
TOWN OF MAYERTHORPE

Financial Statements

For The Year Ended December 31, 2020

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, 2020, 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, 2020, 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 auditors' 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 22, 2021

TOWN OF MAYERTHORPE
Statement of Financial Position
As at December 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 397,219	\$ 461,200
Accounts receivable (Note 3)	695,590	662,836
Local improvements receivable (Note 4)	889,487	977,197
Land held for resale	70,020	70,020
Long-term investments	<u>9,029</u>	<u>7,279</u>
	<u>2,061,345</u>	<u>2,178,532</u>
 LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	439,821	467,519
Deposit liabilities	2,375	2,375
Deferred revenue (Note 6)	323,045	581,867
Short-term debt (Note 7)	350,000	-
Long-term debt (Note 8)	<u>3,014,904</u>	<u>3,206,494</u>
	<u>4,130,145</u>	<u>4,258,255</u>
 NET FINANCIAL DEBT	<u>(2,068,800)</u>	<u>(2,079,723)</u>
 NON-FINANCIAL ASSETS		
Inventory for consumption	155,376	105,794
Prepaid expenses	26,802	33,625
Tangible capital assets (Schedule 1)	<u>29,995,775</u>	<u>28,594,425</u>
	<u>30,177,953</u>	<u>28,733,844</u>
 ACCUMULATED SURPLUS (Note 10)	<u>\$ 28,109,153</u>	<u>\$ 26,654,121</u>
 CONTINGENCIES (Note 13)		

ON BEHALF OF TOWN COUNCIL:

 Mayor

 Deputy Mayor

TOWN OF MAYERTHORPE
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2020

	Budget 2020 (Note 17)	Actual 2020	Actual 2019
REVENUE			
Net taxation (Schedule 2)	\$ 1,501,822	\$ 1,470,557	\$ 1,441,856
User fees and sales of goods	1,248,273	1,084,736	1,281,974
Government transfers for operating (Schedule 3)	682,014	585,467	679,615
Other	132,310	432,294	175,830
Franchise fees (Note 14)	162,460	155,433	146,961
Penalties on taxes	48,000	63,002	47,617
Investment income	12,700	22,553	20,546
Fines	34,000	19,913	33,635
Licenses and permits	14,600	10,956	12,012
	<u>3,836,179</u>	<u>3,844,911</u>	<u>3,840,046</u>
EXPENSES			
Planning and development	488,926	737,309	244,056
Roads, streets, walks and lighting	591,038	562,587	468,079
Water supply and distribution	420,895	526,800	431,524
Administration	509,225	525,926	579,361
Parks and recreation	567,264	493,987	643,888
Protective services	146,652	155,424	149,299
Wastewater treatment and disposal	130,365	150,634	202,948
Waste management	147,159	143,230	143,462
Fire services	159,525	130,462	133,570
Family and community support services	84,387	123,141	180,694
Council and legislative	115,001	93,180	112,283
Library	63,488	82,359	50,272
Cemeteries	45,014	43,743	52,094
Public transit	103,660	37,642	110,916
Storm sewers and drainage	34,600	35,896	31,529
Disaster and emergency services	17,360	13,828	21,326
Amortization	-	1,067,987	940,038
	<u>3,624,559</u>	<u>4,924,135</u>	<u>4,495,339</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>211,620</u>	<u>(1,079,224)</u>	<u>(655,293)</u>
OTHER REVENUE (EXPENSES)			
Contributed assets	-	1,626,171	2,813,934
Government transfers for capital (Schedule 3)	844,788	908,173	761,082
Loss on disposal of tangible capital assets	-	(88)	(128)
	<u>844,788</u>	<u>2,534,256</u>	<u>3,574,888</u>
ANNUAL SURPLUS	1,056,408	1,455,032	2,919,595
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,654,121</u>	<u>26,654,121</u>	<u>23,734,526</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 27,710,529</u>	<u>\$ 28,109,153</u>	<u>\$ 26,654,121</u>

