

**TOWN OF MAYERTHORPE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Mayerthorpe

We have audited the accompanying financial statements of the Town of Mayerthorpe, which comprise the statement of financial position as at December 31, 2017, 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.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Mayerthorpe as at December 31, 2017, and 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.

**METRIX GROUP LLP**

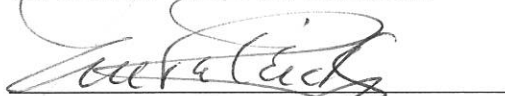
Chartered Professional Accountants


March 26, 2018  
Edmonton, Alberta

**TOWN OF MAYERTHORPE  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,614,884	\$ 1,616,217
Accounts receivable (Note 3)	593,206	462,786
Local improvements receivable (Note 4)	1,157,448	1,076,577
Land held for resale	53,718	53,718
Long-term investments	<u>6,279</u>	<u>25,702</u>
	<u>3,425,535</u>	<u>3,235,000</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	664,955	583,132
Deposit liabilities	2,575	1,600
Deferred revenue (Note 6)	748,815	1,291,951
Long-term debt (Note 7)	<u>3,620,876</u>	<u>2,524,855</u>
	<u>5,037,221</u>	<u>4,401,538</u>
<b>NET FINANCIAL DEBT</b>	<u>(1,611,686)</u>	<u>(1,166,538)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	118,991	124,245
Prepaid expenses	20,735	18,622
Tangible capital assets (Schedule 1)	<u>25,308,602</u>	<u>23,296,328</u>
	<u>25,448,328</u>	<u>23,439,195</u>
<b>ACCUMULATED SURPLUS</b> (Note 9)	<u>\$ 23,836,642</u>	<u>\$ 22,272,657</u>
<b>CONTINGENCIES</b> (Note 12)		

**ON BEHALF OF TOWN COUNCIL:**

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Deputy Mayor

**TOWN OF MAYERTHORPE  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget <u>2017</u> (Note 16)	<b>Actual <u>2017</u></b>	Actual <u>2016</u>
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 1,491,138	\$ <b>1,409,322</b>	\$ 1,432,358
User fees and sales of goods	1,115,750	<b>1,120,154</b>	1,044,743
Government transfers for operating (Schedule 3)	610,874	<b>549,158</b>	418,141
Local improvements	67,502	<b>144,816</b>	599,634
Franchise fees (Note 13)	135,598	<b>132,784</b>	114,803
Other	28,650	<b>46,093</b>	26,294
Penalties on taxes	52,500	<b>45,389</b>	55,387
Fines	31,000	<b>29,031</b>	16,796
Investment income	8,750	<b>19,322</b>	29,656
Licenses and permits	17,850	<b>13,625</b>	16,062
	<u>3,559,612</u>	<u><b>3,509,694</b></u>	<u>3,753,874</u>
<b>EXPENSES</b>			
Roads, streets, walks and lighting	643,243	<b>653,198</b>	598,503
Parks and recreation	269,434	<b>484,263</b>	274,280
Administration	437,933	<b>441,791</b>	460,644
Water supply and distribution	324,118	<b>379,295</b>	381,015
Planning and development	219,597	<b>224,295</b>	201,424
Family and community support services	163,919	<b>180,190</b>	168,528
Waste management	133,404	<b>178,458</b>	118,765
Bylaws enforcement	153,737	<b>150,602</b>	139,935
Council and legislative	98,475	<b>125,305</b>	103,994
Fire services	149,108	<b>120,347</b>	187,138
Wastewater treatment and disposal	134,471	<b>109,582</b>	103,922
Public transit	94,702	<b>98,327</b>	87,617
Cemeteries	40,824	<b>38,744</b>	32,847
Library	29,481	<b>28,916</b>	19,380
Storm sewers and drainage	23,615	<b>16,088</b>	25,238
Disaster and emergency services	15,706	<b>14,032</b>	14,068
Amortization	-	<b>868,651</b>	822,771
	<u>2,931,767</u>	<u><b>4,112,084</b></u>	<u>3,740,069</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	<u>627,845</u>	<u><b>(602,390)</b></u>	<u>13,805</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 3)	3,356,601	<b>2,141,516</b>	749,714
Other contributions for capital	41,150	<b>26,813</b>	46,015
Loss on disposal of tangible capital assets	-	<b>(1,954)</b>	(9,015)
	<u>3,397,751</u>	<u><b>2,166,375</b></u>	<u>786,714</u>
<b>ANNUAL SURPLUS</b>	4,025,596	<b>1,563,985</b>	800,519
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR,</b>	<u>22,272,657</u>	<u><b>22,272,657</b></u>	<u>21,472,138</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 26,298,253</u>	<u><b>\$ 23,836,642</b></u>	<u>\$ 22,272,657</u>

