

**TOWN OF MAYERTHORPE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

## 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, 2016, 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, 2016, 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.

Edmonton, Alberta  
April 10, 2017

  
Hawkings Epp Dumont LLP  
Chartered Accountants

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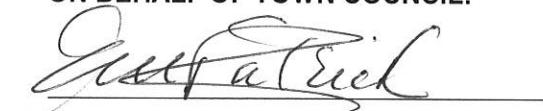
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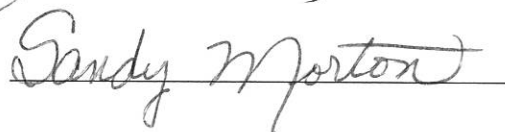


**TOWN OF MAYERTHORPE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u> (Restated) (Note 15)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,616,217	\$ 515,734
Accounts receivable (Note 3)	462,786	418,700
Local improvements receivable (Note 4)	1,076,577	535,157
Land held for resale	53,718	35,000
Long-term investments	<u>25,702</u>	<u>23,898</u>
	<u>3,235,000</u>	<u>1,528,489</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	583,132	413,721
Deposit liabilities	1,600	1,400
Deferred revenue (Note 6)	1,291,951	258,343
Long-term debt (Note 7)	<u>2,524,855</u>	<u>2,069,452</u>
	<u>4,401,538</u>	<u>2,742,916</u>
<b>NET FINANCIAL DEBT</b>	<u>(1,166,538)</u>	<u>(1,214,427)</u>
 <b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	124,245	108,306
Prepaid expenses	18,622	34,846
Tangible capital assets (Schedule 1)	<u>23,296,328</u>	<u>22,543,413</u>
	<u>23,439,195</u>	<u>22,686,565</u>
<b>ACCUMULATED SURPLUS</b> (Note 9)	<u>\$ 22,272,657</u>	<u>\$ 21,472,138</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, 2016**

	Budget <u>2016</u> (Note 17)	<b>Actual <u>2016</u></b>	Actual <u>2015</u> (Restated) (Note 15)
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 1,398,020	\$ <b>1,432,358</b>	\$ 1,356,590
User fees and sales of goods	1,038,085	<b>1,044,743</b>	1,093,979
Local improvements	65,000	<b>599,634</b>	130,133
Government transfers for operating (Schedule 3)	443,664	<b>418,141</b>	387,561
Franchise fees (Note 13)	98,227	<b>114,803</b>	92,540
Penalties on taxes	49,500	<b>55,387</b>	51,159
Investment income	12,500	<b>29,656</b>	25,601
Other	38,250	<b>26,294</b>	23,650
Fines	29,600	<b>16,796</b>	26,132
Licenses and permits	<u>18,360</u>	<u><b>16,062</b></u>	<u>14,652</u>
	<u>3,191,206</u>	<u><b>3,753,874</b></u>	<u>3,201,997</u>
<b>EXPENSES</b>			
Roads, streets, walks and lighting	620,110	<b>598,503</b>	661,571
Administration	446,568	<b>460,644</b>	447,714
Water supply and distribution	329,951	<b>381,015</b>	300,904
Parks and recreation	252,390	<b>274,280</b>	253,479
Planning and development	143,158	<b>201,424</b>	133,583
Fire services	127,450	<b>187,138</b>	135,426
Family and community support services	153,131	<b>168,528</b>	139,208
Bylaws enforcement	150,082	<b>139,935</b>	146,759
Waste management	133,464	<b>118,765</b>	125,445
Council and legislative	101,825	<b>103,994</b>	95,040
Wastewater treatment and disposal	105,747	<b>103,922</b>	86,639
Public transit	91,319	<b>87,617</b>	101,249
Cemeteries	31,535	<b>32,847</b>	24,263
Storm sewers and drainage	21,090	<b>25,238</b>	10,279
Library	20,511	<b>19,380</b>	20,511
Disaster and emergency services	12,764	<b>14,068</b>	12,987
Amortization	<u>-</u>	<u><b>822,771</b></u>	<u>755,491</u>
	<u>2,741,095</u>	<u><b>3,740,069</b></u>	<u>3,450,548</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	<u>450,111</u>	<u><b>13,805</b></u>	<u>(248,551)</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 3)	3,362,286	<b>749,714</b>	655,084
Other contributions for capital	-	<b>46,015</b>	-
Loss on disposal of tangible capital assets	<u>-</u>	<u><b>(9,015)</b></u>	<u>(227)</u>
	<u>3,362,286</u>	<u><b>786,714</b></u>	<u>654,857</u>
<b>ANNUAL SURPLUS</b>	<u>3,812,397</u>	<u><b>800,519</b></u>	<u>406,306</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	20,865,507	<b>20,865,507</b>	20,534,814
Prior Period Adjustment (Note 15)	<u>-</u>	<u><b>606,631</b></u>	<u>531,018</u>
Accumulated Surplus, Beginning of Year, as Restated	<u>20,865,507</u>	<u><b>21,472,138</b></u>	<u>21,065,832</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 24,677,904</u>	<u><b>\$ 22,272,657</b></u>	<u>\$ 21,472,138</u>

