

# **TOWN OF MAYERTHORPE**

**Financial Statements**

**For The Year Ended December 31, 2019**

## **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, 2019, 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, 2019, 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 23, 2020

**TOWN OF MAYERTHORPE**  
**Statement of Financial Position**  
**As at December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 461,200	\$ 650,412
Accounts receivable (Note 3)	662,836	939,855
Local improvements receivable (Note 4)	977,197	1,038,258
Land held for resale	70,020	53,718
Long-term investments	<u>7,279</u>	<u>10,861</u>
	<u>2,178,532</u>	<u>2,693,104</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	467,519	666,848
Deposit liabilities	2,375	2,395
Deferred revenue (Note 6)	581,867	714,580
Long-term debt (Note 7)	<u>3,206,494</u>	<u>3,390,700</u>
	<u>4,258,255</u>	<u>4,774,523</u>
 <b>NET FINANCIAL DEBT</b>	<u>(2,079,723)</u>	<u>(2,081,419)</u>
 <b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	105,794	106,975
Prepaid expenses	33,625	32,292
Tangible capital assets (Schedule 1)	<u>28,594,425</u>	<u>25,676,679</u>
	<u>28,733,844</u>	<u>25,815,946</u>
 <b>ACCUMULATED SURPLUS</b> (Note 9)	<u>\$ 26,654,121</u>	<u>\$ 23,734,527</u>
 <b>CONTINGENCIES</b> (Note 12)		

**ON BEHALF OF TOWN COUNCIL:**



Mayor



Deputy Mayor

**TOWN OF MAYERTHORPE**  
**Statement of Operations and Accumulated Surplus**  
**For The Year Ended December 31, 2019**

	Budget 2019 (Note 16)	Actual 2019	Actual 2018
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 1,540,782	\$ 1,441,856	\$ 1,441,739
User fees and sales of goods	1,503,953	1,281,974	1,113,310
Government transfers for operating (Schedule 3)	588,929	679,615	530,700
Other	127,986	175,830	26,727
Franchise fees (Note 13)	137,397	146,961	129,904
Penalties on taxes	48,481	47,617	51,101
Fines	29,500	33,635	33,171
Investment income	11,504	20,546	46,173
Licenses and permits	17,200	12,012	10,920
Local improvements	113,811	-	-
	<u>4,119,543</u>	<u>3,840,046</u>	<u>3,383,745</u>
<b>EXPENSES</b>			
Parks and recreation	764,886	643,888	593,039
Administration	563,282	579,361	441,298
Roads, streets, walks and lighting	556,743	468,079	481,996
Water supply and distribution	381,800	431,524	386,208
Planning and development	478,407	244,056	369,263
Wastewater treatment and disposal	183,116	202,948	110,781
Family and community support services	163,279	180,694	190,275
Bylaws enforcement	153,200	149,299	142,236
Waste management	160,208	143,462	147,222
Fire services	229,804	133,570	159,680
Council and legislative	109,665	112,283	113,072
Public transit	107,888	110,916	94,432
Cemeteries	49,670	52,094	48,456
Library	59,640	50,272	51,809
Storm sewers and drainage	39,358	31,529	48,256
Disaster and emergency services	24,932	21,326	15,006
Amortization	-	940,038	983,258
	<u>4,025,878</u>	<u>4,495,339</u>	<u>4,376,287</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	<u>93,665</u>	<u>(655,293)</u>	<u>(992,542)</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Contributed assets	-	2,813,934	-
Government transfers for capital (Schedule 3)	1,286,839	761,082	855,165
Other contributions for capital	-	-	31,819
Gain (loss) on disposal of tangible capital assets	-	(128)	3,443
	<u>1,286,839</u>	<u>3,574,888</u>	<u>890,427</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>1,380,504</u>	<u>2,919,595</u>	<u>(102,115)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>23,734,526</u>	<u>23,734,526</u>	<u>23,836,642</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 25,115,030</u>	<u>\$ 26,654,121</u>	<u>\$ 23,734,526</u>

