

TOWN OF SUNDRE

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Approved by Council:

A handwritten signature in blue ink, appearing to read "Terry Leslie", written over a horizontal line.

Terry Leslie, Mayor

A handwritten signature in blue ink, appearing to read "Chris Albert", written over a horizontal line.

Chris Albert, CPA, CGA
Director of Corporate Services



Independent auditor's report

To the Mayor and Town Council of Town of Sundre

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Town of Sundre (the Town) as at December 31, 2019 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Town's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of change in net financial assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Town's ability 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 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

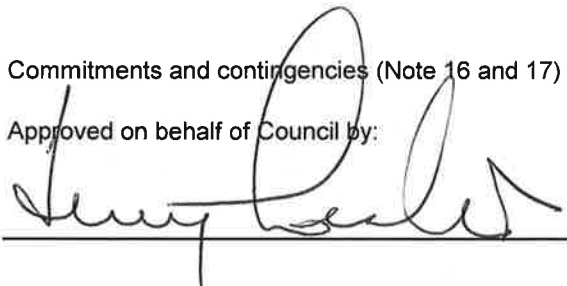
Calgary, Alberta
September 14, 2020


**Town of Sundre
Statement of Financial Position
As at December 31, 2019**

	2019 \$	2018 \$
	<hr/>	<hr/>
FINANCIAL ASSETS		
Cash and temporary investments (Note 4)	\$ 9,750,272	\$ 9,546,753
Receivables (Note 5)		
Taxes and grants in place of taxes	340,293	298,879
Trade and other receivables	793,905	728,442
Investments (Note 6)	27,700	27,700
	<hr/> \$ 10,912,170	<hr/> \$ 10,601,774
 LIABILITIES		
Accounts payable and accrued liabilities	\$ 995,310	\$ 986,721
Deposit liabilities	61,703	62,753
Deferred revenue (Note 7)	1,194,524	905,806
Long-term debt (Note 8)	6,310,401	5,456,862
	<hr/> \$ 8,561,938	<hr/> \$ 7,412,142
 NET FINANCIAL ASSETS	<hr/> \$ 2,350,232	<hr/> \$ 3,189,632
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	\$ 42,872,155	\$ 41,722,954
Inventory for consumption	80,842	80,841
Prepaid Expense	25,807	29,315
	<hr/> \$ 42,978,804	<hr/> \$ 41,833,110
 ACCUMULATED SURPLUS (Note 13)	<hr/> \$ 45,329,036	<hr/> \$ 45,022,742

Commitments and contingencies (Note 16 and 17)

Approved on behalf of Council by:





Town of Sundre
Statement of Operations and Accumulated Surplus
As at December 31, 2019

	Budget \$	2019 \$	2018 \$
REVENUE			
Net municipal taxes (Schedule 3)	\$ 3,709,325	\$ 3,491,851	\$ 3,336,996
User fees and sales of goods	3,758,420	3,957,227	3,916,803
Government transfers for operating (Schedule 4)	788,543	1,057,444	1,037,935
Investment Income	26,000	192,521	141,329
Fines, penalties and cost of taxes	111,200	122,967	131,758
Licenses and permits	86,300	85,862	161,497
Rentals	103,850	97,151	105,927
Other	9,200	231,891	210,774
Total Revenue	\$ 8,592,838	\$ 9,236,914	\$ 9,043,019
EXPENSES			
Legislative	\$ 306,622	\$ 319,563	\$ 364,749
Administration	706,578	621,714	573,897
Protective services	715,241	895,931	619,970
Roads, streets, walks, lighting	1,569,581	1,305,202	1,355,759
Water supply and distribution	1,174,031	1,163,421	1,037,605
Wastewater treatment and disposal	787,807	762,305	744,301
Waste management	228,339	269,069	208,181
Gas distribution	1,169,444	1,114,644	928,751
Family and community support	35,520	165,691	166,258
Land use planning, zoning and development	839,107	699,372	691,216
Parks and recreation	1,727,840	1,644,281	1,604,706
Culture	128,001	313,856	322,364
Total Expenses	\$ 9,388,111	\$ 9,275,049	\$ 8,617,757
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (795,273)	\$ (38,135)	\$ 425,262
OTHER			
Contributed Assets	-	54,050	-
Government Transfers for capital (Schedule 4)	300,000	290,379	723,051
	\$ 300,000	\$ 344,429	\$ 723,051
EXCESS OF REVENUE OVER EXPENSES	\$ (495,273)	\$ 306,294	\$ 1,148,313
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 45,022,742	\$ 45,022,742	\$ 43,874,429
ACCUMULATED SURPLUS, END OF YEAR (Note 13)	\$ 44,527,469	\$ 45,329,036	\$ 45,022,742

Town of Sundre
Statement of Change in Net Financial Assets
As at December 31, 2019

