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TOWN OF STETTLER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
The Town of Stettler

Opinion

We have audited the financial statements of The Town of Stettler, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the town as at December 31, 2018, the results of its operations, change in accumulated surplus and 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 these 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 the 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 ability of the town to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends 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.

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 controls.
- 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 purposes 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 the 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.

Stettler, Alberta
April 16, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

**TOWN OF STETTLER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Cash and Temporary Investments (Note 2) | \$ 9,033,725 | \$ 6,979,759 |
| Taxes and Grants-in-lieu Receivables (Note 3) | 237,712 | 248,231 |
| Local Improvement Taxes Receivable | 1,454,350 | 1,575,400 |
| Trade and Other Receivables | 1,415,165 | 1,394,547 |
| Receivable from Governments | 332,183 | 588,688 |
| Land Inventory Held for Resale | 393,882 | 393,881 |
| Long-term Investments (Note 4) | 40 | 40 |
| Other Assets | <u>1,351</u> | <u>681</u> |
| TOTAL FINANCIAL ASSETS | <u>\$ 12,868,408</u> | <u>\$ 11,181,227</u> |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities | \$ 1,714,427 | \$ 1,689,595 |
| Deposit Liabilities | 20,350 | 22,025 |
| Deferred Revenue (Note 5) | 1,647,986 | 451,674 |
| Other Long-term Liabilities (Note 19) | 105,359 | 105,359 |
| Long- term Debt (Note 7) | <u>6,004,090</u> | <u>6,502,626</u> |
| TOTAL LIABILITIES | <u>\$ 9,492,212</u> | <u>\$ 8,771,279</u> |
| NET FINANCIAL ASSETS (DEBT) | <u>\$ 3,376,196</u> | <u>\$ 2,409,948</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible Capital Assets (Note 9) | 99,269,005 | 102,714,924 |
| Prepaid Expenses | <u>17,781</u> | <u>53,514</u> |
| TOTAL NON-FINANCIAL ASSETS | <u>\$ 99,286,786</u> | <u>\$ 102,768,438</u> |
| ACCUMULATED SURPLUS (Note 11) | <u>\$ 102,662,982</u> | <u>\$ 105,178,386</u> |
| CONTINGENCIES (NOTE 15) | | |

Mayor

Date

**TOWN OF STETTLER
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>2018</u> <u>Budget</u> <u>(Unaudited)</u> | <u>2018</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> |
|---|--|------------------------------|------------------------------|
| REVENUES | | | |
| Net Taxes (Schedule 3) | \$ 5,791,526 | \$ 5,787,901 | \$ 6,101,253 |
| Sales and User Fees | 5,270,128 | 5,525,953 | 5,408,754 |
| Government Transfers (Schedule 4) | 1,495,789 | 1,550,941 | 1,469,092 |
| Investment Income | 90,960 | 191,951 | 127,709 |
| Penalties and Costs on Taxes | 82,950 | 88,062 | 84,411 |
| Licenses and Permits | 155,250 | 145,118 | 150,329 |
| Fines | 81,700 | 64,941 | 65,266 |
| Franchise and Concession Contracts | 1,603,110 | 1,551,013 | 1,156,040 |
| Rentals | 791,972 | 743,456 | 798,372 |
| Gain on Sale of Tangible Capital Assets | - | - | - |
| Other | - | 1,713 | (38) |
| Total Revenue | <u>\$ 15,363,385</u> | <u>\$ 15,651,049</u> | <u>\$ 15,361,188</u> |
| EXPENDITURES (Schedule 5) | | | |
| Legislative | 204,390 | 194,661 | 185,901 |
| Administration | 1,101,225 | 1,057,600 | 1,067,367 |
| Protective Services | 2,320,619 | 2,107,860 | 2,055,751 |
| Transportation | 2,152,616 | 2,198,825 | 1,810,364 |
| Water Supply and Distribution | 2,269,658 | 2,131,735 | 2,113,102 |
| Wastewater Treatment and Disposal | 536,513 | 471,326 | 619,278 |
| Waste Management | 705,120 | 681,293 | 816,065 |
| Public Health and Welfare | 261,425 | 238,654 | 250,394 |
| Subdivision Land Development | 1,039,922 | 1,005,965 | 808,018 |
| Recreation, Culture and Parks | 3,166,700 | 3,114,694 | 3,063,128 |
| Amortization (Note 18) | - | 6,208,320 | 6,090,573 |
| Total Expenditures | <u>\$ 13,758,188</u> | <u>\$ 19,410,933</u> | <u>\$ 18,879,941</u> |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSE EXPENSES - BEFORE OTHER | <u>\$ 1,605,197</u> | <u>\$ (3,759,884)</u> | <u>\$ (3,518,753)</u> |
| OTHER | | | |
| Government Transfers for Capital (Schedule 4) | <u>2,841,322</u> | <u>1,244,480</u> | <u>2,601,557</u> |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | 4,446,519 | (2,515,404) | (917,196) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>105,178,386</u> | <u>105,178,386</u> | <u>106,095,582</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 109,624,905</u> | <u>\$ 102,662,982</u> | <u>\$ 105,178,386</u> |

