

TOWN OF MAYERTHORPE

Financial Statements

For The Year Ended December 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Mayerthorpe

Opinion

We have audited the financial statements of the Town of Mayerthorpe (the "Town"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Mayerthorpe as at December 31, 2018, the results of its operations and accumulated surplus, changes in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
March 25, 2019

TOWN OF MAYERTHORPE
Statement of Financial Position
As at December 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 650,412	\$ 1,614,884
Accounts receivable (Note 3)	939,855	593,206
Local improvements receivable (Note 4)	1,038,258	1,157,448
Land held for resale	53,718	53,718
Long-term investments	<u>10,861</u>	<u>6,279</u>
	<u>2,693,104</u>	<u>3,425,535</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	666,848	664,955
Deposit liabilities	2,395	2,575
Deferred revenue (Note 6)	714,580	748,815
Long-term debt (Note 7)	<u>3,390,700</u>	<u>3,620,876</u>
	<u>4,774,523</u>	<u>5,037,221</u>
NET FINANCIAL DEBT	<u>(2,081,419)</u>	<u>(1,611,686)</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	106,975	118,991
Prepaid expenses	32,292	20,735
Tangible capital assets (Schedule 1)	<u>25,676,679</u>	<u>25,308,602</u>
	<u>25,815,946</u>	<u>25,448,328</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 23,734,527</u>	<u>\$ 23,836,642</u>
CONTINGENCIES (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, 2018

	Budget 2018 <i>(Note 16)</i>	Actual 2018	Actual 2017
REVENUE			
Net taxation <i>(Schedule 2)</i>	\$ 1,441,441	\$ 1,441,739	\$ 1,409,322
User fees and sales of goods	1,231,969	1,113,310	1,125,101
Government transfers for operating <i>(Schedule 3)</i>	904,443	530,700	549,158
Franchise fees <i>(Note 13)</i>	136,713	129,904	132,784
Penalties on taxes	48,240	51,101	40,442
Investment income	10,700	46,173	19,322
Fines	31,000	33,171	29,031
Other	47,893	26,727	46,093
Licenses and permits	19,350	10,920	13,625
Local improvements	<u>113,811</u>	<u>-</u>	<u>144,816</u>
	<u>3,985,560</u>	<u>3,383,745</u>	<u>3,509,694</u>
EXPENSES			
Parks and recreation	616,105	593,039	484,263
Roads, streets, walks and lighting	667,195	481,996	653,198
Administration	452,054	441,298	441,791
Water supply and distribution	350,020	386,208	379,295
Planning and development	592,067	369,263	224,295
Family and community support services	176,965	190,275	180,190
Fire services	404,922	159,680	120,347
Waste management	142,802	147,222	178,458
Bylaws enforcement	147,738	142,236	150,602
Council and legislative	152,501	113,072	125,305
Wastewater treatment and disposal	139,478	110,781	109,582
Public transit	96,305	94,432	98,327
Library	49,314	51,809	28,916
Cemeteries	40,307	48,456	38,744
Storm sewers and drainage	31,379	48,256	16,088
Disaster and emergency services	100,003	15,006	14,032
Amortization	<u>-</u>	<u>983,258</u>	<u>868,651</u>
	<u>4,159,155</u>	<u>4,376,287</u>	<u>4,112,084</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>(173,595)</u>	<u>(992,542)</u>	<u>(602,390)</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital <i>(Schedule 3)</i>	1,978,356	855,165	2,141,516
Other contributions for capital	-	31,819	26,813
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>3,443</u>	<u>(1,954)</u>
	<u>1,978,356</u>	<u>890,427</u>	<u>2,166,375</u>
ANNUAL SURPLUS (DEFICIT)	1,804,761	(102,115)	1,563,985
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>23,836,642</u>	<u>23,836,642</u>	<u>22,272,657</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 25,641,403</u>	<u>\$ 23,734,527</u>	<u>\$ 23,836,642</u>

TOWN OF MAYERTHORPE
Statement of Changes in Net Financial Debt
For The Year Ended December 31, 2018