TOWN OF MAYERTHORPE
Statement of Changes in Net Financial Debt
For The Year Ended December 31, 2020

	Budget <u>2020</u> (Note 17)	Actual <u>2020</u>	Actual <u>2019</u>
ANNUAL SURPLUS	\$ <u>1,056,408</u>	\$ <u>1,455,032</u>	\$ <u>2,919,595</u>
Acquisition of tangible capital assets	(1,266,424)	(843,252)	(1,051,526)
Contributed tangible capital assets	-	(1,626,171)	(2,813,934)
Proceeds on disposal of tangible capital assets	-	-	7,550
Amortization of tangible capital assets	-	1,067,987	940,038
Loss on disposal of tangible capital assets	-	88	128
	<u>(1,266,424)</u>	<u>(1,401,348)</u>	<u>(2,917,744)</u>
Use (acquisition) of prepaid expenses	-	6,821	(1,336)
Use (acquisition) of inventory	-	(49,582)	1,181
	-	<u>(42,761)</u>	<u>(155)</u>
INCREASE (DECREASE) IN NET FINANCIAL DEBT	(210,016)	10,923	1,696
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(2,079,723)</u>	<u>(2,079,723)</u>	<u>(2,081,419)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(2,289,739)</u>	\$ <u>(2,068,800)</u>	\$ <u>(2,079,723)</u>

TOWN OF MAYERTHORPE
Statement of Cash Flows
For The Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Annual Surplus	\$ 1,455,032	\$ 2,919,595
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	1,067,987	940,038
Contributed tangible capital assets	(1,626,171)	(2,813,934)
Loss on disposal of tangible capital assets	<u>88</u>	<u>128</u>
	<u>896,936</u>	<u>1,045,827</u>
Change in non-cash working capital balances:		
Accounts receivable	(32,753)	277,019
Local improvements receivable	87,710	61,061
Inventory of supplies	(49,582)	1,181
Prepaid expenses	6,821	(1,336)
Land held for resale	-	(16,302)
Accounts payable and accrued liabilities	(27,699)	(199,330)
Deposit liabilities	-	(20)
Deferred revenue	<u>(258,822)</u>	<u>(132,713)</u>
	<u>(274,325)</u>	<u>(10,440)</u>
	<u>622,611</u>	<u>1,035,387</u>
FINANCING ACTIVITIES		
Proceeds from short-term debt	350,000	-
Repayment of long-term debt	<u>(191,590)</u>	<u>(184,205)</u>
	<u>158,410</u>	<u>(184,205)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(843,252)	(1,051,526)
Proceeds on disposal of tangible capital assets	-	7,550
Long term investments	<u>(1,750)</u>	<u>3,582</u>
	<u>(845,002)</u>	<u>(1,040,394)</u>
CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(63,981)	(189,212)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>461,200</u>	<u>650,412</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 397,219</u>	<u>\$ 461,200</u>

TOWN OF MAYERTHORPE
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2020

Schedule 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
COST:								
Balance, Beginning of Year	\$ 69,849	\$ 29,076	\$ 8,359,567	\$ 33,662,578	\$ 1,322,817	\$ 586,183	\$ 44,030,070	\$ 40,241,358
Acquisition of tangible capital assets	61,700	-	1,434,471	915,664	18,989	38,599	2,469,423	3,865,460
Disposal of tangible capital assets	-	-	-	(21,926)	-	-	(21,926)	(76,749)
Balance, End of Year	<u>131,549</u>	<u>29,076</u>	<u>9,794,039</u>	<u>34,556,316</u>	<u>1,341,806</u>	<u>624,782</u>	<u>46,477,568</u>	<u>44,030,070</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	12,821	1,665,690	12,799,946	662,784	294,404	15,435,645	14,564,679
Annual amortization	-	2,009	202,522	709,352	108,008	46,096	1,067,987	940,038
Accumulated amortization on disposals	-	-	-	(21,838)	-	-	(21,838)	(69,071)
Balance, End of Year	-	<u>14,830</u>	<u>1,868,212</u>	<u>13,487,459</u>	<u>770,792</u>	<u>340,500</u>	<u>16,481,793</u>	<u>15,435,645</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 131,549</u>	<u>\$ 14,246</u>	<u>\$ 7,925,827</u>	<u>\$ 21,068,857</u>	<u>\$ 571,014</u>	<u>\$ 284,282</u>	<u>\$ 29,995,775</u>	<u>\$ 28,594,425</u>