	2019 Budget \$	2019 \$	2018 \$
EXCESS OF REVENUES OVER EXPENSES	\$ (495,273)	\$ 306,294	\$ 1,148,313
Change in tangible capital assets			
Acquisition of tangible capital assets	(3,401,513)	(3,021,585)	(3,063,545)
Contributed Tangible capital assets	-	(54,050)	-
(Gain) Loss on sale of tangible capital assets	-	(3,603)	38,561
Amortization of tangible capital assets	1,900,000	1,837,537	1,708,819
Trade-in value on disposal of tangible capital assets	-	40,000	-
Proceeds on disposal of tangible capital assets	-	52,500	-
	<u>\$ (1,501,513)</u>	<u>\$ (1,149,201)</u>	<u>\$ (1,316,165)</u>
Change in non-financial assets			
(Acquisition) Use of inventories for consumption	-	(1)	(28,269)
Use (Acquisition) of prepaid assets	-	3,508	1,052
	<u>-</u>	<u>3,507</u>	<u>(27,217)</u>
(DECREASE) INCREASE IN NET ASSETS	\$ (1,996,786)	\$ (839,400)	\$ (195,069)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>\$ 3,189,632</u>	<u>\$ 3,189,632</u>	<u>\$ 3,384,701</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,192,846</u>	<u>\$ 2,350,232</u>	<u>\$ 3,189,632</u>

**Town of Sundre
Statement of Cash Flows
As at December 31, 2019**

	2019 \$	2018 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 306,294	\$ 1,148,313
Non-cash items included in excess (shortfall) of revenue over expenses		
Amortization of tangible capital assets	1,837,537	1,708,819
Tangible capital assets received as contributions	(54,050)	-
(Gain) / Loss on disposal of tangible capital assets	(3,603)	38,561
Trade-in value on disposal of tangible capital assets	40,000	(2,550)
Non-cash charges to operations (net change)		
(Increase) Decrease in taxes and grants in place of taxes	(41,414)	66,763
(Increase) Decrease in trade and other receivables	(65,463)	611,484
(Increase) Decrease in inventory for consumption	(1)	(28,269)
Decrease (Increase) in prepaid expenses	3,508	1,052
Increase (Decrease) in accounts payable and accrued liabilities	8,589	(594,469)
(Decrease) Increase in deposit liabilities	(1,050)	59,903
Increase (Decrease) in deferred revenue	288,718	(46,946)
Total cash provided by operations	<u>\$ 2,319,065</u>	<u>\$ 2,962,661</u>
CAPITAL		
Acquisition of tangible capital assets	(3,021,585)	(3,063,545)
Proceeds on disposal of tangible capital assets	52,500	2,550
Cash applied to capital transactions	<u>\$ (2,969,085)</u>	<u>\$ (3,060,995)</u>
FINANCING		
Long-term debt repaid	(453,661)	(405,234)
Long-term debt acquired	1,307,200	1,483,000
Cash provided by financing transactions	<u>\$ 853,539</u>	<u>\$ 1,077,766</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	<u>\$ 203,519</u>	<u>\$ 979,432</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>\$ 9,546,753</u>	<u>\$ 8,567,321</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 9,750,272</u>	<u>\$ 9,546,753</u>
Cash and temporary investments is made up of:		
Cash and temporary investments (Note 4)	\$ 8,630,911	\$ 8,698,243
Designated portion of cash (Note 4)	1,119,361	848,510
	<u>\$ 9,750,272</u>	<u>\$ 9,546,753</u>

Town of Sundre
Schedule of Changes in Accumulated Surplus
As at December 31, 2019
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 1,253,524	\$ 7,503,126	\$ 36,266,092	\$ 45,022,742	\$ 43,874,429
Excess of revenues over expenses	306,294	-	-	306,294	1,148,313
Unrestricted funds designated for future use	(869,996)	869,996	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(2,071,735)	2,071,735	-	-
Current year funds used for tangible capital assets	(949,850)	-	949,850	-	-
Contributed tangible capital assets	(54,050)	-	54,050	-	-
Disposal of tangible capital assets	88,897	-	(88,897)	-	-
Annual amortization expense	1,837,537	-	(1,837,537)	-	-
Long term debt acquired	1,307,200	-	(1,307,200)	-	-
Long term debt repaid	(453,661)	-	453,661	-	-
Change in accumulated surplus	\$ 1,212,371	\$ (1,201,739)	\$ 295,662	\$ 306,294	\$ 1,148,313
BALANCE, END OF YEAR	\$ 2,465,895	\$ 6,301,387	\$ 36,561,754	\$ 45,329,036	\$ 45,022,742

TOWN OF SUNDRE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2019
Schedule 2