	Budget 2018 (Note 16)	Actual 2018	Actual 2017
ANNUAL SURPLUS (DEFICIT)	\$ 1,804,761	\$ (102,115)	\$ 1,563,985
Acquisition of tangible capital assets	(1,755,604)	(1,368,492)	(2,886,878)
Proceeds on disposal of tangible capital assets	-	20,600	4,000
Amortization of tangible capital assets	-	983,258	868,651
Loss (gain) on disposal of tangible capital assets	-	(3,443)	1,954
	<u>(1,755,604)</u>	<u>(368,077)</u>	<u>(2,012,273)</u>
Use (acquisition) of prepaid expenses	-	(11,557)	(2,114)
Use (acquisition) of inventory	-	12,016	5,254
	-	459	3,140
INCREASE (DECREASE) IN NET FINANCIAL DEBT	49,157	(469,733)	(445,148)
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(1,611,686)</u>	<u>(1,611,686)</u>	<u>(1,166,538)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(1,562,529)</u>	\$ <u>(2,081,419)</u>	\$ <u>(1,611,686)</u>

TOWN OF MAYERTHORPE
Statement of Cash Flows
For The Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Annual Surplus	\$ (102,115)	\$ 1,563,985
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	983,258	868,651
Loss (gain) on disposal of tangible capital assets	<u>(3,443)</u>	<u>1,954</u>
	<u>877,700</u>	<u>2,434,590</u>
Change in non-cash working capital balances:		
Accounts receivable	(346,649)	(130,414)
Local improvements receivable	119,190	(80,871)
Inventory of supplies	12,016	5,254
Prepaid expenses	(11,557)	(2,114)
Accounts payable and accrued liabilities	1,893	81,819
Deposit liabilities	(180)	975
Deferred revenue	<u>(34,235)</u>	<u>(543,137)</u>
	<u>(259,522)</u>	<u>(668,488)</u>
	<u>618,178</u>	<u>1,766,102</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	1,250,765
Repayment of long-term debt	<u>(230,177)</u>	<u>(154,745)</u>
	<u>(230,177)</u>	<u>1,096,020</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,368,492)	(2,886,878)
Proceeds on disposal of tangible capital assets	20,600	4,000
Long term investments	<u>(4,581)</u>	<u>19,423</u>
	<u>(1,352,473)</u>	<u>(2,863,455)</u>
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(964,472)	(1,333)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,614,884</u>	<u>1,616,217</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 650,412</u>	<u>\$ 1,614,884</u>

TOWN OF MAYERTHORPE
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2018

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
COST:								
Balance, Beginning of Year	\$ 69,849	\$ 28,901	\$ 8,359,567	\$ 28,987,448	\$ 970,389	\$ 586,086	\$ 39,002,240	\$ 36,180,954
Acquisition of tangible capital assets	-	-	-	1,100,781	248,050	19,661	1,368,492	2,886,878
Disposal of tangible capital assets	-	-	-	(32,084)	(68,694)	(28,595)	(129,373)	(65,592)
Balance, End of Year	<u>69,849</u>	<u>28,901</u>	<u>8,359,567</u>	<u>30,056,145</u>	<u>1,149,745</u>	<u>577,151</u>	<u>40,241,358</u>	<u>39,002,240</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	8,885	1,325,995	11,523,808	571,323	263,626	13,693,637	12,884,625
Annual amortization	-	2,092	172,080	680,552	91,608	36,926	983,258	868,651
Accumulated amortization on disposals	-	-	-	(32,084)	(68,694)	(11,438)	(112,216)	(59,638)
Balance, End of Year	-	<u>10,977</u>	<u>1,498,075</u>	<u>12,172,276</u>	<u>594,237</u>	<u>289,114</u>	<u>14,564,679</u>	<u>13,693,638</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>69,849</u>	\$ <u>17,924</u>	\$ <u>6,861,492</u>	\$ <u>17,883,869</u>	\$ <u>555,508</u>	\$ <u>288,037</u>	\$ <u>25,676,679</u>	\$ <u>25,308,602</u>

Cost includes construction in progress of \$1,430,092 (2017 - \$2,717,827). 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, 2018

Schedule 2

	<u>2018</u> (Budget) <i>(Note 16)</i>	<u>2018</u> (Actual)	<u>2017</u> (Actual)
TAXATION			
Real property taxes	\$ 1,683,787	\$ 1,709,841	\$ 1,659,320
Linear property taxes	45,910	43,989	40,730
Government grants in place of property taxes	<u>18,744</u>	<u>21,458</u>	<u>22,032</u>
	<u>1,748,441</u>	<u>1,775,288</u>	<u>1,722,082</u>
DEDUCT:			
Education requisition	284,700	309,836	290,581
Seniors Foundation requisition	22,300	23,634	22,179
Designated Industrial Property requisition	<u>-</u>	<u>79</u>	<u>-</u>
	<u>307,000</u>	<u>333,549</u>	<u>312,760</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,441,441</u>	<u>\$ 1,441,739</u>	<u>\$ 1,409,322</u>