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

**TOWN OF MAYERTHORPE**  
**STATEMENT OF CHANGES IN NET FINANCIAL DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget <u>2016</u> (Note 17)	<b>Actual <u>2016</u></b>	Actual <u>2015</u> (Restated) (Note 15)
<b>ANNUAL SURPLUS</b>	\$ <u>3,812,397</u>	\$ <u>800,519</u>	\$ <u>406,306</u>
Acquisition of tangible capital assets	(3,389,786)	<b>(1,584,701)</b>	(1,010,176)
Amortization of tangible capital assets	-	<b>822,771</b>	755,491
Loss on disposal of tangible capital assets	<u>-</u>	<u>9,015</u>	<u>227</u>
	<u>(3,389,786)</u>	<u>(752,915)</u>	<u>(254,458)</u>
Use (acquisition) of prepaid expenses	-	<b>16,224</b>	(5,381)
Use of inventory	<u>-</u>	<u>(15,939)</u>	<u>2,092</u>
	<u>-</u>	<u>285</u>	<u>(3,289)</u>
<b>DECREASE IN NET FINANCIAL DEBT</b>	422,611	<b>47,889</b>	148,559
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(1,214,427)</u>	<u>(1,214,427)</u>	<u>(1,362,986)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	\$ <u>(791,816)</u>	\$ <u>(1,166,538)</u>	\$ <u>(1,214,427)</u>

**TOWN OF MAYERTHORPE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u> (Restated) (Note 15)
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 800,519	\$ 406,306
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	822,771	755,491
Loss on disposal of tangible capital assets	<u>9,015</u>	<u>227</u>
	<u>1,632,305</u>	<u>1,162,024</u>
Change in non-cash working capital balances:		
Accounts receivable	(44,086)	(36,946)
Local improvements receivable	(541,420)	(54,520)
Inventory of supplies	(15,939)	2,092
Prepaid expenses	16,224	(5,381)
Land held for resale	(18,718)	-
Accounts payable and accrued liabilities	169,411	(30,460)
Deposit liabilities	200	(175)
Deferred revenue	<u>1,033,608</u>	<u>149,667</u>
	<u>599,280</u>	<u>24,277</u>
	<u>2,231,585</u>	<u>1,186,301</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	608,135	92,375
Repayment of long-term debt	<u>(152,732)</u>	<u>(168,664)</u>
	<u>455,403</u>	<u>(76,289)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,584,701)	(1,010,176)
Long term investments	<u>(1,804)</u>	<u>(497)</u>
	<u>(1,586,505)</u>	<u>(1,010,673)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	<b>1,100,483</b>	<b>99,339</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>515,734</b></u>	<u><b>416,395</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ <u>1,616,217</u></b>	<b>\$ <u>515,734</u></b>