**TOWN OF MAYERTHORPE  
STATEMENT OF CHANGES IN NET FINANCIAL DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget <u>2017</u> (Note 16)	<b>Actual <u>2017</u></b>	Actual <u>2016</u>
<b>ANNUAL SURPLUS</b>	\$ <u>4,025,596</u>	\$ <u><b>1,563,985</b></u>	\$ <u>800,519</u>
Acquisition of tangible capital assets	(5,230,464)	<b>(2,886,878)</b>	(1,584,701)
Proceeds on disposal of tangible capital assets	-	<b>4,000</b>	-
Amortization of tangible capital assets	-	<b>868,651</b>	822,771
Loss on disposal of tangible capital assets	<u>-</u>	<u><b>1,954</b></u>	<u>9,015</u>
	<u>(5,230,464)</u>	<u><b>(2,012,273)</b></u>	<u>(752,915)</u>
Use (acquisition) of prepaid expenses	-	<b>(2,114)</b>	16,224
Use (acquisition) of inventory	<u>-</u>	<u><b>5,254</b></u>	<u>(15,939)</u>
	<u>-</u>	<u><b>3,140</b></u>	<u>285</u>
<b>DECREASE IN NET FINANCIAL DEBT</b>	(1,204,868)	<b>(445,148)</b>	47,889
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(1,166,538)</u>	<u><b>(1,166,538)</b></u>	<u>(1,214,427)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	\$ <u>(2,371,406)</u>	\$ <u><b>(1,611,686)</b></u>	\$ <u>(1,166,538)</u>

**TOWN OF MAYERTHORPE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 1,563,985	\$ 800,519
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	868,651	822,771
Loss on disposal of tangible capital assets	<u>1,954</u>	<u>9,015</u>
	<u>2,434,590</u>	<u>1,632,305</u>
Change in non-cash working capital balances:		
Accounts receivable	(130,419)	(44,086)
Local improvements receivable	(80,871)	(541,420)
Inventory of supplies	5,254	(15,939)
Prepaid expenses	(2,114)	16,224
Land held for resale	-	(18,718)
Accounts payable and accrued liabilities	81,823	169,411
Deposit liabilities	975	200
Deferred revenue	<u>(543,136)</u>	<u>1,033,608</u>
	<u>(668,488)</u>	<u>599,280</u>
	<u>1,766,102</u>	<u>2,231,585</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,250,765	608,135
Repayment of long-term debt	<u>(154,745)</u>	<u>(152,732)</u>
	<u>1,096,020</u>	<u>455,403</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,886,878)	(1,584,701)
Proceeds on disposal of tangible capital assets	4,000	-
Long term investments	<u>19,423</u>	<u>(1,804)</u>
	<u>(2,863,455)</u>	<u>(1,586,505)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	<b>(1,333)</b>	<b>1,100,483</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,616,217</u>	<u>515,734</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>1,614,884</u></b>	<b>\$ <u>1,616,217</u></b>