**TOWN OF MAYERTHORPE**  
**Statement of Changes in Net Financial Debt**  
**For The Year Ended December 31, 2019**

	Budget 2019 (Note 16)	Actual 2019	Actual 2018
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ <u>1,380,504</u>	\$ <u>2,919,595</u>	\$ <u>(102,115)</u>
Acquisition of tangible capital assets	(1,052,715)	(1,051,526)	(1,368,492)
Contributed tangible capital assets	-	(2,813,934)	-
Proceeds on disposal of tangible capital assets	-	7,550	20,600
Amortization of tangible capital assets	-	940,038	983,258
Loss (gain) on disposal of tangible capital assets	-	128	(3,443)
	<u>(1,052,715)</u>	<u>(2,917,744)</u>	<u>(368,077)</u>
Use (acquisition) of prepaid expenses	-	(1,336)	(11,557)
Use (acquisition) of inventory	-	1,181	12,016
	-	(155)	459
<b>INCREASE (DECREASE) IN NET FINANCIAL DEBT</b>	327,789	1,696	(469,733)
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(2,081,419)</u>	<u>(2,081,419)</u>	<u>(1,611,686)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	\$ <u>(1,753,630)</u>	\$ <u>(2,079,723)</u>	\$ <u>(2,081,419)</u>

**TOWN OF MAYERTHORPE**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 2,919,595	\$ (102,115)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	940,038	983,258
Contributed tangible capital assets	(2,813,934)	-
Loss (gain) on disposal of tangible capital assets	<u>128</u>	<u>(3,443)</u>
	<u>1,045,827</u>	<u>877,700</u>
Change in non-cash working capital balances:		
Accounts receivable	277,019	(346,649)
Local improvements receivable	61,061	119,190
Inventory of supplies	1,181	12,016
Prepaid expenses	(1,336)	(11,557)
Land held for resale	(16,302)	-
Accounts payable and accrued liabilities	(199,330)	1,893
Deposit liabilities	(20)	(180)
Deferred revenue	<u>(132,713)</u>	<u>(34,235)</u>
	<u>(10,440)</u>	<u>(259,522)</u>
	<u>1,035,387</u>	<u>618,178</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(184,205)</u>	<u>(230,177)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,051,526)	(1,368,492)
Proceeds on disposal of tangible capital assets	7,550	20,600
Long term investments	<u>3,582</u>	<u>(4,581)</u>
	<u>(1,040,394)</u>	<u>(1,352,473)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	<b>(189,212)</b>	<b>(964,472)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>650,412</u>	<u>1,614,884</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 461,200</u></u>	<u><u>\$ 650,412</u></u>

**TOWN OF MAYERTHORPE**  
**Schedule of Tangible Capital Assets**  
**For The Year Ended December 31, 2019**

**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
<b>COST:</b>								
Balance, Beginning of Year	\$ 69,849	\$ 28,901	\$ 8,359,567	\$ 30,056,145	\$ 1,149,745	\$ 577,151	\$ 40,241,358	\$ 39,002,240
Acquisition of tangible capital assets	-	175	-	3,638,517	191,067	35,701	3,865,460	1,368,492
Disposal of tangible capital assets	-	-	-	(32,084)	(17,995)	(26,670)	(76,749)	(129,373)
Balance, End of Year	<u>69,849</u>	<u>29,076</u>	<u>8,359,567</u>	<u>33,662,578</u>	<u>1,322,817</u>	<u>586,183</u>	<u>44,030,070</u>	<u>40,241,358</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	10,977	1,498,075	12,172,276	594,237	289,114	14,564,679	13,693,637
Annual amortization	-	1,844	167,615	659,755	78,864	31,960	940,038	983,258
Accumulated amortization on disposals	-	-	-	(32,084)	(10,317)	(26,670)	(69,071)	(112,216)
Balance, End of Year	<u>-</u>	<u>12,821</u>	<u>1,665,690</u>	<u>12,799,946</u>	<u>662,784</u>	<u>294,404</u>	<u>15,435,645</u>	<u>14,564,679</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 69,849</u>	<u>\$ 16,255</u>	<u>\$ 6,693,877</u>	<u>\$ 20,862,632</u>	<u>\$ 660,033</u>	<u>\$ 291,779</u>	<u>\$ 28,594,425</u>	<u>\$ 25,676,679</u>