**TOWN OF MAYERTHORPE**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**SCHEDULE 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016	2015
<b>COST:</b>								
Balance, Beginning of Year	\$ 69,849	\$ 16,482	\$ 8,359,567	\$ 24,859,331	\$ 842,094	\$ 514,614	\$ 34,661,937	\$ 33,689,540
Acquisition of tangible capital assets	-	5,090	-	1,457,902	83,309	38,400	1,584,701	1,010,176
Disposal of tangible capital assets	-	-	-	(44,008)	(21,677)	-	(65,685)	(37,779)
Balance, End of Year	<u>69,849</u>	<u>21,572</u>	<u>8,359,567</u>	<u>26,273,225</u>	<u>903,726</u>	<u>553,014</u>	<u>36,180,953</u>	<u>34,661,937</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	5,520	992,297	10,412,970	513,462	194,275	12,118,524	11,400,585
Annual amortization	-	1,438	166,849	567,234	54,228	33,022	822,771	755,491
Accumulated amortization on disposals	-	-	-	(34,993)	(21,677)	-	(56,670)	(37,552)
Balance, End of Year	<u>-</u>	<u>6,958</u>	<u>1,159,146</u>	<u>10,945,211</u>	<u>546,013</u>	<u>227,297</u>	<u>12,884,625</u>	<u>12,118,524</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 69,849</u>	<u>\$ 14,614</u>	<u>\$ 7,200,421</u>	<u>\$ 15,328,014</u>	<u>\$ 357,713</u>	<u>\$ 325,717</u>	<u>\$ 23,296,328</u>	<u>\$ 22,543,413</u>

Cost includes construction in progress of \$705,442 (2015 - \$221,628). These amounts are not amortized until the asset is completed and in use.

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

TOWN OF MAYERTHORPE

SCHEDULE 2

SCHEDULE OF PROPERTY TAXES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<b>2016</b> <b>(Actual)</b>	<u>2015</u> (Actual) (Restated) (Note 15)
<b>TAXATION</b>			
Real property taxes	\$ 1,639,280	\$ <b>1,669,675</b>	\$ 1,580,562
Linear property taxes	50,546	<b>44,497</b>	49,555
Government grants in place of property taxes	<u>25,196</u>	<u><b>18,168</b></u>	<u>23,690</u>
	<u>1,715,022</u>	<u><b>1,732,340</b></u>	<u>1,653,807</u>
<b>DEDUCT:</b>			
Education	294,573	<b>278,432</b>	274,788
Seniors Foundation	<u>22,429</u>	<u><b>21,550</b></u>	<u>22,429</u>
	<u>317,002</u>	<u><b>299,982</b></u>	<u>297,217</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	\$ <u>1,398,020</u>	\$ <u><b>1,432,358</b></u>	\$ <u>1,356,590</u>



TOWN OF MAYERTHORPE

SCHEDULE 3

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 17)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>GOVERNMENT TRANSFERS FOR OPERATING</b>			
Provincial	\$ 277,419	\$ 272,611	\$ 249,610
Local Governments	<u>166,245</u>	<u>145,530</u>	<u>137,951</u>
	<u>443,664</u>	<u>418,141</u>	<u>387,561</u>
<b>GOVERNMENT TRANSFERS FOR CAPITAL</b>			
Provincial	<u>3,362,286</u>	<u>749,714</u>	<u>655,084</u>
	<u>\$ 3,805,950</u>	<u>\$ 1,167,855</u>	<u>\$ 1,042,645</u>

