

TOWN OF MAYERTHORPE
Consolidated Financial Statements
Year Ended December 31, 2015

TOWN OF MAYERTHORPE
Index to Consolidated Financial Statements
Year Ended December 31, 2015

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3 - 4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Consolidated Schedule of Property and Other Taxes (<i>Schedule 1</i>)	7
Consolidated Schedule of Government Transfers (<i>Schedule 2</i>)	7
Consolidated Schedule of Consolidated Expenditures by Object (<i>Schedule 3</i>)	8
Consolidated Schedule of Segmented Disclosure (<i>Schedule 4</i>)	9
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 5</i>)	10
Notes to Consolidated Financial Statements	11 - 23

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Mayerthorpe

We have audited the accompanying consolidated financial statements of Town of Mayerthorpe, which comprise the consolidated statement of financial position as at December 31, 2015 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.

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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 28, 2016

Seniuk & Company
Seniuk and Company
Chartered Accountants

TOWN OF MAYERTHORPE
Consolidated Statement of Financial Position
December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 515,734	\$ 416,395
Taxes and grants in place of taxes (Note 4)	222,157	163,190
Grants and receivables from other governments (Note 5)	44,882	37,711
Trade and other receivables	151,661	164,189
Land held for resale	35,000	35,000
Long term Investments (Note 6)	23,898	23,401
	\$ 993,332	\$ 839,886
LIABILITIES		
Accounts payable	\$ 413,721	\$ 444,179
Deposits liabilities	1,400	1,575
Long term debt (Note 9)	2,069,452	2,145,743
Deferred revenue (Note 8)	329,817	142,393
	2,814,390	2,733,890
NET FINANCIAL ASSET (DEBT)	(1,821,058)	(1,894,004)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	22,543,413	22,288,955
Inventory for consumption	108,306	110,398
Prepaid expenses	34,846	29,465
	22,686,565	22,428,818
ACCUMULATED SURPLUS	\$ 20,865,507	\$ 20,534,814

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, 2015

	Budget 2015	2015	2014
REVENUE			
Net municipal taxes (Schedule 1)	\$ 1,487,903	\$ 1,427,308	\$ 1,388,409
User fees and sale of goods	1,157,771	1,093,979	1,079,222
Government transfers for operating (Schedule 2)	519,161	388,060	392,337
Investment income	11,050	9,403	9,613
Penalties and costs of taxes	44,500	51,159	38,669
Licenses and permits	17,660	14,652	15,834
Rentals	950	1,450	950
Other	19,415	21,701	53,534
Fines	31,100	26,132	16,211
Franchise fees & concession contracts	107,931	92,540	75,574
Total revenue	3,397,441	3,126,384	3,070,353
EXPENSES			
Administration and legislative	601,660	542,754	562,133
Fire service	161,211	135,426	132,142
Bylaw enforcement	154,629	146,759	95,983
Disaster and emergency measures	12,979	12,987	19,105
Roads, streets, walks and lighting	610,855	661,571	592,542
Storm sewers and drainage	27,915	10,279	28,552
Water supply and distribution	335,044	300,904	294,786
Wastewater treatment and disposal	92,290	86,639	79,001
Waste management	139,044	125,445	118,515
Family and community support	119,240	139,208	122,914
Cemeteries and crematoriums	28,759	24,263	23,479
Land use planning, zoning and development	131,247	133,583	132,542
Parks and recreation	231,036	253,479	234,368
Libraries, museums and halls	20,511	20,511	18,011
Public Transit	92,225	101,249	88,208
Total operating expenses	2,758,645	2,695,057	2,542,281
Excess (deficiency) of revenue over expenses before other	638,796	431,327	528,072

(continues)

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Consolidated Statement of Operations *(continued)*
Year Ended December 31, 2015

	Budget 2015	2015	2014
OTHER			
Government transfers for capital (Schedule 2)	2,668,646	655,084	672,491
Loss on disposal of assets	-	(227)	(5,149)
Amortization	-	(755,491)	(845,416)
Recovery of amortization due to change in accounting policy	-	-	318,137
	2,668,646	(100,634)	140,063
EXCESS OF REVENUE OVER EXPENSES	3,307,442	330,693	668,135
ACCUMULATED SURPLUS, BEGINNING OF YEAR	20,534,814	20,534,814	19,866,679
ACCUMULATED SURPLUS, END OF YEAR	\$ 23,842,256	\$ 20,865,507	\$ 20,534,814