TOWN OF STETTLER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018</u> <u>Budget</u> <u>Unaudited</u> | <u>2018</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> |
|--|--|------------------------------|------------------------------|
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | <u>\$ -</u> | <u>\$ (2,515,404)</u> | <u>\$ (917,196)</u> |
| Acquisition of Tangible Capital Assets | - | (2,875,073) | (4,567,459) |
| Proceeds on Disposal of Tangible Capital Assets | - | 83,350 | - |
| Amortization of Tangible Capital Assets | - | 6,208,320 | 6,090,573 |
| (Gain) Loss on Sale of Tangible Capital Assets | - | <u>29,322</u> | <u>180,388</u> |
| | <u>\$ -</u> | <u>\$ 3,445,919</u> | <u>\$ 1,703,502</u> |
| Acquisition of Prepaid Assets | - | (17,781) | (53,514) |
| Use of Prepaid Assets | - | <u>53,514</u> | <u>46,483</u> |
| | <u>\$ -</u> | <u>\$ 35,733</u> | <u>\$ (7,031)</u> |
| (INCREASE) DECREASE IN NET DEBT | <u>\$ -</u> | <u>\$ 966,248</u> | <u>\$ 779,275</u> |
| NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR | <u>\$ -</u> | <u>\$ 2,409,948</u> | <u>\$ 1,630,673</u> |
| NET FINANCIAL ASSETS (DEBT), END OF YEAR | <u>\$ -</u> | <u>\$ 3,376,196</u> | <u>\$ 2,409,948</u> |

**TOWN OF STETTLER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | <u>2018</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> |
|--|--|--|
| OPERATING | | |
| Excess (Shortfall) of Revenues Over Expenditures | \$ (2,515,404) | \$ (917,196) |
| Non-cash items included in excess (shortfall) of revenues over expenditures: | | |
| Amortization of Tangible Capital Assets (Note 18) | 6,208,320 | 6,090,573 |
| (Gain) Loss on Disposal of Tangible Capital Assets | 29,322 | 180,388 |
| Non-cash Charges to Operations (net change): | | |
| Taxes and Grants-in-lieu Receivables | 10,519 | (10,796) |
| Local Improvement Taxes Receivables | 121,050 | (325,223) |
| Government Trade and Other Receivables | 235,887 | 108,447 |
| Other Financial Assets | (670) | 1,010 |
| Prepaid Expenses | 35,733 | (7,031) |
| Accounts Payable and Accrued Liabilities | 24,832 | 20,535 |
| Land Held for Resale | (1) | 16,337 |
| Deferred Revenue | 1,196,312 | (1,008,708) |
| Long Term Liability | - | (19,352) |
| Deposit Liabilities | (1,675) | 600 |
| Net Cash Provided by (used in) Operating Activities | <u>5,344,225</u> | <u>4,129,584</u> |
| CAPITAL | | |
| Acquisition of Tangible Capital Assets | (2,875,073) | (4,567,459) |
| Sale of Tangible Capital Assets | 83,350 | - |
| Cash Applied to Capital Transactions | <u>(2,791,723)</u> | <u>(4,567,459)</u> |
| INVESTING | | |
| Decrease (increase) in Restricted Cash or Cash Equivalents | <u>(1,086,491)</u> | 884,953 |
| Cash Provided by (Applied to) Investing Transactions | <u>(1,086,491)</u> | 884,953 |
| FINANCING | | |
| Other Long-Term Debt | - | - |
| Long-Term Debt Issued | - | - |
| Long-Term Debt Repaid | (498,536) | (476,555) |
| Cash Provided by (Applied to) Financing Transactions | <u>(498,536)</u> | <u>(476,555)</u> |
| CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR | \$ 967,475 | \$ (29,477) |
| CASH AND EQUIVALENTS - BEGINNING OF YEAR | <u>6,528,085</u> | <u>6,557,562</u> |
| CASH AND EQUIVALENTS - END OF YEAR | \$ 7,495,560 | \$ 6,528,085 |
| Cash and Cash Equivalents is Made up of: | | |
| Cash and Temporary Investments (Note 2) | \$ 9,033,725 | \$ 6,979,759 |
| Less: Restricted Portion of Cash and Temporary Investments (Note 2) | <u>(1,538,165)</u> | <u>(451,674)</u> |
| | <u>\$ 7,495,560</u> | <u>\$ 6,528,085</u> |