	Buildings	Engineered Structures	Land	Land Improvements	Machinery & Equipment	Vehicles	2019	2018
COSTS:								
Balance, beginning of year	\$ 14,781,935	\$ 30,759,254	\$ 9,297,610	\$ 1,842,753	\$ 3,278,138	\$ 1,692,270	\$ 61,651,960	\$ 58,689,317
Acquisition of tangible capital assets	44,580	2,065,039	-	104,477	443,822	35,334	2,693,252	2,859,030
Work-in-progress	-	575,393	-	23,465	(216,475)	-	382,383	204,515
Disposal of tangible capital assets	-	-	(52,500)	-	(62,395)	-	(114,895)	(100,902)
Balance, end of year	\$ 14,826,515	\$ 33,399,686	\$ 9,245,110	\$ 1,970,695	\$ 3,443,080	\$ 1,727,604	\$ 64,612,700	\$ 61,651,960
ACCUMULATED AMORTIZATION:								
Balance, beginning of year	\$ 5,546,778	\$ 11,345,259	\$ -	\$ 693,305	\$ 1,573,672	\$ 769,992	\$ 19,929,006	\$ 18,282,528
Annual Amortization	462,182	957,160	-	117,566	215,435	85,194	1,837,537	1,708,819
Accumulated amortization on disposals	-	-	-	-	(25,988)	-	(25,988)	(62,341)
Balance, end of year	\$ 6,008,960	\$ 12,302,419	\$ -	\$ 810,871	\$ 1,763,109	\$ 855,186	\$ 21,740,545	\$ 19,929,006
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,817,555	\$ 21,097,267	\$ 9,245,110	\$ 1,159,824	\$ 1,679,981	\$ 872,418	\$ 42,872,155	\$ 41,722,954
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,235,157	\$ 19,413,995	\$ 9,297,610	\$ 1,149,448	\$ 1,704,466	\$ 922,278	\$ 41,722,954	

Town of Sundre
Schedule of Property and Other Taxes
For the Year Ended December 31, 2019
Schedule 3

	Budget \$	2019 \$	2018 \$
TAXATION			
Real property taxes	\$ 3,464,325	\$ 4,345,843	\$ 4,180,990
Linear property taxes	125,000	170,045	123,584
Grants in Lieu of Taxes	40,000	-	38,413
Special assessments and local improvement taxes	80,000	102,052	102,511
	<u>\$ 3,709,325</u>	<u>\$ 4,617,940</u>	<u>\$ 4,445,498</u>
REQUISTIONS			
Alberta School Foundation Fund	-	1,031,576	1,045,255
Mountain View Senior's Housing	-	93,509	62,821
Designated Industrial Properties	-	1,004	426
	<u>\$ -</u>	<u>\$ 1,126,089</u>	<u>\$ 1,108,502</u>
NET MUNICIPAL TAXES	<u>\$ 3,709,325</u>	<u>\$ 3,491,851</u>	<u>\$ 3,336,996</u>

**Town of Sundre
Schedule of Government Transfers
For the Year Ended December 31, 2019
Schedule 4**

	Budget \$	2019 \$	2018 \$
TRANSFERS FOR OPERATING			
FEDERAL TRANSFERS			
Celebrate Canada	\$ -	\$ -	\$ -
PROVINCIAL TRANSFERS			
Family & Community Services	-	71,478	71,478
Municipal Sustainability Initiative - Operating	30,000	34,957	29,394
River Bank Stabilization	-	9,809	16,704
Flood Mitigation	-	-	23,780
Other	-	49,368	41,247
	<u>\$ 30,000</u>	<u>\$ 165,612</u>	<u>\$ 182,603</u>
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	758,543	891,832	855,332
Total Operating	<u>\$ 788,543</u>	<u>\$ 1,057,444</u>	<u>\$ 1,037,935</u>
TRANSFERS FOR CAPITAL			
FEDERAL TRANSFERS			
Federal Gas Tax Rebate	20,000	4,369	-
PROVINCIAL TRANSFERS			
Municipal Sustainability Initiative - Capital	280,000	286,010	723,051
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements	-	-	-
Total Capital	<u>\$ 300,000</u>	<u>\$ 290,379</u>	<u>\$ 723,051</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,088,543</u>	<u>\$ 1,347,823</u>	<u>\$ 1,760,986</u>

Town of Sundre
Schedule of Expenses by Object
For the Year Ended December 31, 2019
Schedule 5

	Budget \$	2019 \$	2018 \$
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 2,835,818	\$ 2,974,908	\$ 2,819,324
Contracted and general services	835,153	773,417	939,134
Materials, goods, utilities and other	3,015,445	2,443,593	2,279,957
Transfers to local organizations	596,695	1,038,837	694,489
Interest on long-term debt	205,000	206,757	176,034
Amortization of tangible capital assets	1,900,000	1,837,537	1,708,819
	<u>\$ 9,388,111</u>	<u>\$ 9,275,049</u>	<u>\$ 8,617,757</u>