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, 2015

	2015	2014
Excess (Shortfall) of Revenues Over Expenses	\$ 330,693	\$ 668,135
Acquisition of tangible capital assets	(1,010,176)	(1,053,703)
Proceeds on disposal of tangible capital assets	-	5,283
Amortization of tangible capital assets	755,491	845,416
Recovery of amortization due to change in accounting policy	-	(318,137)
(Gain) loss on disposal of assets	227	5,149
	(254,458)	(515,992)
Use of prepaids	(5,381)	\$ (1,025)
Use of inventory	2,092	(10,451)
	(3,289)	(11,476)
(INCREASE) DECREASE IN NET DEBT	72,946	140,667
Net financial assets (debt), beginning of year	(1,894,004)	(2,034,671)
NET ASSETS - END OF YEAR	\$ (1,821,058)	\$ (1,894,004)

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 330,693	\$ 668,135
Items not affecting cash:		
Loss on disposal of assets	227	5,149
Amortization	755,491	845,416
Recovery of amortization due to change in accounting policy	-	(318,137)
	1,086,411	1,200,563
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	(58,967)	115,461
Trade and other receivables	12,528	(45,292)
Grants and receivables from other governments	(7,171)	100,451
Inventory	2,092	(10,452)
Prepaid expenses	(5,381)	(1,026)
Accounts payable	(30,460)	187,315
Deferred income	187,424	(162,043)
Deposits received	(175)	(17,597)
	99,890	166,817
Cash flow from operating activities	1,186,301	1,367,380
INVESTING ACTIVITIES		
Additions to capital assets	(1,010,176)	(1,053,703)
Proceeds on disposal of property, plant and equipment	-	5,283
Long term Investments	(497)	(476)
Cash flow used by investing activities	(1,010,673)	(1,048,896)
FINANCING ACTIVITIES		
Proceeds from long term financing	92,375	168,101
Repayment of long term debt	(168,664)	(168,846)
Cash flow used by financing activities	(76,289)	(745)
INCREASE IN CASH FLOW	99,339	317,739
Cash - beginning of year	416,395	98,656
CASH - END OF YEAR (Note 2)	\$ 515,734	\$ 416,395

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, 2015

	Budget (Unaudited) 2015	2015	2014
TAXATION			
Real property tax	\$ 1,632,343	\$ 1,580,562	\$ 1,551,060
Linear property taxes	54,224	49,555	49,214
Special assessments	69,830	70,718	53,141
Grants in lieu of property taxes	28,595	23,690	23,498
	1,784,992	1,724,525	1,676,913
REQUISITIONS			
Alberta School Foundation	274,788	274,788	266,203
Seniors' housing requisition	22,301	22,429	22,301
	297,089	297,217	288,504
NET MUNICIPAL TAXES	\$ 1,487,903	\$ 1,427,308	\$ 1,388,409

Consolidated Schedule of Government Transfers

(Schedule 2)

Year Ended December 31, 2015

	Budget (Unaudited) 2015	2015	2014
TRANSFERS FOR OPERATING			
Provincial Government	\$ 229,960	\$ 249,654	\$ 248,862
Other Local Governments	289,201	138,406	143,475
	519,161	388,060	392,337
	519,161	388,060	392,337
TRANSFERS FOR CAPITAL			
Provincial Government	2,668,646	655,084	672,491
TOTAL GOVERNMENT TRANSFERS	\$ 3,187,807	\$ 1,043,144	\$ 1,064,828

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE

Consolidated Schedule of Consolidated Expenditures by Object

(Schedule 3)

Year Ended December 31, 2015

	Budget (Unaudited) 2015	2015	2014
EXPENSES			
Salaries, wages & benefits	\$ 1,194,519	\$ 1,206,892	\$ 1,123,833
Contracted and general services	635,120	671,830	540,345
Materials, goods and utilities	691,195	659,610	732,992
Transfer to local boards and agencies	59,131	63,392	59,261
Interest on long term	86,629	84,940	74,228
Other expenditures	19,450	8,394	11,618
Total Consolidated Expenditures by Object	\$ 2,686,044	\$ 2,695,058	\$ 2,542,277