TOWN OF MAYERTHORPE
Schedule of Government Transfers
For The Year Ended December 31, 2018

Schedule 3

	<u>2018</u> (Budget) (Note 16)	<u>2018</u> (Actual)	<u>2017</u> (Actual)
GOVERNMENT TRANSFERS FOR OPERATING			
Provincial	\$ 605,069	\$ 294,366	\$ 362,822
Local Governments	299,374	227,734	186,336
Federal	<u>-</u>	<u>8,600</u>	<u>-</u>
	904,443	530,700	549,158
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	<u>1,978,356</u>	<u>855,165</u>	<u>2,141,516</u>
	<u>\$ 2,882,799</u>	<u>\$ 1,385,865</u>	<u>\$ 2,690,674</u>

TOWN OF MAYERTHORPE
Schedule of Segmented Information
For The Year Ended December 31, 2018

Schedule 4

	General Administration	Protective Services	Transportation	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2018	2017
REVENUE									
Net taxation	\$ 1,441,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,441,739	\$ 1,554,138
Government transfers	234,478	31,436	294,797	58,342	169,665	481,195	162,778	1,432,691	2,717,487
User fees and sale of goods	3,418	130,226	36,211	12,654	111,047	790,176	29,578	1,113,310	1,125,101
Other revenues	107,420	38,151	591	2,770	863	1,955	1,335	153,085	148,513
Franchise fees	129,904	-	-	-	-	-	-	129,904	132,784
	<u>1,916,959</u>	<u>199,813</u>	<u>331,599</u>	<u>73,766</u>	<u>281,575</u>	<u>1,273,326</u>	<u>193,691</u>	<u>4,270,729</u>	<u>5,678,023</u>
EXPENSES									
Salaries, wages and benefits	335,282	160,840	250,175	106,690	243,911	206,327	153,093	1,456,318	1,408,789
Materials, goods and utilities	27,453	55,920	278,358	107,553	139,387	215,749	50,099	874,519	636,221
Contracted and general services	165,172	82,388	7,518	44,406	160,784	186,387	21,639	668,294	916,441
Other expenses	25,654	11,357	(14,800)	93,953	59,469	-	8,900	184,533	50,275
Interest on long-term debt	-	-	35,792	3,785	-	84,004	-	123,581	101,181
Government transfers	-	17,774	4,585	12,875	41,297	-	5,000	81,531	131,054
Bank charges and short-term interest	810	-	-	-	-	-	-	810	1,426
Amortization of tangible capital assets	25,419	45,428	335,004	-	244,423	332,984	-	983,258	868,651
	<u>579,790</u>	<u>373,707</u>	<u>896,632</u>	<u>369,262</u>	<u>889,271</u>	<u>1,025,451</u>	<u>238,731</u>	<u>4,372,844</u>	<u>4,114,038</u>

ANNUAL SURPLUS (DEFICIT) \$ 1,337,169 \$ (173,894) \$ (565,033) \$ (295,496) \$ (607,696) \$ 247,875 \$ (45,040) \$ (102,115) \$ 1,563,985

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.

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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.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) *Liability for Contaminated Sites*

Contaminated sites are the result of a chemical, organic or radioactive material or live organism in amounts that exceed an environmental standard being introduced into soil, water or sediment. The Town recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Town is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Town's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Town's best estimate, as of December 31, 2018 of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Town will measure the liability using present value techniques.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

2. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
Bank accounts	\$ 348,972	\$ 779,444
Guaranteed investment certificates	300,000	834,000
Petty cash	<u>1,440</u>	<u>1,440</u>
	<u>\$ 650,412</u>	<u>\$ 1,614,884</u>

Guaranteed investment certificates have interest rates ranging from 2.00% to 2.61% with maturity dates ranging from March 19 to August 16, 2019.

3. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Trade	\$ 578,101	\$ 245,349
Property taxes	231,231	225,251
Utilities	84,571	73,604
Goods and Services Tax	<u>45,952</u>	<u>48,444</u>
	939,855	592,648
Allowance for doubtful accounts	<u>-</u>	<u>558</u>
	<u>\$ 939,855</u>	<u>\$ 593,206</u>

4. LOCAL IMPROVEMENTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Local improvement bylaw #1052, expiring 2036	\$ 399,703	\$ 444,000
Local improvement bylaw #1068, expiring 2037	137,575	144,815
Local improvement bylaw #1050, expiring 2036	103,141	108,871
Local improvement bylaw #896, expiring 2026	100,264	112,797
Local improvement bylaw #1036, expiring 2040	81,290	84,985
Local improvement bylaw #994, expiring 2023	64,279	77,134
Local improvement bylaw #1053, expiring 2041	39,392	41,034
Local improvement bylaw #1011, expiring 2024	28,554	33,313
Local improvement bylaw #1013, expiring 2024	27,662	32,273
Local improvement bylaw #937, expiring 2029	23,228	25,339
Local improvement bylaw #1000, expiring 2023	14,699	17,638
Local improvement bylaw #1015, expiring 2024	8,569	9,997
Local improvement bylaw #1012, expiring 2024	6,333	7,389
Local improvement bylaw #1002, expiring 2028	3,569	6,199
Local improvement bylaw #929, expiring 2018	-	6,733
Local improvement bylaw #795, expiring 2018	<u>-</u>	<u>4,931</u>
	<u>\$ 1,038,258</u>	<u>\$ 1,157,448</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Trade	\$ 386,632	\$ 298,732
Contaminated sites	100,000	-
Construction holdbacks	97,691	277,768
Vacation and banked time	71,129	76,025
Accrued interest on long-term debt	<u>11,396</u>	<u>12,430</u>
	<u>\$ 666,848</u>	<u>\$ 664,955</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/ (Refund)</u>	<u>Revenue</u>	<u>Ending</u>
MSI Capital	\$ 110,033	\$ 443,488	\$ (219,873)	\$ 333,648
ACP - Regional collaboration grant	220,343	218,286	(115,818)	322,811
Prepaid user fees and licenses	14,607	24,221	(16,082)	22,746
Prepaid property taxes	17,140	(17,140)	17,603	17,603
Other miscellaneous grants	62,865	21,100	(68,527)	15,438
Federal Gas Tax Fund	-	72,987	(71,740)	1,247
Prepaid utilities	1,148	1,087	(1,148)	1,087
Alberta Municipal Water/Wastewater Partnership	<u>322,679</u>	<u>(289,211)</u>	<u>(33,468)</u>	<u>-</u>
	<u>\$ 748,815</u>	<u>\$ 474,818</u>	<u>\$ (509,053)</u>	<u>\$ 714,580</u>

7. LONG-TERM DEBT

	<u>2018</u>	<u>2017</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	\$ 663,720	\$ 689,854
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	610,252	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	416,843	434,178

(Continues)

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

7. LONG-TERM DEBT (CONT'D)

	<u>2018</u>	<u>2017</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	388,379	427,613
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	344,257	357,348
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	147,168	155,946
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	139,511	144,816
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	138,293	152,240
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	108,184	112,494
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	101,584	117,192
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	100,679	112,018
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	84,603	87,272
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	58,102	68,798

(Continues)

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

7. LONG-TERM DEBT (CONT'D)

	<u>2018</u>	<u>2017</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	38,826	39,948
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	32,133	33,469
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	14,946	17,698
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028	3,220	6,587
Debenture debt held by Alberta Capital Finance Authority, repayable in annual installments of \$22,637 including interest at 5.75%; due October 1, 2018	-	21,406
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	-	7,999
	<u>\$ 3,390,700</u>	<u>\$ 3,620,876</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 181,547	\$ 117,894	\$ 299,441
2020	187,742	111,660	299,402
2021	194,160	105,200	299,360
2022	200,812	98,506	299,318
2023	207,705	91,570	299,275
Thereafter	<u>2,418,734</u>	<u>587,257</u>	<u>3,005,991</u>
	<u>\$ 3,390,700</u>	<u>\$ 1,112,087</u>	<u>\$ 4,502,787</u>

Interest on long-term debt expense amounted to \$123,580 (2017 - \$101,181).