Cost includes construction in progress of \$93,053 (2019 - \$2,127,865). 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 of Property Taxes
For The Year Ended December 31, 2020

Schedule 2

	<u>2020</u> (Budget) (Note 17)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
TAXATION			
Real property taxes	\$ 1,761,880	\$ 1,715,632	\$ 1,706,705
Linear property taxes	47,494	50,206	44,088
Government grants in place of property taxes	<u>20,953</u>	<u>21,973</u>	<u>20,542</u>
	<u>1,830,327</u>	<u>1,787,811</u>	<u>1,771,335</u>
DEDUCT:			
Education requisition	305,016	294,672	306,163
Seniors Foundation requisition	23,300	22,582	23,131
Designated Industrial Property requisition	<u>189</u>	<u>-</u>	<u>185</u>
	<u>328,505</u>	<u>317,254</u>	<u>329,479</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,501,822</u>	<u>\$ 1,470,557</u>	<u>\$ 1,441,856</u>

TOWN OF MAYERTHORPE
Schedule of Government Transfers
For The Year Ended December 31, 2020

Schedule 3

	<u>2020</u> (Budget) (Note 17)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
GOVERNMENT TRANSFERS FOR OPERATING			
Provincial	\$ 362,669	\$ 382,480	\$ 398,310
Local Governments	306,595	164,506	220,604
Federal	<u>12,750</u>	<u>38,481</u>	<u>60,701</u>
	682,014	585,467	679,615
GOVERNMENT TRANSFERS FOR CAPITAL			
Provincial	689,957	813,543	761,082
Federal	<u>154,831</u>	<u>94,630</u>	<u>-</u>
	<u>844,788</u>	<u>908,173</u>	<u>761,082</u>
	<u>\$ 1,526,802</u>	<u>\$ 1,493,640</u>	<u>\$ 1,440,697</u>

TOWN OF MAYERTHORPE
Schedule of Segmented Information
For The Year Ended December 31, 2020

Schedule 4

	General Administration	Protective Services	Transportation	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2020	2019
REVENUE									
Net taxation	\$ 1,470,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,470,557	\$ 1,441,856
Government transfers	294,558	25,864	54,156	130,219	525,419	389,685	73,739	1,493,640	1,440,697
User fees and sale of goods	5,103	68,334	9,802	13,615	62,697	901,625	23,560	1,084,736	1,281,974
Other revenues	94,588	34,359	3,239	369,459	32,312	6,696	8,065	548,718	289,640
Franchise fees	155,433	-	-	-	-	-	-	155,433	146,961
Contributed assets	1,626,171	-	-	-	-	-	-	1,626,171	2,813,934
	<u>3,646,410</u>	<u>128,557</u>	<u>67,197</u>	<u>513,293</u>	<u>620,428</u>	<u>1,298,006</u>	<u>105,364</u>	6,379,255	<u>7,415,062</u>
EXPENSES									
Salaries, wages and benefits	389,831	151,125	277,058	121,169	181,737	224,829	106,467	1,452,216	1,543,124
Materials, goods and utilities	32,019	60,793	275,304	13,889	177,305	183,623	26,559	769,492	784,420
Contracted and general services	153,241	95,139	(6,546)	96,336	153,750	359,782	32,384	884,086	884,074
Other expenses	42,429	-	14,617	493,980	21,100	-	-	572,126	172,893
Interest on long-term debt	-	-	29,787	3,049	-	76,895	-	109,731	116,173
Government transfers	-	3,495	5,543	8,425	42,454	-	5,000	64,917	53,456
Bank charges and short-term interest	3,209	-	-	459	-	-	-	3,668	1,289
Amortization of tangible capital assets	49,778	50,790	337,837	1,456	277,054	351,072	-	1,067,987	940,038
	<u>670,507</u>	<u>361,342</u>	<u>933,600</u>	<u>738,763</u>	<u>853,400</u>	<u>1,196,201</u>	<u>170,410</u>	4,924,223	<u>4,495,467</u>
ANNUAL SURPLUS (DEFICIT)	\$ 2,975,903	\$ (232,785)	\$ (866,403)	\$ (225,470)	\$ (232,972)	\$ 101,805	\$ (65,046)	\$ 1,455,032	\$ 2,919,595