TOWN OF STETTLER
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2018 Actual | 2017 Actual |
|--|----------------------|--------------------|-----------------------------------|--------------------|--------------------|
| BALANCE, BEGINNING OF YEAR | 2,516,449 | 6,449,639 | 96,212,298 | 105,178,386 | 106,095,582 |
| Excess (deficiency) of Revenues over Expense | (2,515,404) | - | - | (2,515,404) | (917,196) |
| Unrestricted Funds Designated for Future Use | (2,687,464) | 2,687,464 | | - | - |
| Restricted Funds Used for Operations | 432,625 | (432,625) | | - | - |
| Restricted Funds Used for TCA | | (1,827,489) | 1,827,489 | - | - |
| Current Year Funds Used for TCA | (964,234) | | 964,234 | - | - |
| Donated and Contributed TCA | - | | - | - | - |
| Disposal of TCA | 29,322 | | (29,322) | - | - |
| Annual Amortization Expense | 6,208,320 | | (6,208,320) | - | - |
| Long Term Debt Repaid | (498,536) | | 498,536 | - | - |
| Long Term Debt Used for TCA | | | - | - | - |
| Long Term Debt Issued | | | - | - | - |
| | | | | | |
| | | | | | |
| Change in Accumulated Surplus | 4,629 | 427,350 | (2,947,383) | (2,515,404) | (917,196) |
| BALANCE, END OF YEAR | 2,521,078 | 6,876,989 | 93,264,915 | 102,662,982 | 105,178,386 |

TOWN OF STETTLER
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | 2018 Actual | 2017 Actual |
|---|------------------|-------------------|-------------------|-----------------------|-------------------------|------------------|--------------------|-------------|
| COST: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 1,460,741 | 5,849,715 | 56,820,389 | 110,128,570 | 6,566,538 | 4,092,261 | 184,918,214 | 181,624,502 |
| Acquisition of Tangible Capital Assets | | | | | | | | |
| Construction-in-Progress | - | 370,352 | 557,308 | 1,204,713 | 742,700 | - | 2,875,073 | 4,567,459 |
| Disposal of Tangible Capital Assets | | | | | | | | |
| Write Down of Tangible Capital Assets | - | - | - | (648,777) | (520,971) | - | (1,169,748) | (1,273,747) |
| BALANCE, END OF YEAR | 1,460,741 | 6,220,067 | 57,377,697 | 110,684,506 | 6,788,267 | 4,092,261 | 186,623,539 | 184,918,214 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 1,926,329 | 14,022,064 | 61,374,623 | 2,851,387 | 2,028,887 | 82,203,290 | 77,206,076 |
| Annual Amortization | | 254,292 | 1,145,276 | 4,185,545 | 418,974 | 204,233 | 6,208,320 | 6,090,573 |
| Accumulated Amortization on Disposals | | | - | (617,015) | (440,061) | - | (1,057,076) | (1,093,359) |
| BALANCE, END OF YEAR | - | 2,180,621 | 15,167,340 | 64,943,153 | 2,830,300 | 2,233,120 | 87,354,534 | 82,203,290 |
| 2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 1,460,741 | 4,039,446 | 42,210,357 | 45,741,353 | 3,957,967 | 1,859,141 | 99,269,005 | 102,714,924 |
| 2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 1,460,741 | 3,923,386 | 42,798,325 | 48,753,947 | 3,715,151 | 2,063,374 | 102,714,924 | |

TOWN OF STETTLER
SCHEDULE 3 - PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>2018</u> <u>Budget</u> <u>(Unaudited)</u> | <u>2018</u> <u>Actual</u> | <u>2017</u> <u>Actual</u> |
|---|--|------------------------------|------------------------------|
| TAXATION | | | |
| Real Property Taxes | \$ 8,226,139 | \$ 8,222,609 | \$ 7,971,808 |
| Linear Property Taxes | 158,245 | 158,245 | 149,037 |
| Government Grants-in-lieu of Property Taxes | 37,874 | 37,874 | 37,139 |
| Special Assessments and Local Improvement Taxes | - | - | 448,724 |
| Business Taxes | 6,450 | 6,375 | 6,300 |
| Subtotal | <u>\$ 8,428,708</u> | <u>\$ 8,425,103</u> | <u>\$ 8,613,008</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund - Basic | 2,322,377 | 2,322,377 | 2,221,393 |
| Seniors Foundation | 314,393 | 314,393 | 290,362 |
| Designated Industrial Property | 412 | 432 | - |
| Subtotal | <u>\$ 2,637,182</u> | <u>\$ 2,637,202</u> | <u>\$ 2,511,755</u> |
| NET MUNICIPAL TAXES | <u>\$ 5,791,526</u> | <u>\$ 5,787,901</u> | <u>\$ 6,101,253</u> |