**TOWN OF MAYERTHORPE  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017	2016
<b>COST:</b>								
Balance, Beginning of Year	\$ 69,849	\$ 21,572	\$ 8,359,567	\$ 26,273,226	\$ 903,726	\$ 553,014	\$ 36,180,954	\$ 34,661,937
Acquisition of tangible capital assets	-	7,329	-	2,737,676	108,801	33,072	2,886,878	1,584,701
Disposal of tangible capital assets	-	-	-	(23,454)	(42,138)	-	(65,592)	(65,685)
Balance, End of Year	69,849	28,901	8,359,567	28,987,448	970,389	586,086	39,002,240	36,180,953
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	6,958	1,159,146	10,945,211	546,013	227,297	12,884,625	12,118,524
Annual amortization	-	1,927	166,849	596,098	67,448	36,329	868,651	822,771
Accumulated amortization on disposals	-	-	-	(17,500)	(42,138)	-	(59,638)	(56,670)
Balance, End of Year	-	8,885	1,325,995	11,523,809	571,323	263,626	13,693,638	12,884,625
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 69,849</b>	<b>\$ 20,016</b>	<b>\$ 7,033,572</b>	<b>\$ 17,463,639</b>	<b>\$ 399,066</b>	<b>\$ 322,460</b>	<b>\$ 25,308,602</b>	<b>\$ 23,296,328</b>

Cost includes construction in progress of \$2,596,218 (2016 - \$926,119). 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, 2017**

**SCHEDULE 2**

	<u>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,724,752	\$ 1,659,320	\$ 1,669,675
Linear property taxes	45,009	40,730	44,497
Government grants in place of property taxes	<u>18,377</u>	<u>22,032</u>	<u>18,168</u>
	<u>1,788,138</u>	<u>1,722,082</u>	<u>1,732,340</u>
<b>DEDUCT:</b>			
Education	275,000	290,581	278,432
Seniors Foundation	<u>22,000</u>	<u>22,179</u>	<u>21,550</u>
	<u>297,000</u>	<u>312,760</u>	<u>299,982</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 1,491,138</u>	<u>\$ 1,409,322</u>	<u>\$ 1,432,358</u>



TOWN OF MAYERTHORPE  
 SCHEDULE OF GOVERNMENT TRANSFERS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 3

	<u>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
<b>GOVERNMENT TRANSFERS FOR OPERATING</b>			
Provincial	\$ 451,436	\$ 362,822	\$ 272,611
Local Governments	<u>159,438</u>	<u>186,336</u>	<u>145,530</u>
	610,874	549,158	418,141
<b>GOVERNMENT TRANSFERS FOR CAPITAL</b>			
Provincial	<u>3,356,601</u>	<u>2,141,516</u>	<u>749,714</u>
	<u>\$ 3,967,475</u>	<u>\$ 2,690,674</u>	<u>\$ 1,167,855</u>

**TOWN OF MAYERTHORPE  
SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE 4**

	General Administration	Protective Services	Transportation	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2017	2016
<b>REVENUE</b>									
Government transfers	\$ 225,374	\$ 18,262	\$ 302,602	\$ 27,300	\$ 164,146	\$ 1,832,230	\$ 147,573	\$ 2,717,487	\$ 1,167,855
Net taxation	1,554,139	-	-	-	-	-	-	1,554,139	2,031,992
User fees and sale of goods	4,324	134,058	37,986	25,900	67,687	822,535	27,663	1,120,153	1,044,743
Other revenues	92,929	33,961	2,729	13,795	700	7,501	1,845	153,460	190,210
Franchise fees	132,784	-	-	-	-	-	-	132,784	114,803
	<u>2,009,550</u>	<u>186,281</u>	<u>343,317</u>	<u>66,995</u>	<u>232,533</u>	<u>2,662,266</u>	<u>177,081</u>	<u>5,678,023</u>	<u>4,549,603</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	334,492	157,053	267,665	106,707	196,171	204,692	142,009	1,408,789	1,291,341
Contracted and general services	186,369	76,493	167,986	27,990	183,994	248,219	25,390	916,441	861,692
Materials, goods and utilities	27,900	47,940	282,237	4,910	73,592	160,872	38,770	636,221	505,608
Transfers to governments	-	3,495	6,171	56,956	59,422	-	5,010	131,054	82,073
Interest on long-term debt	-	-	27,465	4,077	-	69,639	-	101,181	81,695
Other expenses	16,911	-	(4,000)	23,655	-	5,954	7,755	50,275	102,684
Bank charges and short-term interest	1,426	-	-	-	-	-	-	1,426	1,220
Amortization of tangible capital assets	14,345	48,652	312,242	-	219,184	274,228	-	868,651	822,771
	<u>581,443</u>	<u>333,633</u>	<u>1,059,766</u>	<u>224,295</u>	<u>732,363</u>	<u>963,604</u>	<u>218,934</u>	<u>4,114,038</u>	<u>3,749,084</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 1,428,107</u>	<u>\$ (147,352)</u>	<u>\$ (716,449)</u>	<u>\$ (157,300)</u>	<u>\$ (499,830)</u>	<u>\$ 1,698,662</u>	<u>\$ (41,853)</u>	<u>\$ 1,563,985</u>	<u>\$ 800,519</u>