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 expenses, 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, 2020 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, 2020

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Bank accounts	\$ 534,014	\$ 636,929
Guaranteed investment certificates	4,666	40,350
Petty cash	1,200	1,440
Line of credit	<u>(142,661)</u>	<u>(217,519)</u>
	<u>\$ 397,219</u>	<u>\$ 461,200</u>

Guaranteed investment certificates bears interest at a rate of 3.24% and matures on June 28, 2023. Please refer to Note 19 for further details regarding the line of credit.

3. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Property taxes	\$ 408,169	\$ 241,621
Trade	167,049	325,371
Utilities	92,123	90,015
Goods and Services Tax	<u>65,946</u>	<u>33,919</u>
	733,287	690,926
Allowance for doubtful accounts	<u>(37,697)</u>	<u>(28,090)</u>
	<u>\$ 695,590</u>	<u>\$ 662,836</u>

4. LOCAL IMPROVEMENTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Local improvement bylaw #1052, expiring 2036	\$ 377,400	\$ 399,600
Local improvement bylaw #1068, expiring 2037	118,541	130,335
Local improvement bylaw #1050, expiring 2036	91,681	97,411
Local improvement bylaw #896, expiring 2026	75,198	87,731
Local improvement bylaw #1036, expiring 2040	73,900	77,595
Local improvement bylaw #994, expiring 2023	38,567	51,423
Local improvement bylaw #1053, expiring 2041	36,110	37,751
Local improvement bylaw #1011, expiring 2024	19,036	23,795
Local improvement bylaw #1013, expiring 2024	18,442	23,052
Local improvement bylaw #937, expiring 2029	19,004	21,116
Local improvement bylaw #1000, expiring 2023	8,819	11,759
Local improvement bylaw #1015, expiring 2024	5,712	7,141
Local improvement bylaw #1012, expiring 2024	4,222	5,278
Local improvement bylaw #1002, expiring 2028	<u>2,855</u>	<u>3,212</u>
	<u>\$ 889,487</u>	<u>\$ 977,199</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2020

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade	\$ 205,004	\$ 288,656
Contaminated sites	100,000	100,000
Vacation and banked time	76,435	68,122
Construction holdbacks	48,330	-
Accrued interest on long-term debt	<u>10,052</u>	<u>10,741</u>
	<u>\$ 439,821</u>	<u>\$ 467,519</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	\$ 212,234	\$ 340,896	\$ (461,849)	\$ 91,281
ACP - Regional collaboration grant	210,764	-	(97,822)	112,942
Prepaid user fees and licenses	28,070	43,139	(44,471)	26,738
Prepaid property taxes	11,773	12,163	(11,773)	12,163
Other miscellaneous grants	34,444	341,046	(331,306)	44,184
Federal Gas Tax Fund	82,029	75,676	(124,936)	32,769
Prepaid utilities	<u>2,553</u>	<u>2,968</u>	<u>(2,553)</u>	<u>2,968</u>
	<u>\$ 581,867</u>	<u>\$ 815,888</u>	<u>\$ (1,074,710)</u>	<u>\$ 323,045</u>

7. SHORT-TERM DEBT

The Town obtained short-term, non-revolving demand loan of \$350,000 bearing interest at prime, to assist with the temporary financing related to highway improvements. The loan is to be repaid no later than May 31, 2021.