TOWN OF STETTLER
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018

| | General Government | Protective Services | Transporation | Environmental Use & Protection | Public Health & Welfare | Planning & Development | Recreation & Culture | 2018 Actual |
|---|--------------------|---------------------|--------------------|--------------------------------|-------------------------|------------------------|----------------------|--------------------|
| REVENUE: | | | | | | | | |
| Net Municipal Taxes | 5,787,901 | | | | | | | 5,787,901 |
| Sales to Other Governments | 32,000 | | | | | | | 32,000 |
| Sales and User Charges | 41,554 | 48,270 | 12,226 | 4,752,967 | 23,074 | 264,434 | 351,428 | 5,493,953 |
| Penalties and Costs on Taxes | 63,124 | | | 24,938 | | | | 88,062 |
| Licenses and Permits | | 101,727 | | | | 43,391 | | 145,118 |
| Fines | | 64,941 | | | | | | 64,941 |
| Franchise and Concession Contracts | 1,551,013 | | | | | | | 1,551,013 |
| Returns on Investments | 159,246 | 2,419 | 25,466 | 2,309 | 1,269 | 1,242 | | 191,951 |
| Rentals | | | 6,377 | | | 270,647 | 466,432 | 743,456 |
| Contributed and Donated Assets | | - | | | | | | - |
| Federal Government Transfers | | | | | | | 6,396 | 6,396 |
| Provincial Government Transfers | - | 400,888 | 279,385 | 786,552 | 157,148 | 2,393 | 214,153 | 1,840,519 |
| Local Government Transfers | - | 470,485 | 4,500 | | - | - | 473,521 | 948,506 |
| Other Revenues | 670 | - | | | - | - | 1,043 | 1,713 |
| Total Revenue | 7,635,508 | 1,088,730 | 327,954 | 5,566,766 | 181,491 | 582,107 | 1,512,973 | 16,895,529 |
| EXPENSES: | | | | | | | | |
| Salaries, Wages and Benefits | 840,294 | 572,249 | 950,607 | 1,189,540 | 34,992 | 458,290 | 1,747,097 | 5,793,069 |
| Contracted and General Services | 331,466 | 361,786 | 305,039 | 689,127 | 1,002 | 260,213 | 320,352 | 2,268,985 |
| Purchases from Other Governments | | 986,091 | | | | | | 986,091 |
| Materials, Goods, Supplies and Utilities | 42,359 | 185,625 | 898,585 | 802,633 | 6,225 | 261,898 | 727,199 | 2,924,524 |
| Provision for Allowance | | - | | 16,407 | - | | | 16,407 |
| Transfer to Other Governments | | | | | | 284 | | 284 |
| Transfer to Local Boards and Agencies | | | | 369,024 | 196,435 | | 271,244 | 836,703 |
| Transfer to Individuals and Organizations | | | 3,255 | 1,700 | 25,279 | | 5,393 | 35,627 |
| Bank Charges | 8,459 | | | 265 | | | 5,725 | 14,449 |
| Interest on Capital Long Term Debt | 29,701 | | 42,979 | 159,020 | | | 33,398 | 265,098 |
| Net Loss on Sale of TCA | | - | 22,537 | 2,532 | | | 4,253 | 29,322 |
| Other Expenditures | (18) | - | - | 32,040 | | | 32 | 32,054 |
| Total Expense | 1,252,261 | 2,105,751 | 2,223,002 | 3,262,288 | 263,933 | 980,685 | 3,114,693 | 13,202,613 |
| NET REVENUE, BEFORE AMORTIZATION | 6,383,247 | (1,017,021) | (1,895,048) | 2,304,478 | (82,442) | (398,578) | (1,601,720) | 3,692,916 |
| Amortization | 89,585 | 145,470 | 4,118,171 | 998,947 | 2,376 | 145,899 | 707,872 | 6,208,320 |
| NET REVENUE | 6,293,662 | (1,162,491) | (6,013,219) | 1,305,531 | (84,818) | (544,477) | (2,309,592) | (2,515,404) |

TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Stettler are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of all of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Stettler Fire Department
Stettler Regional Board of Trade and Community Development

The schedule of taxes levied also includes requisitions for educational, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(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 or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for local governments requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

(e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(f) Land Held For Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provided the consolidated Change in Net Financial Assets (Debt) 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:

| | YEARS |
|-------------------------|---------|
| Land Improvements | 15 - 45 |
| Buildings | 25 - 50 |
| Engineered Structures | |
| Roadway System | 5 - 60 |
| Water System | 45 - 75 |
| Wastewater System | 45 - 75 |
| Storm System | 45 - 75 |
| Machinery and Equipment | 5 - 40 |
| Vehicles | 7 - 25 |

**TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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.

(i) Cash & Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term, highly liquid investments with maturity dates not in excess of 1 year at the date of purchase.

(j) Pensions

Pension cost included in these statements comprise the cost of employer contributions for current service of employees during the year. The municipality participates in the multi-employer Local Authorities Pension Plan.

2. CASH AND TEMPORARY INVESTMENTS

| | <u>2018</u> | <u>2017</u> |
|-----------------------|----------------------------|----------------------------|
| Cash | \$ 7,033,725 | \$ 6,979,759 |
| Temporary Investments | <u>2,000,000</u> | <u>-</u> |
| Total | <u>\$ 9,033,725</u> | <u>\$ 6,979,759</u> |

Interest is earned on the General Account at Prime Rate less 1.65%. Included in Cash and Temporary Investments is a restricted amount of \$1,538,165 (2017 - \$451,674) received from various Provincial Programs and related to deferred grant funding (Note 5). The temporary investment is non-redeemable, bears interest at 2.73% and matures in September 2019.

Included in cash is a restricted balance of \$48,079 (2017 - \$66,064) related to trust funds held at year end (Note 12).

3. TAXES AND GRANTS IN LIEU RECEIVABLES

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|--------------------------|--------------------------|
| Current and Grants-in-lieu | \$ 137,536 | \$ 146,307 |
| Arrears Taxes | 112,687 | 114,435 |
| Less: Allowance for Doubtful Accounts | <u>(12,511)</u> | <u>(12,511)</u> |
| Total | <u>\$ 237,712</u> | <u>\$ 248,231</u> |

**TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

4. LONG-TERM INVESTMENTS

| | <u>2018</u> | <u>2017</u> |
|----------------------|---------------------|---------------------|
| AMFC Shares, at Cost | \$ <u>40</u> | \$ <u>40</u> |
| Total | \$ <u>40</u> | \$ <u>40</u> |

5. DEFERRED REVENUE

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|----------------------------|--------------------------|
| Municipal Sustainability Initiative | \$ 1,310,117 | \$ 252,452 |
| New Deal Communities | 76,718 | - |
| Police Assistance | 86,904 | 86,496 |
| Basic Municipal Transportation | 51,949 | - |
| Other | 12,477 | 11,595 |
| Other - P&L | 12,830 | 18,868 |
| Other - BOT | 96,991 | 82,263 |
| Total | \$ <u>1,647,986</u> | \$ <u>451,674</u> |

Conditional grants are deferred until the prescribed expenditures are made.

6. RESTRICTED FUNDS

Reserves for operating and capital activities changed as follows:

| <u>Operating Reserves</u> | <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>2018</u> |
|---------------------------|-------------|------------------|------------------|------------------|
| RCMP (Records Check) | 57,417 | 5,809 | 541 | 62,685 |
| Rescue Van | 126,002 | 29,588 | 23,347 | 132,243 |
| Land Farmed Site | 7,650 | | | 7,650 |
| Walking Pathway | 67,982 | | | 67,982 |
| Landfill Site Maintenance | 3,000 | | | 3,000 |
| Perpetual Care | 66,064 | 6,715 | 24,700 | 48,079 |
| West Stettler Planning | 3,747 | | | 3,747 |
| BOT Community Event | 11,000 | | | 11,000 |
| Building Maintenance | 30,800 | 2,200 | | 33,000 |
| SCR Building Maintenance | 41,561 | | 32,350 | 9,211 |
| Culture | 96,000 | 15,000 | | 111,000 |
| Office Automation | 7,825 | | | 7,825 |
| RCMP Contract | 230,000 | | | 230,000 |
| Street Light Replacement | 52,280 | 16,510 | | 68,790 |
| Mun 2000 Beautification | 13,139 | | | 13,139 |
| Coat Exterior Reservoir | 40,000 | | | 40,000 |
| Sewer Offsite | 272,566 | | | 272,566 |
| SE Industrial Planning | 50,000 | | | 50,000 |
| Land Development | 1,145,469 | | 8,655 | 1,136,814 |
| Health Unit | 12,500 | | | 12,500 |
| Playground Program | 3,000 | | | 3,000 |
| Tree Maintenance | 2,950 | 3,000 | | 5,950 |
| Senior HUB | 311 | 6,000 | 5,394 | 917 |
| Gravel | 35,300 | | | 35,300 |

TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

| | | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| Cold Lake Survey | 13,250 | | | 13,250 |
| SRC Projection System | 2,712 | | | 2,712 |
| Community Orchard | 8,560 | 49,666 | 44,568 | 13,658 |
| ARB | 6,000 | | | 6,000 |
| WTS Operations | 81,129 | | | 81,129 |
| Memorial Park | 4,864 | | | 4,864 |
| Slurrey Seal | 48,942 | | 45,000 | 3,942 |
| Trade Show | 45,628 | 23,061 | | 68,689 |
| In Memorium | 23,818 | | 457 | 23,361 |
| Water Well Building | 50,000 | | | 50,000 |
| General Reserve | 1,620,423 | 513,680 | 366,799 | 1,767,304 |
| Available for Capital | 395,461 | 570,579 | 733,365 | 232,675 |
| Utilities - Other | 419,651 | 361,336 | 325,669 | 455,318 |
| Utilities - Water | 677,144 | 493,060 | 334,203 | 836,001 |
| Total Operating Reserves | \$ 5,774,145 | \$ 2,096,204 | \$ 1,945,048 | \$ 5,925,301 |

| Capital Reserves | 2017 | Increases | Decreases | 2018 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Admin Equipment/Computer | 56,669 | 26,900 | 46,509 | 37,060 |
| Disaster Services | 6,008 | | | 6,008 |
| Chainlink Fence | 9,646 | | | 9,646 |
| Compost Bins/Pads | 2,880 | | | 2,880 |
| Cemetery | 2,497 | | | 2,497 |
| GIS System | 6,703 | | | 6,703 |
| Fire Equipment | 250,299 | 100,000 | | 350,299 |
| Common Services Equipment | 20,000 | | | 20,000 |
| Drainage | 29,582 | | | 29,582 |
| Sewer | 13,900 | | | 13,900 |
| Community Hall | 24,063 | 197,460 | | 221,523 |
| Campground Expansion | 20,986 | | | 20,986 |
| WTP | 30,698 | | | 30,698 |
| Senior Centre | 19,250 | | | 19,250 |
| ML Sports Park | 16,419 | | | 16,419 |
| Cemetery Road | 150,000 | | 1,657 | 148,343 |
| Water Dispensing System | 3,220 | | | 3,220 |
| Recreation Agreement | - | 266,900 | 266,900 | - |
| Fishing Pier | 8,780 | | | 8,780 |
| East Industrial Loop | 3,894 | - | - | 3,894 |
| Total Capital Reserves | \$ 675,494 | \$ 591,260 | \$ 315,066 | \$ 951,688 |

| | | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| TOTAL RESTRICTED FUNDS | \$ 6,449,639 | \$ 2,687,464 | \$ 2,260,114 | \$ 6,876,989 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|

7. LONG-TERM DEBT

| | <u>2018</u> | <u>2017</u> |
|---------------------------|---------------------|---------------------|
| Tax Supported Debentures | \$ 1,488,761 | \$ 1,634,169 |
| Self Supported Debentures | 4,515,329 | 4,868,457 |
| Total | \$ 6,004,090 | \$ 6,502,626 |

**TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Principal and interest repayments are due as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|----------------------------|----------------------------|----------------------------|
| 2019 | \$ 521,568 | \$ 245,491 | \$ 767,059 |
| 2020 | 478,163 | 221,356 | 699,519 |
| 2021 | 499,514 | 200,004 | 699,518 |
| 2022 | 488,528 | 177,683 | 666,211 |
| 2023 | 502,626 | 156,231 | 658,857 |
| Thereafter | <u>3,513,691</u> | <u>589,405</u> | <u>4,103,096</u> |
| Total | <u>\$ 6,004,090</u> | <u>\$ 1,590,170</u> | <u>\$ 7,594,260</u> |

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.306% to 6.500% per annum, and mature in periods 2019 through 2036. The average annual interest rate is 4.49% for 2018 (4.49% for 2017).

Debenture debt is issued on the credit and security of the Town at large.