Cost includes construction in progress of \$2,127,865 (2018 - \$1,518,753). 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, 2019**

**Schedule 2**

	<u>2019</u> (Budget) (Note 16)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,789,577	\$ 1,706,705	\$ 1,709,841
Linear property taxes	43,903	44,088	43,989
Government grants in place of property taxes	<u>20,542</u>	<u>20,542</u>	<u>21,458</u>
	<u>1,854,022</u>	<u>1,771,335</u>	<u>1,775,288</u>
<b>DEDUCT:</b>			
Education requisition	290,494	306,163	309,836
Seniors Foundation requisition	22,746	23,131	23,634
Designated Industrial Property requisition	<u>-</u>	<u>185</u>	<u>79</u>
	<u>313,240</u>	<u>329,479</u>	<u>333,549</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 1,540,782</u>	<u>\$ 1,441,856</u>	<u>\$ 1,441,739</u>

**TOWN OF MAYERTHORPE**  
**Schedule of Government Transfers**  
**For The Year Ended December 31, 2019**

***Schedule 3***

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	<u>2019</u> (Budget) (Note 16)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
<b>GOVERNMENT TRANSFERS FOR OPERATING</b>			
Provincial	\$ 323,766	\$ <b>398,310</b>	\$ 294,366
Local Governments	205,263	<b>220,604</b>	227,734
Federal	<u>59,900</u>	<u><b>60,701</b></u>	<u>8,600</u>
	588,929	<b>679,615</b>	530,700
 <b>GOVERNMENT TRANSFERS FOR CAPITAL</b>			
Provincial	<u>1,286,839</u>	<u><b>761,082</b></u>	<u>855,165</u>
	<u><b>\$ 1,875,768</b></u>	<u><b>\$ 1,440,697</b></u>	<u><b>\$ 1,385,865</b></u>

**TOWN OF MAYERTHORPE**  
**Schedule of Segmented Information**  
**For The Year Ended December 31, 2019**

**Schedule 4**

	General Administration	Protective Services	Transportation	Planning and Development	Recreation and Culture	Environmental Services	Community Services	2019	2018
<b>REVENUE</b>									
Net taxation	\$ 1,441,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,441,856	\$ 1,441,739
Government transfers	443,617	21,368	137,011	32,711	314,824	363,784	127,382	1,440,697	1,432,691
User fees and sale of goods	4,868	121,708	41,762	14,153	112,696	953,639	33,148	1,281,974	1,113,310
Other revenues	140,390	44,902	4,810	14,490	68,954	6,339	9,755	289,640	153,085
Franchise fees	146,961	-	-	-	-	-	-	146,961	129,904
Contributed assets	2,813,934	-	-	-	-	-	-	2,813,934	-
	<u>4,991,626</u>	<u>187,978</u>	<u>183,583</u>	<u>61,354</u>	<u>496,474</u>	<u>1,323,762</u>	<u>170,285</u>	<u>7,415,062</u>	<u>4,270,729</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	365,955	164,933	247,850	136,644	241,717	237,707	148,318	1,543,124	1,456,318
Materials, goods and utilities	92,531	68,517	210,334	21,148	154,143	205,175	32,572	784,420	874,519
Contracted and general services	172,102	79,191	35,566	54,369	226,515	197,609	118,722	884,074	668,294
Other expenses	65,195	-	46,857	26,971	30,000	-	3,870	172,893	184,533
Interest on long-term debt	-	-	32,277	3,486	-	80,410	-	116,173	123,581
Government transfers	-	3,495	2,651	1,437	41,784	-	4,089	53,456	81,531
Bank charges and short-term interest	1,289	-	-	-	-	-	-	1,289	810
Amortization of tangible capital assets	27,832	38,964	289,389	-	226,346	357,507	-	940,038	983,258
	<u>724,904</u>	<u>355,100</u>	<u>864,924</u>	<u>244,055</u>	<u>920,505</u>	<u>1,078,408</u>	<u>307,571</u>	<u>4,495,467</u>	<u>4,372,844</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 4,266,722</u>	<u>\$ (167,122)</u>	<u>\$ (681,341)</u>	<u>\$ (182,701)</u>	<u>\$ (424,031)</u>	<u>\$ 245,354</u>	<u>\$ (137,286)</u>	<u>\$ 2,919,595</u>	<u>\$ (102,115)</u>