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE

Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2015

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2015
REVENUE								
Net municipal taxes	\$ 1,427,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,427,308
Government transfers	147,658	25,563	577,956	2,285	49,033	128,837	111,813	1,043,145
User fees and sales of goods	6,235	156,491	37,874	107,145	32,583	731,563	22,088	1,093,979
Investment income	9,403	-	-	-	-	-	-	9,403
Other revenues	154,636	29,629	4,422	5,410	4,516	6,016	3,006	207,635
	1,745,240	211,683	620,252	114,840	86,132	866,416	136,907	3,781,470
EXPENSES								
Contract & general services	143,460	49,608	121,112	56,581	78,705	189,229	33,135	671,830
Salaries & wages	335,699	172,530	262,291	58,861	134,988	146,532	95,991	1,206,892
Materials, goods & utilities	62,325	65,890	349,057	9,971	34,430	108,591	29,346	659,610
Transfers to local boards	-	3,495	21,308	8,003	25,586	-	5,000	63,392
Long term debt interest	-	-	18,408	167	-	66,365	-	84,940
Other expenses	1,270	3,649	921	-	283	2,271	-	8,394
	542,754	295,172	773,097	133,583	273,992	512,988	163,472	2,695,058
Excess (deficiency) of revenue over expenses before other	1,202,486	(83,489)	(152,845)	(18,743)	(187,860)	353,428	(26,565)	1,086,412
OTHER EXPENSE								
Amortization	7,770	33,980	230,931	-	219,083	263,726	-	755,490
Loss on sale of assets	-	-	227	-	-	-	-	227
	7,770	33,980	231,158	-	219,083	263,726	-	755,717
EXCESS OF REVENUE OVER EXPENSES	\$ 1,194,716	\$ (117,469)	\$ (384,003)	\$ (18,743)	\$ (406,943)	\$ 89,702	\$ (26,565)	\$ 330,695

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2015

(Schedule 5)

	Unrestricted Surplus	Restricted Reserves	Equity in Tangible Capital Assets	Total 2015	Total 2014
	\$ (164,162)	\$ 555,763	\$ 20,143,213	\$ 20,534,814	\$ 19,866,679
Excess (deficiency) of revenues over expenses	330,693	-	-	330,693	668,135
Current year funds used for tangible capital assets	(1,010,176)	-	1,010,176	-	-
Annual amortization expense	755,490	-	(755,490)	-	-
Net reductions on tangible capital assets	227	-	(227)	-	-
Principle repayments on long term debt	(168,664)	-	168,664	-	-
Long term debt additions used for tangible capital assets	92,375	-	(92,375)	-	-
Net transfers to/from reserves	(26,080)	26,080	-	-	-
	(26,135)	26,080	330,748	330,693	668,135
BALANCE, END OF YEAR	\$ (190,297)	\$ 581,843	\$ 20,473,961	\$ 20,865,507	\$ 20,534,814

Note: The net book value of the tangible capital assets at year end, less related debt, represents the amount of equity in tangible capital assets. Please see Note 11 for details.

The accompanying notes form an integral part of these financial statements

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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.

(continues)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

Tax Revenue

Annually, the Town bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Town Council in accordance with legislation and Town Council approved policies to raise the tax revenue required to meet the Town's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Town also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

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.

(continues)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

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.

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 in 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.

(*continues*)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

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 -20 years
Buildings	50 years
Machinery and equipment	5 - 20 years
Motor vehicles	10 - 20 years
Engineered structures - Roadways	5 - 40 years
Engineered structures - Water system	45 - 75 years
Engineered structures - Wastewater system	45 - 75 years

Amortization commences in the month subsequent to acquisition and ceases in the month that the asset is disposed of.

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

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.

(continues)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

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.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Cash	\$ 290,242	\$ -
Temporary investments	-	388,269
Bank indebtedness	-	(255,227)
Restricted cash	225,492	283,353
	\$ 515,734	\$ 416,395

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.

4. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2015	2014
Current taxes and grants in place of taxes	\$ 191,690	\$ 109,748
Arrears taxes and grants in place of taxes	30,075	53,767
Sub-total	221,765	163,515
Allowance for doubtful accounts	392	(325)
	\$ 222,157	\$ 163,190

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants receivable are comprised of:

	2015	2014
Goods and Services Tax refundable	\$ 44,882	\$ 37,711

6. LONG TERM INVESTMENTS

	2015	2014
ATB Financial term deposit bearing interest at 2.50%, non-redeemable, maturing February 28, 2017	\$ 17,813	\$ 17,378
Alberta Association of Municipal Districts and Counties, held in reserve	426	426
United Farmers of Alberta Co-operative Limited, patronage equity.	1,405	1,405
Servus Credit Union Ltd. term deposit bearing interest at 1.25%, redeemable only on annual anniversary date, maturing June 26, 2018	4,254	4,192
	\$ 23,898	\$ 23,401

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 69,849	\$ -	\$ 69,849	\$ 69,849
Land improvements	16,482	5,520	10,962	11,891
Engineered structures	24,859,331	10,412,970	14,446,361	13,972,437
Buildings	8,359,567	992,297	7,367,270	7,534,119
Machinery and equipment	842,094	513,462	328,632	350,606
Motor vehicles	514,614	194,275	320,339	350,053
	\$ 34,661,937	\$ 12,118,524	\$ 22,543,413	\$ 22,288,955

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.