Future interest repayment annual amounts have been calculated using the accrual method. The Town's total cash payments for interest in 2018 were \$265,098 (2017 - \$284,785)

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Stettler be disclosed as follows:

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------------|-----------------------------|
| Total Debt Limit | \$ 23,476,574 | \$ 23,041,782 |
| Total Debt | <u>6,004,090</u> | <u>6,502,626</u> |
| Amount of Debt Limit Unused | <u>\$ 17,472,484</u> | <u>\$ 16,539,156</u> |
| Service on Debt Limit | \$ 3,912,762 | \$ 3,840,297 |
| Service on Debt | <u>767,059</u> | <u>767,059</u> |
| Amount of Debt Servicing Limit Unused | <u>\$ 3,145,703</u> | <u>\$ 3,073,238</u> |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

9. TANGIBLE CAPITAL ASSETS

| Net Book Value | <u>2018</u> | <u>2017</u> |
|-------------------------------------|-----------------------------|------------------------------|
| Land | \$ 1,460,741 | \$ 1,460,741 |
| Land Improvements | 4,039,446 | 3,923,385 |
| Buildings | 42,210,357 | 42,798,323 |
| Engineered Structures | | |
| Distribution Systems - Roads | 21,692,502 | 24,988,025 |
| Distribution Systems - Water | 8,246,386 | 8,002,838 |
| Distribution Systems - Wastewater | 12,300,392 | 12,195,048 |
| Distribution Systems - Storm | 3,502,073 | 3,568,040 |
| Machinery & Equipment & Furnishings | 3,957,967 | 3,715,150 |
| Vehicles | <u>1,859,141</u> | <u>2,063,374</u> |
| Total | <u>\$ 99,269,005</u> | <u>\$ 102,714,924</u> |

10. EQUITY IN TANGIBLE CAPITAL ASSETS

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Tangible Capital Assets (Schedule 2) | \$ 186,623,539 | \$ 184,918,213 |
| Accumulated Amortization (Schedule 2) | (87,354,534) | (82,203,289) |
| Long Term Debt (Note 7) | <u>(6,004,090)</u> | <u>(6,502,626)</u> |
| Total | <u>\$ 93,264,915</u> | <u>\$ 96,212,298</u> |

11. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

| | <u>2018</u> | <u>2017</u> |
|---|------------------------------|------------------------------|
| Unrestricted Surplus (deficit) | \$ 2,521,078 | \$ 2,516,449 |
| Restricted Funds (Note 6) | 6,876,989 | 6,449,639 |
| Equity in Tangible Capital Assets (Note 10) | <u>93,264,915</u> | <u>96,212,298</u> |
| Total | <u>\$ 102,662,982</u> | <u>\$ 105,178,386</u> |

**TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. TRUST FUNDS

The Town of Stettler administers the following trust:

| | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|
| Cemetery Perpetual Care | | |
| Balance, Beginning of Year | \$ 66,064 | \$ 60,584 |
| Sale of Cemetery Plots/Columbarium Niche | 6,715 | 5,480 |
| Headstone Sidewalk Purchase | <u>(24,700)</u> | <u>-</u> |
| Balance, End of Year | <u>\$ 48,079</u> | <u>\$ 66,064</u> |

13. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

| |2018 | | | | | |
|------------------------|------------------------------|-------------------|--|--------------|-------------------------------|--------------|
| | <u>#of</u> <u>Persons</u> | <u>Salary (1)</u> | <u>Benefits &</u> <u>Allowances (2&3)</u> | <u>Total</u> | <u># of</u> <u>Persons</u> | <u>Total</u> |
| Councillor D. Bachman | | - | - | - | | 16,347 |
| Councillor C. Barros | 1 | 18,556 | 604 | 19,160 | 1 | 4,102 |
| Councillor W. Brown | | - | - | - | | 15,792 |
| Councillor A. Campbell | 1 | 22,586 | 165 | 22,751 | 1 | 22,508 |
| Councillor M. Fischer | 1 | 23,106 | 754 | 23,860 | 1 | 22,527 |
| Councillor G. Lawlor | 1 | 19,856 | 647 | 20,503 | 1 | 4,239 |
| Councillor S. Pfeiffer | 1 | 19,076 | 621 | 19,697 | 1 | 3,824 |
| Mayor S. Nolls | 1 | 37,632 | 1,234 | 38,866 | 1 | 22,663 |
| Mayor R. Richards | | - | - | - | | 34,347 |
| Councillor W. Smith | 1 | 17,646 | 574 | 18,220 | 1 | 3,269 |
| CAO. G. Switenky | 1 | 180,989 | 34,936 | 215,925 | 1 | 210,780 |

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition
- (3) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans and club memberships.