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Reporting Entity**

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

(Continues)

**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, 2019 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, 2019**

**2. CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
Bank accounts	\$ 636,929	\$ 348,972
Guaranteed investment certificates	40,350	300,000
Petty cash	1,440	1,440
Line of credit	<u>(217,519)</u>	<u>-</u>
	<u><b>\$ 461,200</b></u>	<u><b>\$ 650,412</b></u>

Guaranteed investment certificates have interest rates ranging from 2.16% to 3.24% with maturity dates ranging from May 9, 2020 to June 28, 2023. Please refer to Note 18 for further details regarding the line of credit.

**3. ACCOUNTS RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Trade	\$ 325,371	\$ 578,101
Property taxes	241,621	231,231
Utilities	90,015	84,571
Goods and Services Tax	<u>33,919</u>	<u>45,952</u>
	690,926	939,855
Allowance for doubtful accounts	<u>(28,090)</u>	<u>-</u>
	<u><b>\$ 662,836</b></u>	<u><b>\$ 939,855</b></u>

**4. LOCAL IMPROVEMENTS RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Local improvement bylaw #1052, expiring 2036	\$ 399,600	\$ 399,703
Local improvement bylaw #1068, expiring 2037	130,335	137,575
Local improvement bylaw #1050, expiring 2036	97,411	103,141
Local improvement bylaw #896, expiring 2026	87,731	100,264
Local improvement bylaw #1036, expiring 2040	77,595	81,290
Local improvement bylaw #994, expiring 2023	51,423	64,279
Local improvement bylaw #1053, expiring 2041	37,751	39,392
Local improvement bylaw #1011, expiring 2024	23,795	28,554
Local improvement bylaw #1013, expiring 2024	23,052	27,662
Local improvement bylaw #937, expiring 2029	21,116	23,228
Local improvement bylaw #1000, expiring 2023	11,759	14,699
Local improvement bylaw #1015, expiring 2024	7,141	8,569
Local improvement bylaw #1012, expiring 2024	5,278	6,333
Local improvement bylaw #1002, expiring 2028	<u>3,212</u>	<u>3,569</u>
	<u><b>\$ 977,199</b></u>	<u><b>\$ 1,038,258</b></u>

**TOWN OF MAYERTHORPE**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2019</u>	<u>2018</u>
Trade	\$ 288,656	\$ 386,632
Contaminated sites	100,000	100,000
Vacation and banked time	68,122	71,129
Accrued interest on long-term debt	10,741	11,396
Construction holdbacks	<u>-</u>	<u>97,691</u>
	<u>\$ 467,519</u>	<u>\$ 666,848</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	\$ 333,648	\$ 268,703	\$ (390,117)	\$ 212,234
ACP - Regional collaboration grant	322,811	4,244	(116,288)	210,767
Prepaid user fees and licenses	22,746	16,174	(22,746)	16,174
Prepaid property taxes	17,603	11,773	(17,603)	11,773
Other miscellaneous grants	15,438	130,235	(99,336)	46,337
Federal Gas Tax Fund	1,247	150,775	(69,993)	82,029
Prepaid utilities	<u>1,087</u>	<u>2,553</u>	<u>(1,087)</u>	<u>2,553</u>
	<u>\$ 714,580</u>	<u>\$ 584,457</u>	<u>\$ (717,170)</u>	<u>\$ 581,867</u>

