Councilor	2,153	-	2,153	-
Bernie Jogola - Councilor	2,243	-	2,243	-
Sherry Shaw - Councilor	1,613	-	1,613	-
Pat Burns - Councilor	2,213	-	2,213	-
Karen St. Martin - CAO	116,747	24,947	141,694	138,041
	\$ 177,291	\$ 25,261	\$ 202,552	\$ 196,764

1. Salary includes regular base pay, per diems, and any other direct cash remuneration.
2. Benefits and allowances figures include the employer's share of the employee benefits and contributions or payments made on behalf of the employees including pension and health care benefits.

16. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt.

It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

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

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TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

16. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The Town's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Town for debt with similar terms.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

17. CONTINGENT LIABILITY

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

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

19. COMPARATIVE FIGURES

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

20. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited. It should be noted that the budget is not PSAB compliant in that it does not include an estimate for amortization.