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Reporting Entity**

These financial statements reflect the assets, liabilities, revenue, and expenditures, 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.

*(Continues)*

**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.

**TOWN OF MAYERTHORPE  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2017**

**2. CASH AND CASH EQUIVALENTS**

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates	\$ 834,000	\$ 950,000
Bank accounts	779,444	665,067
Petty cash	<u>1,440</u>	<u>1,150</u>
	<u>\$ 1,614,884</u>	<u>\$ 1,616,217</u>

Guaranteed investment certificates have interest rates ranging from 1.35% to 1.86% with maturity dates ranging from May 26, 2018 to December 18, 2018.

**3. ACCOUNTS RECEIVABLE**

	<u>2017</u>	<u>2016</u>
Trade	\$ 245,349	\$ 117,993
Property taxes	225,251	214,593
Utilities	73,604	74,822
Goods and Services Tax	<u>48,444</u>	<u>55,153</u>
	592,648	462,561
Allowance for doubtful accounts	<u>558</u>	<u>225</u>
	<u>\$ 593,206</u>	<u>\$ 462,786</u>

**4. LOCAL IMPROVEMENTS RECEIVABLE**

	<u>2017</u>	<u>2016</u>
Local improvement bylaw #1052, expiring 2036	\$ 444,000	\$ 444,000
Local improvement bylaw #1068, expiring 2037	144,815	-
Local improvement bylaw #896, expiring 2026	112,797	125,330
Local improvement bylaw #1050, expiring 2036	108,871	114,601
Local improvement bylaw #1036, expiring 2040	84,985	88,680
Local improvement bylaw #994, expiring 2023	77,134	89,990
Local improvement bylaw #1053, expiring 2041	41,034	41,034
Local improvement bylaw #1011, expiring 2024	33,313	38,072
Local improvement bylaw #1013, expiring 2024	32,273	36,883
Local improvement bylaw #937, expiring 2029	25,339	27,451
Local improvement bylaw #1000, expiring 2023	17,638	20,578
Local improvement bylaw #1015, expiring 2024	9,997	11,425
Local improvement bylaw #1012, expiring 2024	7,389	8,444
Local improvement bylaw #929, expiring 2018	6,733	13,466
Local improvement bylaw #1002, expiring 2028	6,199	6,762
Local improvement bylaw #795, expiring 2018	<u>4,931</u>	<u>9,861</u>
	<u>\$ 1,157,448</u>	<u>\$ 1,076,577</u>

**TOWN OF MAYERTHORPE  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2017**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2017</u>	<u>2016</u>
Trade	\$ 298,732	\$ 408,221
Construction holdbacks	277,768	104,061
Vacation and banked time	76,025	64,107
Accrued interest on long-term debt	<u>12,430</u>	<u>6,743</u>
	<u>\$ 664,955</u>	<u>\$ 583,132</u>