**7. LONG-TERM DEBT**

	<u>2019</u>	<u>2018</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.	\$ 636,458	\$ 663,720
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.	585,806	610,252
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.	398,705	416,843

(Continues)



**TOWN OF MAYERTHORPE**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

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

	<u><b>2019</b></u>	<u><b>2018</b></u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$14,920 including interest at 3.058%; due December 15, 2036.	<b>371,913</b>	388,379
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$12,087 including interest at 3.130%; due March 15, 2037.	<b>330,752</b>	344,257
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,635 including interest at 2.922%; due June 15, 2032.	<b>138,132</b>	147,168
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$4,898 including interest at 3.130%; due March 15, 2037.	<b>130,187</b>	139,511
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$10,469 including interest at 4.699%; due September 15, 2026.	<b>123,683</b>	138,293
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$3,838 including interest at 3.022%; due March 15, 2037.	<b>103,744</b>	108,184
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,925 including interest at 2.299%; due December 15, 2026.	<b>89,077</b>	100,679
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$9,115 including interest at 2.314%; due December 15, 2024.	<b>85,612</b>	101,584
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$2,651 including interest at 3.039%; due December 15, 2040.	<b>81,852</b>	84,603
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$6,260 including interest at 2.756%; due December 16, 2023.	<b>47,109</b>	58,102

*(Continues)*

**TOWN OF MAYERTHORPE**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

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

	<u>2019</u>	<u>2018</u>
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,204 including interest at 3.245%; due December 15, 2041.	<b>37,668</b>	38,826
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,428 including interest at 4.589%; due December 15, 2034.	<b>30,735</b>	32,133
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$1,610 including interest at 2.756%; due December 16, 2023.	<b>12,118</b>	14,946
Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$359 including interest at 3.295%; due December 16, 2028.	<u><b>2,943</b></u>	<u>3,220</u>
	<b><u>\$ 3,206,494</u></b>	<b><u>\$ 3,390,700</u></b>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 186,349	\$ 110,809	<b>\$ 297,158</b>
2021	192,724	104,393	<b>297,117</b>
2022	199,331	97,745	<b>297,076</b>
2023	206,177	90,855	<b>297,032</b>
2024	197,425	83,830	<b>281,255</b>
Thereafter	<u>2,224,488</u>	<u>497,789</u>	<b><u>2,722,277</u></b>
	<b><u>\$ 3,206,494</u></b>	<b><u>\$ 985,421</u></b>	<b><u>\$ 4,191,915</u></b>

Interest on long-term debt expense amounted to \$116,172 (2018 - \$123,580).

The Town's total cash payments for interest amounted to \$116,786 (2018 - \$124,328).

**TOWN OF MAYERTHORPE**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

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**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 1)	\$ 44,030,070	\$ 40,241,358
Accumulated amortization (Schedule 1)	(15,435,645)	(14,564,679)
Long-term debt (Note 7)	(3,206,494)	(3,390,700)
Local improvements receivable (Note 4)	<u>977,199</u>	<u>1,038,258</u>
	<u>\$ 26,365,130</u>	<u>\$ 23,324,237</u>