The Town's total cash payments for interest amounted to \$124,328 (2017 - \$95,495).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Tangible capital assets (<i>Schedule 1</i>)	\$ 40,241,358	\$ 39,002,240
Accumulated amortization (<i>Schedule 1</i>)	(14,564,679)	(13,693,638)
Long-term debt (<i>Note 7</i>)	(3,390,700)	(3,620,876)
Local improvements receivable (<i>Note 4</i>)	<u>1,038,258</u>	<u>1,157,448</u>
	<u>\$ 23,324,237</u>	<u>\$ 22,845,174</u>

9. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
UNRESTRICTED SURPLUS (DEFICIT)	<u>\$ (34,075)</u>	<u>\$ 449,320</u>
RESTRICTED SURPLUS		
Administration	6,483	441
Bylaw enforcement	5,431	13,959
Cemetery	25,780	22,870
Culture	34,765	30,454
Disaster services	18,886	20,386
Economic development	60,174	20,968
Emergency response centre	872	32,855
Environmental	20,083	20,550
Fire	106,595	99,732
Murals	4,828	4,828
Planning	4,419	27,492
Public transit	7,770	7,770
Public works	29,412	29,589
Recreation	50,150	65,175
Sewer	13,339	13,753
Solid waste	30,846	43,778
Storm sewer and drainage	5,057	12,316
Tax stabilization	11,658	21,750
Traffic lights	-	50,000
Utility	2,425	-
Water	<u>5,392</u>	<u>3,482</u>
	<u>444,365</u>	<u>542,148</u>
EQUITY IN TANGIBLE CAPITAL ASSETS (<i>Note 8</i>)	<u>23,324,237</u>	<u>22,845,174</u>
	<u>\$ 23,734,527</u>	<u>\$ 23,836,642</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

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>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
Mayor Kate Patrick	\$ 14,625	\$ -	\$ 14,625	\$ 14,000
Councilors				
Pat Burns	10,325	167	10,492	10,725
Sandra Morton	9,390	137	9,527	11,035
Janet Jabush	9,350	135	9,485	2,975
Pat Hagman	8,875	120	8,995	8,349
Bernie Jogola	8,075	93	8,168	9,459
Jonathan Arseneault	8,100	94	8,194	3,375
Glen Wilcox	-	-	-	6,325
Chief Administrative Officer	157,887	37,667	195,554	193,428
Designated Officer	96,838	22,546	119,384	118,132

(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>2018</u>	<u>2017</u>
Total debt limit	\$ 5,075,618	\$ 5,264,541
Total debt	<u>(3,390,700)</u>	<u>(3,620,876)</u>
Amount of total debt limit unused	<u>\$ 1,684,918</u>	<u>\$ 1,643,665</u>
Debt servicing limit	\$ 845,936	\$ 877,424
Debt servicing	<u>(299,441)</u>	<u>(330,407)</u>
Amount of debt servicing limit unused	<u>\$ 546,495</u>	<u>\$ 547,017</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2018

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>2018</u> (Budget) (Note 16)	<u>2018</u> (Actual)	<u>2017</u> (Actual)
Fortis Alberta	\$ 75,000	\$ 78,323	\$ 71,131
ATCO Gas	<u>61,713</u>	<u>51,581</u>	<u>61,653</u>
	<u>\$ 136,713</u>	<u>\$ 129,904</u>	<u>\$ 132,784</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 2018 were \$88,649 (2017 - \$99,432). Total current and past service contributions made by the employees of the Town to the LAPP in 2018 were \$81,825 (2017 - \$91,648).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.8 billion (2016 - \$(637.4) 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
For The Year Ended December 31, 2018

16. BUDGET

The budget figures are provided for information purposes only, and have not been audited. The 2018 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>2018</u> (Budget)
Annual surplus (per statement of operations and accumulated surplus)	\$ 1,804,761
Acquisition of tangible capital assets	(1,755,604)
Net transfers from restricted surplus	155,629
Debenture repayment	<u>(204,786)</u>
	\$ _____ -

17. LIABILITY FOR CONTAMINATED SITES

As of December 31, 2018, the liability for contaminated sites relates to a property owned by the Town that has soil contamination.

Liability estimates are based on environmental site assessments. During 2018, the Town has recognized a total liability for the remediation of contaminated sites of \$100,000 (2017 - \$NIL). The liability is reported in Accounts Payable and Accrued Liabilities (*Note 5*) in the Statement of Financial Position.

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 2018 fiscal year.

19. COMPARATIVE FIGURES

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

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.