TOWN OF MAYERTHORPE  
SCHEDULE 4

SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Administration	Protective Services	Transportation	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2016	2015 (Restated) (Note 14)
<b>REVENUE</b>									
Net taxation	\$ 1,423,858	\$ -	\$ -	\$ 164,134	\$ -	\$ 444,000	\$ -	\$ 2,031,992	\$ 1,486,723
Government transfers	160,612	22,983	407,991	-	85,852	274,262	216,155	1,167,855	1,042,644
User fees and sale of goods	3,808	179,600	43,748	13,665	30,709	745,113	28,100	1,044,743	1,093,979
Franchise fees	114,803	-	-	-	-	-	-	114,803	92,540
Other revenues	120,941	36,398	609	7,040	16,139	6,900	2,183	190,210	141,194
	<u>1,824,022</u>	<u>238,981</u>	<u>452,348</u>	<u>184,839</u>	<u>132,700</u>	<u>1,470,275</u>	<u>246,438</u>	<u>4,549,603</u>	<u>3,857,080</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	333,167	191,093	254,955	63,477	133,883	201,120	113,646	1,291,341	1,206,892
Contracted and general services	183,064	106,590	154,118	42,249	69,941	275,009	30,721	861,692	788,208
Materials, goods and utilities	33,018	39,962	244,145	5,937	40,390	96,645	46,011	506,108	531,613
Transfers to governments	-	3,495	7,555	16,077	49,446	-	5,000	81,573	62,591
Interest on long-term debt	-	-	25,347	182	-	56,166	-	81,695	84,940
Bank charges and short-term interest	1,220	-	-	-	-	-	-	1,220	1,800
Other expenses	23,185	-	-	73,502	-	-	5,997	102,684	19,239
Amortization of tangible capital assets	13,080	37,292	283,022	-	218,695	270,682	-	822,771	755,491
	<u>586,734</u>	<u>378,432</u>	<u>969,142</u>	<u>201,424</u>	<u>512,355</u>	<u>899,622</u>	<u>201,375</u>	<u>3,749,084</u>	<u>3,450,774</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 1,237,288</u>	<u>\$ (139,451)</u>	<u>\$ (516,794)</u>	<u>\$ (16,585)</u>	<u>\$ (379,655)</u>	<u>\$ 570,653</u>	<u>\$ 45,063</u>	<u>\$ 800,519</u>	<u>\$ 406,306</u>

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

**TOWN OF MAYERTHORPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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, revenues, 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)*

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

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) **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, 2016**

**2. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Guaranteed investment certificates	\$ 950,000	\$ -
Bank accounts	665,067	514,609
Petty cash	<u>1,150</u>	<u>1,125</u>
	<b><u>\$ 1,616,217</u></b>	<b><u>\$ 515,734</u></b>

Guaranteed investment certificates have interest rates ranging from 1.4% to 1.5% with maturity dates ranging from October 3, 2017 to December 12, 2017.

**3. ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Property taxes	\$ 214,593	\$ 221,766
Trade	117,993	76,780
Utilities	74,822	74,880
Goods and Services Tax	<u>55,153</u>	<u>44,882</u>
	<b>462,561</b>	<b>418,308</b>
Allowance for doubtful accounts	<u>225</u>	<u>392</u>
	<b><u>\$ 462,786</u></b>	<b><u>\$ 418,700</u></b>

**4. LOCAL IMPROVEMENTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Local improvement bylaw #1052, expiring 2036	\$ 444,000	\$ -
Local improvement bylaw #896, expiring 2026	125,330	137,863
Local improvement bylaw #1050, expiring 2036	114,601	-
Local improvement bylaw #994, expiring 2023	89,990	102,846
Local improvement bylaw #1036, expiring 2040	88,680	92,375
Local improvement bylaw #1053, expiring 2041	41,034	-
Local improvement bylaw #1011, expiring 2024	38,072	42,830
Local improvement bylaw #1013, expiring 2024	36,883	41,493
Local improvement bylaw #937, expiring 2029	27,451	29,562
Local improvement bylaw #1000, expiring 2023	20,578	23,518
Local improvement bylaw #929, expiring 2018	13,466	20,199
Local improvement bylaw #1015, expiring 2024	11,425	12,853
Local improvement bylaw #795, expiring 2018	9,861	14,792
Local improvement bylaw #1012, expiring 2024	8,444	9,500
Local improvement bylaw #1002, expiring 2028	<u>6,762</u>	<u>7,326</u>
	<b><u>\$ 1,076,577</u></b>	<b><u>\$ 535,157</u></b>