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

8. DEFERRED REVENUE

Deferred revenue is comprised of:

	2015	2014
Basic Municipal Transportation Grant	\$ -	\$ 15,273
Federal Gas Tax Fund	-	24,250
Municipal Sustainability Initiative - Capital	-	2,060
Regional Collaboration Grant	-	28,830
Other miscellaneous grants	4,324	10,930
ACP - Regional Collaboration Grant	225,492	-
Prepaid property taxes	9,575	10,357
Prepaid local improvement charges	71,474	33,717
Prepaid utilities	3,753	3,499
Prepaid user fees and licences	15,199	13,477
	\$ 329,817	\$ 142,393

Grant funds are being restricted to eligible projects, as approved under the funding agreements. Unexpended funds are supported by restricted cash of held exclusively for these projects (refer to Note 2).

9. LONG TERM DEBT

	2015	2014
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.	\$ 178,264	\$ 190,397
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.	23,066	30,157
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.	-	18,679

(continues)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

9. LONG TERM DEBT *(continued)*

	2015	2014
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.	35,966	37,133
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.	466,574	481,702
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.	738,925	761,949
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.	172,755	180,802
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.	60,790	78,891
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).	89,332	99,185
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).	22,980	25,515

(continues)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

9. LONG TERM DEBT (continued)

	2015	2014
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.	7,550	8,009
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.	33,523	65,223
Alberta Capital Finance Authority - 4001796 loan bearing interest at 2.314% per annum, repayable in monthly blended payments of \$9,463. The loan matures on December 15, 2024 and is secured by the credit and security of the Town at large.	147,352	168,101
Alberta Capital Finance Authority - 4001974 loan bearing interest at 3.039% per annum, repayable in monthly blended payments of \$5,301. The loan matures on December 15, 2040 and is secured by the credit and security of the Town at large.	92,375	-
	\$ 2,069,452	\$ 2,145,743

Principal reductions over the next 5 years are approximately:

2016	\$ 154,159
2017	125,545
2018	130,668
2019	105,052
2020	108,992
Thereafter	<u>1,445,036</u>
	\$ 2,069,452

Interest on long-term debt amounted to \$ 84,940 (2014 - \$ 74,228)

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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:

	2015	2014
Total debt limit	\$ 4,689,576	\$ 4,605,531
Total debt	(2,069,453)	(2,145,742)
Amount of debt limit unused	2,620,123	2,459,789
Debt servicing limit	781,596	767,589
Debt servicing	(237,671)	(243,074)
Amount of debt servicing limit unused	\$ 543,925	\$ 524,515

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:

	2015	2014
Tangible capital assets (Note 7)	\$ 34,661,938	\$ 33,689,539
Accumulated amortization (Note 7)	(12,118,524)	(11,400,584)
Long term debt (Note 9)	(2,069,453)	(2,145,742)
	\$ 20,473,961	\$ 20,143,213

12. 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 Public Sector Pension Plans Act. 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the town to the LAPP in 2015 were \$77,634 (2014 - \$73,096). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2015 were \$71,536 (2014 - \$67,303).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$ 2.455 billion.

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

13. 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).

14. 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:

			2015	2014
	Salary (1)	Benefits & allowances (2)	Total	Total
Kate Patrick - Mayor	\$ 14,220	\$ -	\$ 14,220	\$ 13,800
Sherry Shaw - Councilor	2,264	-	2,264	7,830
Glen Wilcox - Councilor	8,400	-	8,400	9,150
Russell Claybrook - Councilor	5,930	-	5,930	7,380
Pat Hagman - Councilor	7,770	-	7,770	7,980
Bernie Jogola - Councilor	8,550	-	8,550	7,800
Pat Burns - Councilor	9,990	-	9,990	9,330
Sandra Morton - Councilor	4,913	-	4,913	-
Karen St. Martin - CAO	121,464	27,665	149,129	146,219
Designated Officer	91,710	22,620	114,330	77,599
	\$ 275,211	\$ 50,285	\$ 325,496	\$ 287,088

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.

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

15. 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.

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.

16. 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.

17. CONTAMINATED SITES LIABILITY

On January 1, 2015, the Town adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Town

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.

TOWN OF MAYERTHORPE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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.