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2020

8. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$27,651 including interest at 4.268%; due December 15, 2035.	\$ 608,020	\$ 636,458
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$21,029 including interest at 2.915%; due December 15, 2037.	560,643	585,806
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$18,531 including interest at 4.589%; due December 15, 2034.	379,724	398,705
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$14,920 including interest at 3.058%; due December 15, 2036.	354,940	371,913
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$12,087 including interest at 3.130%; due March 15, 2037.	316,822	330,752
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$6,635 including interest at 2.922%; due June 15, 2032.	128,830	138,132
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$4,898 including interest at 3.130%; due March 15, 2037.	119,464	130,187
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$10,469 including interest at 4.699%; due September 15, 2026.	108,378	123,683
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$3,838 including interest at 3.022%; due March 15, 2037.	99,167	103,744
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$6,925 including interest at 2.299%; due December 15, 2026.	77,208	89,077

(Continues)

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2020

8. LONG-TERM DEBT (CONT'D)

	<u>2020</u>	<u>2019</u>
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$9,115 including interest at 2.314%; due December 15, 2024.	69,268	85,612
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$2,651 including interest at 3.039%; due December 15, 2040.	79,017	81,852
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$6,260 including interest at 2.756%; due December 16, 2023.	35,811	47,109
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,204 including interest at 3.245%; due December 15, 2041.	36,472	37,668
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,428 including interest at 4.589%; due December 15, 2034.	29,271	30,735
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$1,610 including interest at 2.756%; due December 16, 2023.	9,212	12,118
Debenture debt held by the Government of Alberta, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028.	<u>2,657</u>	<u>2,943</u>
	<u>\$ 3,014,904</u>	<u>\$ 3,206,494</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 192,487	\$ 104,097	\$ 296,584
2022	199,086	97,498	296,584
2023	205,925	90,659	296,584
2024	197,165	83,679	280,844
2025	185,736	76,877	262,613
Thereafter	<u>2,034,505</u>	<u>419,957</u>	<u>2,454,462</u>
	<u>\$ 3,014,904</u>	<u>\$ 872,767</u>	<u>\$ 3,887,671</u>

Interest on long-term debt expense amounted to \$109,731 (2019 - \$116,172).

The Town's total cash payments for interest amounted to \$110,421 (2019 - \$116,786).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2020

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 1)	\$ 46,477,568	\$ 44,030,070
Accumulated amortization (Schedule 1)	(16,481,793)	(15,435,645)
Long-term debt (Note 7)	(3,014,904)	(3,206,494)
Local improvements receivable (Note 4)	<u>889,487</u>	<u>977,199</u>
	<u>\$ 27,870,358</u>	<u>\$ 26,365,130</u>

10. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
UNRESTRICTED SURPLUS (DEFICIT)	<u>\$ (241,360)</u>	<u>\$ (194,117)</u>
RESTRICTED SURPLUS		
Administration	12,047	10,139
Bylaw enforcement	13,431	15,431
Cemetery	34,963	27,963
Culture	31,470	49,820
Disaster services	20,217	21,360
Economic development	32,689	74,704
Emergency response centre	8,372	3,372
Environmental	31,583	27,583
Fire	125,196	109,720
Murals	4,828	4,828
Planning	57,446	9,419
Public transit	5,419	4,419
Public works	8,662	26,912
Recreation	39,026	48,475
Sewer	3,009	822
Solid waste	20,297	24,579
Storm sewer and drainage	4,057	4,057
Tax stabilization	11,658	11,658
Utility	12,561	7,315
Water	<u>3,224</u>	<u>532</u>
	<u>480,155</u>	<u>483,108</u>
EQUITY IN TANGIBLE CAPITAL ASSETS (Note 9)	<u>27,870,358</u>	<u>26,365,130</u>
	<u>\$ 28,109,153</u>	<u>\$ 26,654,121</u>