**6. 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>
Alberta Municipal Water/Wastewater Partnership	\$ 626,123	\$ 812,980	\$(1,116,424)	\$ 322,679
ACP - Regional collaboration grant	591,345	200,000	(571,002)	220,343
MSI Capital	32,072	373,847	(295,886)	110,033
Other miscellaneous grants	9,472	95,677	(42,284)	62,865
Prepaid property taxes	18,302	17,140	(18,302)	17,140
Prepaid user fees and licenses	12,244	14,607	(12,244)	14,607
Prepaid utilities	<u>2,393</u>	<u>1,148</u>	<u>(2,393)</u>	<u>1,148</u>
	<u>\$ 1,291,951</u>	<u>\$ 1,515,399</u>	<u>\$(2,058,535)</u>	<u>\$ 748,815</u>

**7. LONG-TERM DEBT**

	<u>2017</u>	<u>2016</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$27,651 including interest at 4.268%; due December 15, 2035	\$ 689,854	\$ 714,907
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$21,029 including interest at 2.915%; due December 15, 2037	634,000	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$18,531 including interest at 4.589%; due December 15, 2034	434,178	450,743

(Continues)

**TOWN OF MAYERTHORPE  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2017**

**7. LONG-TERM DEBT (CONT'D)**

	<u>2017</u>	<u>2016</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$14,920 including interest at 3.058%; due December 15, 2036	<b>427,613</b>	444,000
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$12,087 including interest at 3.130%; due March 15, 2037	<b>357,348</b>	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,635 including interest at 2.922%; due June 15, 2032	<b>155,946</b>	164,472
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$10,469 including interest at 4.699%; due September 15, 2026	<b>152,240</b>	165,554
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,898 including interest at 3.130%; due March 15, 2037	<b>144,816</b>	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$9,115 including interest at 2.314%; due December 15, 2024	<b>117,192</b>	132,446
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$3,838 including interest at 3.022%; due March 15, 2037	<b>112,494</b>	-
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,925 including interest at 2.299%; due December 15, 2026	<b>112,018</b>	123,101
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,651 including interest at 3.039%; due December 15, 2040	<b>87,272</b>	89,862
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,260 including interest at 2.756%; due December 16, 2023	<b>68,798</b>	79,206

*(Continues)*

**TOWN OF MAYERTHORPE  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2017**

**7. LONG-TERM DEBT (CONT'D)**

	<u>2017</u>	<u>2016</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,204 including interest at 3.245%; due December 15, 2041	<b>39,948</b>	41,034
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,428 including interest at 4.589%; due December 15, 2034	<b>33,469</b>	34,746
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$22,637 including interest at 5.75%; due October 1, 2018	<b>21,406</b>	41,649
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,610 including interest at 2.756%; due December 16, 2023	<b>17,698</b>	20,375
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,122 including interest at 4.057%; due September 15, 2018	<b>7,999</b>	15,684
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028	<u><b>6,587</b></u>	<u>7,076</u>
	<u><b>\$ 3,620,876</b></u>	<u><b>\$ 2,524,855</b></u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 204,974	\$ 125,433	<b>\$ 330,407</b>
2019	181,547	117,894	<b>299,441</b>
2020	187,742	111,660	<b>299,402</b>
2021	194,160	105,200	<b>299,360</b>
2022	200,812	98,506	<b>299,318</b>
Thereafter	<u>2,651,641</u>	<u>678,826</u>	<u><b>3,330,467</b></u>
	<u><b>\$ 3,620,876</b></u>	<u><b>\$ 1,237,519</b></u>	<u><b>\$ 4,858,395</b></u>

Interest on long-term debt expense amounted to \$101,181 (2016 - \$81,695).

The Town's total cash payments for interest amounted to \$95,495 (2016 - \$83,020).