**TOWN OF MAYERTHORPE**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2016**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u>
Trade	\$ 408,221	\$ 354,319
Construction holdbacks	104,061	-
Vacation and banked time	64,107	51,334
Accrued interest on long-term debt	<u>6,743</u>	<u>8,068</u>
	<u>\$ 583,132</u>	<u>\$ 413,721</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>2016</u>	<u>2015</u>
Alberta Municipal Water/Wastewater Partnership	\$ 626,123	\$ -
ACP - Regional collaboration grant	591,345	225,492
MSI Capital	32,072	-
Prepaid property taxes	18,302	9,575
Prepaid user fees and licenses	12,244	15,199
Other miscellaneous grants	9,472	4,324
Prepaid utilities	<u>2,393</u>	<u>3,753</u>
	<u>\$ 1,291,951</u>	<u>\$ 258,343</u>

**7. LONG-TERM DEBT**

	<u>2016</u>	<u>2015</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$22,637 including interest at 5.75%; due October 1, 2018	\$ 41,649	\$ 60,790
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	165,554	178,264
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	15,684	23,066
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	34,746	35,966

*(Continues)*

**TOWN OF MAYERTHORPE**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2016**

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

	<b><u>2016</u></b>	<b><u>2015</u></b>
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>79,206</b>	89,332
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>20,375</b>	22,980
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028	<b>7,076</b>	7,550
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>132,446</b>	147,352
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>89,862</b>	92,375
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$14,920.32 including interest at 3.058%; due December 15, 2036	<b>444,000</b>	-
Debenture debt repaid during the year.	-	33,523
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	<b>450,743</b>	466,574
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>164,472</b>	172,755
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	<b>714,907</b>	738,925
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,204.37 including interest at 3.245%; due December 15, 2041	<b>41,034</b>	-

*(Continues)*

**TOWN OF MAYERTHORPE**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2016**

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

	<u>2016</u>	<u>2015</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,924.80 including interest at 2.299%; due December 15, 2026	<u>123,101</u>	<u>-</u>
	<b><u>\$ 2,524,855</u></b>	<b><u>\$ 2,069,452</u></b>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 152,638	\$ 94,161	<b>\$ 246,799</b>
2018	158,520	88,182	<b>246,702</b>
2019	133,684	82,052	<b>215,736</b>
2020	138,427	77,269	<b>215,696</b>
2021	143,350	72,305	<b>215,655</b>
Thereafter	<u>1,798,236</u>	<u>496,093</u>	<b><u>2,294,329</u></b>
	<b><u>\$ 2,524,855</u></b>	<b><u>\$ 910,062</u></b>	<b><u>\$ 3,434,917</u></b>

Interest on long-term debt expense amounted to \$81,695 (2015 - \$84,940).

The Town's total cash payments for interest amounted to \$83,020 (2015 - \$87,045).

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 1)	<b>\$ 36,180,953</b>	\$ 34,661,937
Accumulated amortization (Schedule 1)	<b>(12,884,625)</b>	(12,118,524)
Long-term debt (Note 7)	<b>(2,524,855)</b>	(2,069,452)
Local improvements receivable (Note 4)	<u>1,076,577</u>	<u>535,157</u>
	<b><u>\$ 21,848,050</u></b>	<b><u>\$ 21,009,118</u></b>



TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

9. ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
<b>UNRESTRICTED DEFICIT</b>	\$ <u>(145,410)</u>	\$ <u>(118,823)</u>
<b>RESTRICTED SURPLUS</b>		
Administration	2,941	15,331
Bylaw enforcement	5,405	6,405
Cemetary	20,920	18,385
Culture	17,788	12,000
Disaster services	17,353	12,353
Economic development	15,326	26,970
Environmental	6,850	-
Fire	54,832	57,332
Planning	39,445	3,266
Public transit	2,925	2,925
Public works	30,470	44,840
Recreation	143,858	159,540
Sewer	49,416	10,408
Solid waste	54,144	39,954
Storm sewer and drainage	8,847	8,847
Water	12,682	34,738
Tax stabilization	26,632	70,386
Emergency response centre	5,355	5,355
Traffic lights	50,000	50,000
Murals	4,828	2,808
	<u>570,017</u>	<u>581,843</u>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (Note 8)</b>	<u>21,848,050</u>	<u>21,009,118</u>
	<u>\$ 22,272,657</u>	<u>\$ 21,472,138</u>

**TOWN OF MAYERTHORPE**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2016**

**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>2016 Total</u>	<u>2015 Total</u>
Mayor Kate Patrick	\$ 15,750	\$ -	\$ 15,750	\$ 14,220
Councilors				
Pat Burns	10,675	179	<b>10,854</b>	9,990
Pat Hagman	10,050	158	<b>10,208</b>	7,770
Bernie Jogola	9,850	152	<b>10,002</b>	8,550
Sandra Morton	9,445	155	<b>9,600</b>	4,913
Glen Wilcox	9,150	-	<b>9,150</b>	8,400
Russell Claybrook	5,450	60	<b>5,510</b>	5,930
Sherry Shaw	-	-	-	2,264
Chief Administrative Officer	132,539	22,202	<b>154,741</b>	149,129
Designated Officer	94,141	16,184	<b>110,325</b>	114,330

(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>2016</u>	<u>2015</u>
Total debt limit	\$ 5,630,811	\$ 4,802,996
Total debt	<u>(2,524,855)</u>	<u>(2,069,452)</u>
Amount of total debt limit unused	<u>\$ 3,105,956</u>	<u>\$ 2,733,544</u>
Debt servicing limit	\$ 938,469	\$ 800,499
Debt servicing	<u>(246,799)</u>	<u>(237,671)</u>
Amount of debt servicing limit unused	<u>\$ 691,670</u>	<u>\$ 562,828</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, 2016**

**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>2016</u> (Budget) (Note 17)	<u>2016</u> <b>(Actual)</b>	<u>2015</u> (Actual)
Fortis Alberta	\$ 53,933	\$ <b>70,232</b>	\$ 52,762
AltaGas Ltd.	<u>44,294</u>	<u><b>44,571</b></u>	<u>39,778</u>
	<u>\$ 98,227</u>	<u>\$ <b>114,803</b></u>	<u>\$ 92,540</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 2016 were \$80,146 (2015 - \$77,634). Total current and past service contributions made by the employees of the Town to the LAPP in 2016 were \$86,996 (2015 - \$71,536).

At December 31, 2015, the LAPP disclosed an actuarial deficit of \$923.4 million (2014 - \$2.5 billion).

TOWN OF MAYERTHORPE

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2016

**15. PRIOR PERIOD ADJUSTMENT**

Effective January 1, 2013, municipalities were to adopt Public Sector Accounting Standard 3510 - Tax Revenue and commence recognizing tax revenue from local improvement assessments in full in the period the local improvement project was completed. The Town has not previously adopted this standard and a prior period adjustment was recorded to correct the accounting treatment for local improvement tax revenue.

Certain comparative figures have been restated to conform to the current year's presentation. The effect on the financial statements has been to increase the 2015 annual surplus by \$75,613, decrease the deferred revenue by \$71,474, increase the receivable for local improvements by \$535,157, and increase the 2015 opening accumulated surplus by \$531,018.

**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).

**17. BUDGET**

The budget figures are provided for information purposes only, and have not been audited. The 2016 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>2016</u> <b>(Budget)</b>
Annual surplus (per statement of operations and accumulated surplus)	\$ 3,812,397
Acquisition of tangible capital assets	(3,389,786)
Net transfers from restricted surplus	(261,802)
Debenture proceeds	<u>(160,809)</u>
	<u>-</u>

**18. 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 2016 fiscal year.

**19. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.