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2020

11. 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>2020 Total</u>	<u>2019 Total</u>
Mayor Janet Jabush	\$ 15,590	\$ 635	\$ 16,225	\$ 15,925
Mayor Kate Patrick	-	-	-	560
Councillors				
Sandra Morton	11,544	422	11,966	12,271
Anna Greenwood	10,574	371	10,945	9,566
Clay Davidson	9,006	289	9,295	279
Bernie Jogola	8,864	282	9,146	11,319
Pat Hagman	8,807	279	9,086	10,701
Pat Burns	8,778	277	9,055	12,541
Jonathan Arseneault	-	-	-	5,662
Janet Jabush	-	-	-	1,740
Chief Administrative Officer	170,223	38,654	208,877	204,289
Designated Officers (6)	226,510	49,658	276,168	147,137

(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.

12. 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>2020</u>	<u>2019</u>
Total debt limit	\$ 5,767,367	\$ 5,760,069
Total debt	<u>(3,364,904)</u>	<u>(3,206,494)</u>
Amount of total debt limit unused	<u>\$ 2,402,463</u>	<u>\$ 2,553,575</u>
Debt servicing limit	\$ 961,228	\$ 960,012
Debt servicing	<u>(646,584)</u>	<u>(297,158)</u>
Amount of debt servicing limit unused	<u>\$ 314,644</u>	<u>\$ 662,854</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, 2020

13. 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.

14. 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>2020</u> (Budget) (Note 17)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
Fortis Alberta	\$ 104,460	\$ 100,728	\$ 89,183
ATCO Gas	<u>58,000</u>	<u>54,705</u>	<u>57,778</u>
	<u>\$ 162,460</u>	<u>\$ 155,433</u>	<u>\$ 146,961</u>

15. 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 9.39% (2019 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2019 - 13.84%) for the excess. Employees of the Town are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 12.84% (2019 - 12.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2020 were \$92,080 (2019 - \$89,776). Total current and past service contributions made by the employees of the Town to the LAPP in 2020 were \$83,667 (2019 - \$81,581).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion (2018 - \$3.5 billion).

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*).

TOWN OF MAYERTHORPE
Notes to Financial Statements
For The Year Ended December 31, 2020

17. BUDGET

The budget figures are provided for information purposes only, and have not been audited. The 2020 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>2020</u> (Budget)
Annual surplus (per statement of operations and accumulated surplus)	\$ 1,056,408
Acquisition of tangible capital assets	(1,266,424)
Net transfers from restricted surplus	280,278
Local improvements	116,087
Debenture repayment	<u>(186,349)</u>
	\$ _____ -

18. LIABILITY FOR CONTAMINATED SITES

As of December 31, 2020, 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. The Town has recognized a total liability for the remediation of contaminated sites of \$100,000 (2019 - \$100,000). The liability is reported in accounts payable and accrued liabilities (*Note 5*) in the Statement of Financial Position.

19. 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 plus 1%. The balance outstanding on the loan as of December 31, 2020 was \$142,661 (2019 - \$217,519).

20. COMPARATIVE FIGURES

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

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

22. IMPACT OF COVID-19

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 pandemic. The measures implemented to combat the spread of the virus have had an impact on the Town; however, an estimate of the financial impact cannot be made at this time.

The Town is closely monitoring the recommendations from public health agencies and government authorities while implementing its operational plan to reduce any adverse financial impact and continue operations.