14. LOCAL AUTHORITIES PENSION PLAN

- Employees of the Town of Stettler participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 259,714 people and 420 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.
- Contributions for current service are recorded as expenditures in the year in which they become due.

TOWN OF STETTTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

- The Town of Stettler is required to make current service contributions to the Plan of 10.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.84% for the excess.
- Employees of the Town of Stettler are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable earnings under the Canada Pension Plan, and 13.84% on pensionable salary above this amount.
- Total current and past service contributions by the Town of Stettler to the Local Authorities Pension Plan in 2018 were \$456,411 (2017 - \$481,526) Total current and past service contributions by the employees of the Town of Stettler to the Local Authorities Pension Plan in 2018 were \$416,887 (2017 - \$443,100)
- At December 31, 2017 the Plan disclosed an actuarial surplus of \$4,84 billion for the Plan.

15. CONTINGENCIES

The Town of Stettler is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Town of Stettler 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.

The Town of Stettler, the County of Stettler, and all other incorporated municipalities within the geographical boundaries of the County of Stettler provide funds for the operation of the Stettler Waste Management Authority. The Authority is accumulating reserves to fund future estimated site cleanup obligations. The member municipalities may be liable for future costs in excess of the reserves.

The Town of Stettler and the County of Stettler through joint agreement provide funds for the operation of the Stettler Family and Community Support Services. The amounts noted in this financial statement represent only the Town of Stettler portion of contributions made to F.C.S.S.

16. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivables, a line of credit, investments, accounts payable, accrued liabilities, deposit liabilities, requisition over-levy and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides service may experience financial difficulty and may be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

The Town is exposed to interest rate risk on temporary bank indebtedness, as the interest rate will fluctuate with change in the prime lending rate.

The fixed rate debentures are subject to interest rate risk, as the value will fluctuate as a result of changes in market rates.

TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

17. SEGMENTED DISCLOSURE

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

18. AMORTIZATION

Amortization is a non-cash expense and is allocated to the different functions as follows:

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|----------------------------|----------------------------|
| General Administration | \$ 89,585 | \$ 91,134 |
| Police Protective Services | - | - |
| Fire Protective Services | 145,470 | 149,147 |
| Common and Equipment Pool | 293,228 | 266,221 |
| Roads, Streets, Walks, Lighting | 3,741,563 | 3,738,990 |
| Airport | 17,413 | 17,040 |
| Storm Sewers and Drainage | 65,967 | 65,967 |
| Water Supply and Distribution | 676,397 | 672,616 |
| Wastewater Treatment and Disposal | 321,560 | 323,341 |
| Waste Management | 989 | 989 |
| Cemeteries | 2,376 | 2,276 |
| Land Use Planning | 18,962 | 3,245 |
| Economic Development | 2,587 | 2,587 |
| Public Housing Operations | 85,967 | 85,967 |
| Land, Housing and Building Rentals | 38,383 | 38,383 |
| Parks and Recreation | 668,656 | 595,745 |
| Culture | 39,217 | 36,925 |
| Total | <u>\$ 6,208,320</u> | <u>\$ 6,090,573</u> |

19. OTHER LONG-TERM LIABILITIES

| | <u>2018</u> | <u>2017</u> |
|--------------------------|--------------------------|--------------------------|
| Tax Sales In Trust | \$ - | \$ - |
| Reserve for Public Lands | 105,359 | 105,359 |
| Total | <u>\$ 105,359</u> | <u>\$ 105,359</u> |

20. OPERATING LINE OF CREDIT

At December 31, 2018 the Town had a short-term line of credit for \$100,000 (2017 - \$100,000) of which nothing had been drawn down. The interest rate on advances would be Prime minus 1/4%.

TOWN OF STETTLER
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018

21. RECENT ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. The municipality is currently evaluating the effect of these standards on their financial statements.

(a) Section PSAS 3041 - Portfolio Investments

This standard addresses the distinction between temporary and portfolio investments. The standard is beginning on or after April 1, 2021, when sections PS1201, PS2601 and PS3450 are adopted.

(b) Section PSAS 3450 - Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. Applies to years beginning on or after April 1, 2021.

(c) Section PSAS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. Applies to years beginning on or after April 1, 2021.

(d) Section PSAS 1201 - Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2021 when sections PS2601 and PS3450 are adopted.

(e) Section PSAS 3280 - Asset Retirement Obligation

This standard is intended to provide guidance on accounting for ARO's and will apply in years beginning on or after April 1, 2021.

(f) Section PSAS 3400 - Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. Applies to years beginning on or after April 1, 2022.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

23. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2018 were approved as May 15, 2018 and are for information purposes. These amounts have not been audited.