**TOWN OF MAYERTHORPE  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2017**

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 1)	\$ 39,002,240	\$ 36,180,953
Accumulated amortization (Schedule 1)	(13,693,638)	(12,884,625)
Long-term debt (Note 7)	(3,620,876)	(2,524,855)
Local improvements receivable (Note 4)	<u>1,157,448</u>	<u>1,076,577</u>
	<u>\$ 22,845,174</u>	<u>\$ 21,848,050</u>

**9. ACCUMULATED SURPLUS**

	<u>2017</u>	<u>2016</u>
<b>UNRESTRICTED SURPLUS (DEFICIT)</b>	<u>\$ 449,320</u>	<u>\$ (145,410)</u>
<b>RESTRICTED SURPLUS</b>		
Administration	441	2,941
Bylaw enforcement	13,959	5,405
Cemetery	22,870	20,920
Culture	30,454	17,788
Disaster services	20,386	17,353
Economic development	20,968	15,326
Environmental	20,550	6,850
Fire	99,732	54,832
Planning	27,492	39,445
Public transit	7,770	2,925
Public works	29,589	30,470
Recreation	65,175	143,858
Sewer	13,753	49,416
Solid waste	43,778	54,144
Storm sewer and drainage	12,316	8,847
Water	3,482	12,682
Tax stabilization	21,750	26,632
Emergency response centre	32,855	5,355
Traffic lights	50,000	50,000
Murals	<u>4,828</u>	<u>4,828</u>
	<u>542,148</u>	<u>570,017</u>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (Note 8)</b>	<u>22,845,174</u>	<u>21,848,050</u>
	<u>\$ 23,836,642</u>	<u>\$ 22,272,657</u>

**TOWN OF MAYERTHORPE  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2017**

**10. 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>2017 Total</u>	<u>2016 Total</u>
Mayor Kate Patrick	\$ 14,000	\$ -	\$ 14,000	\$ 15,750
Councilors				
Sandra Morton	10,850	185	<b>11,035</b>	9,600
Pat Burns	10,550	175	<b>10,725</b>	10,854
Bernie Jogola	9,325	134	<b>9,459</b>	10,002
Pat Hagman	8,250	99	<b>8,349</b>	10,208
Glen Wilcox	6,325	-	<b>6,325</b>	9,150
Jonathan Arseneault	3,375	-	<b>3,375</b>	-
Janet Jabush	2,975	-	<b>2,975</b>	-
Russell Claybrook	-	-	-	5,510
Chief Administrative Officer	154,787	38,641	<b>193,428</b>	165,895
Designated Officer	94,986	23,146	<b>118,132</b>	117,141

(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.

**11. 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>2017</u>	<u>2016</u>
Total debt limit	\$ 5,264,541	\$ 5,630,811
Total debt	<u>(3,620,876)</u>	<u>(2,524,855)</u>
Amount of total debt limit unused	<u>\$ 1,643,665</u>	<u>\$ 3,105,956</u>
Debt servicing limit	\$ 877,424	\$ 938,469
Debt servicing	<u>(330,407)</u>	<u>(246,799)</u>
Amount of debt servicing limit unused	<u>\$ 547,017</u>	<u>\$ 691,670</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 (CONT'D)  
DECEMBER 31, 2017**

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**12. 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.

**13. 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>2017</u> (Budget) (Note 16)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Fortis Alberta	\$ 74,759	\$ 71,131	\$ 70,232
ATCO Gas	<u>60,839</u>	<u>61,653</u>	<u>44,571</u>
	<u>\$ 135,598</u>	<u>\$ 132,784</u>	<u>\$ 114,803</u>

**14. 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 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% for the excess. Employees of the Town are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2017 were \$99,432 (2016 - \$80,146). Total current and past service contributions made by the employees of the Town to the LAPP in 2017 were \$91,648 (2016 - \$86,996).

At December 31, 2016, the LAPP disclosed an actuarial deficit of \$637.4 million (2015 - \$923.4 million).

**15. 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 (CONT'D)  
DECEMBER 31, 2017**

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**16. BUDGET**

The budget figures are provided for information purposes only, and have not been audited. The 2017 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>2017</u> <b>(Budget)</b>
Annual surplus (per statement of operations and accumulated surplus)	\$ 4,025,596
Acquisition of tangible capital assets	(5,230,464)
Net transfers from restricted surplus	209,631
Debenture proceeds	1,136,164
Debenture repayment	<u>(140,927)</u>
	\$ _____ -

**17. CREDIT FACILITY**

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 minus 0.25%. The loan has not been drawn upon in the 2017 fiscal year.

**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.