**9. ACCUMULATED SURPLUS**

	<u>2019</u>	<u>2018</u>
<b>UNRESTRICTED SURPLUS (DEFICIT)</b>	<u>\$ (194,117)</u>	<u>\$ (34,076)</u>
<b>RESTRICTED SURPLUS</b>		
Administration	10,139	6,483
Bylaw enforcement	15,431	5,431
Cemetery	27,963	25,780
Culture	49,820	34,765
Disaster services	21,360	18,886
Economic development	74,704	60,174
Emergency response centre	3,372	872
Environmental	27,583	20,083
Fire	109,720	106,595
Murals	4,828	4,828
Planning	9,419	4,419
Public transit	4,419	7,770
Public works	26,912	29,412
Recreation	48,475	50,150
Sewer	822	13,339
Solid waste	24,579	30,846
Storm sewer and drainage	4,057	5,057
Tax stabilization	11,658	11,658
Utility	7,315	2,425
Water	<u>532</u>	<u>5,392</u>
	<u>483,108</u>	<u>444,365</u>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (Note 8)</b>	<u>26,365,130</u>	<u>23,324,237</u>
	<u>\$ 26,654,121</u>	<u>\$ 23,734,526</u>

**TOWN OF MAYERTHORPE**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2019**

**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>2019 Total</u>	<u>2018 Total</u>
Mayor Janet Jabush	\$ 15,305	\$ 620	\$ 15,925	\$ -
Mayor Kate Patrick	560	-	560	14,625
Councillors				
Pat Burns	12,102	439	12,541	10,492
Sandra Morton	11,845	426	12,271	9,527
Bernie Jogola	10,940	379	11,319	8,168
Pat Hagman	10,352	349	10,701	8,995
Anna Greenwood	9,272	294	9,566	-
Jonathan Arseneault	5,557	105	5,662	8,194
Janet Jabush	1,672	68	1,740	9,485
Clay Davidson	279	-	279	-
Chief Administrative Officer	166,396	37,893	204,289	195,554
Designated Officers	125,070	22,067	147,137	119,384

(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>2019</u>	<u>2018</u>
Total debt limit	\$ 5,760,069	\$ 5,075,618
Total debt	<u>(3,206,494)</u>	<u>(3,390,700)</u>
Amount of total debt limit unused	\$ <u>2,553,575</u>	\$ <u>1,684,918</u>
Debt servicing limit	\$ 960,012	\$ 845,936
Debt servicing	<u>(297,158)</u>	<u>(299,441)</u>
Amount of debt servicing limit unused	\$ <u>662,854</u>	\$ <u>546,495</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.

**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>2019</u> (Budget) (Note 16)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
Fortis Alberta	\$ 75,375	\$ 89,183	\$ 78,323
ATCO Gas	<u>62,022</u>	<u>57,778</u>	<u>51,581</u>
	<u>\$ 137,397</u>	<u>\$ 146,961</u>	<u>\$ 129,904</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 9.39% (2018 - 10.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2018 - 14.84%) for the excess. Employees of the Town are required to make current service contributions of 8.39% (2018 - 9.39%) of pensionable earnings up to the year's maximum pensionable earnings and 12.84% (2018 - 13.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2019 were \$89,776 (2018 - \$88,649). Total current and past service contributions made by the employees of the Town to the LAPP in 2019 were \$81,581 (2018 - \$81,825).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.5 billion (2017 - \$4.8 billion).

**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, 2019**

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**16. BUDGET**

The budget figures are provided for information purposes only, and have not been audited. The 2019 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><b>2019</b></u> <b>(Budget)</b>
Annual surplus (per statement of operations and accumulated surplus)	<b>\$ 1,380,504</b>
Acquisition of tangible capital assets	<b>(1,052,715)</b>
Net transfers to restricted surplus	<b>(147,435)</b>
Debenture repayment	<u><b>(180,354)</b></u>
	<b>\$ _____ -</b>

**17. LIABILITY FOR CONTAMINATED SITES**

As of December 31, 2019, 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 (2018 - \$100,000). 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 balance outstanding on the loan as of December 31, 2019 was \$ 217,519 (2018 - \$NIL).

**19. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.