Town of Sundre
Schedule of Segmented Disclosure
For the Year Ended December 31, 2019
Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Utility Services	Total \$
REVENUE							
Net Municipal Taxes	\$ 3,491,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,491,851
Government transfers	34,957	192,981	301,067	41,871	776,947	-	1,347,823
User fees and sales of goods	90,303	151,830	92,627	96,020	359,342	3,473,085	4,263,207
Investment income	192,521	-	-	-	-	-	192,521
Other revenues	201,385	15,193	-	6,100	63,263	-	285,941
	<u>\$ 4,011,017</u>	<u>\$ 360,004</u>	<u>\$ 393,694</u>	<u>\$ 143,991</u>	<u>\$ 1,199,552</u>	<u>\$ 3,473,085</u>	<u>\$ 9,581,343</u>
EXPENSES							
Contract & general services	\$ 199,752	\$ 96,673	\$ 83,233	\$ 41,171	\$ 62,253	\$ 290,335	\$ 773,417
Salaries & wages	358,154	244,279	338,039	461,267	774,663	798,506	2,974,908
Goods & supplies	250,713	213,102	269,383	154,144	319,121	1,237,130	2,443,593
Transfers to local organizations	-	209,397	-	42,790	692,063	94,587	1,038,837
Long-term debt interest	18,659	-	118,194	-	3,986	65,918	206,757
Other expenses	-	-	-	-	-	-	-
	<u>\$ 827,278</u>	<u>\$ 763,451</u>	<u>\$ 808,849</u>	<u>\$ 699,372</u>	<u>\$ 1,852,086</u>	<u>\$ 2,486,476</u>	<u>\$ 7,437,512</u>
NET REVENUE, BEFORE AMORTIZATION	<u>\$ 3,183,739</u>	<u>\$ (403,447)</u>	<u>\$ (415,155)</u>	<u>\$ (555,381)</u>	<u>\$ (652,534)</u>	<u>\$ 986,609</u>	<u>\$ 2,143,831</u>
Amortization expense	(114,000)	(132,480)	(496,353)	-	(271,741)	(822,963)	(1,837,537)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 3,069,739</u>	<u>\$ (535,927)</u>	<u>\$ (911,508)</u>	<u>\$ (555,381)</u>	<u>\$ (924,275)</u>	<u>\$ 163,646</u>	<u>\$ 306,294</u>

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) **Reporting Entity**

The financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and changes in financial position of the reporting entity that comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled by the municipality.

The schedule of taxes levied also includes requisitions for education and seniors' lodges that are not part of the municipal reporting entity. 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 recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

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

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

c) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles for local governments established by PSAB 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) **Government Transfers**

Government transfers are the transfers 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 revenues 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 municipality, and reasonable estimates of the amounts can be determined.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) **Deferred Revenue**

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and is restricted and may only be used in the conduct of 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.

f) **Taxes and Grants in place of Taxes Receivable**

Taxes and grants in place of taxes receivable consist of current and non-current property tax levies, which remain outstanding at December 31.

g) **Investments**

Investments are recorded at amortized cost. When there is a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

h) **Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

i) **Non-Financial Assets**

Non-Financial Assets are assets that are not available to discharge existing liabilities but held for use in Town operations. Such assets have useful lives extending beyond the current year and are not intended for sale in the normal course of Town operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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 in accordance with Board Policy B-019 – Tangible Capital Assets as follows:

	YEARS
Land Improvements	15 - 25
Buildings	25 - 30
Engineered Structures	
Water System	30 - 40
Waste Water System	30 - 75
Gas System	30 - 50
Other engineered structures	5 - 40
Machinery & Equipment	3 – 40
Vehicles	10 - 25

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. Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

l) Contributions of Tangible Capital Assets

Contributed tangible capital assets are recorded at fair value at the date of receipt and are recorded as revenue in the year of acquisition.

m) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

n) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected in accumulated surplus.

o) Leases

Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefit 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.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) **Contaminated Sites**

The Town of Sundre reviews all contaminated sites for possible liabilities associated with the remediation of such sites. Management has assessed such sites and has determined there is no liability regarding the remediation of these sites.

q) **Related Party Transactions**

Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and when the transactions have, or could have, a material financial effect on the financial statements. Related parties and transactions are reviewed annually.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

PSAB Section 3430, Restructuring Transactions

PSAB 3430 Restructuring Transactions came into effect for the 2019 fiscal year and applies to restructuring transactions. Currently, the Town does not have restructuring transactions.

3. FUTURE ACCOUNTING POLICIES

The Public Sector Accounting Board (PSAB) recently announced the following accounting pronouncements:

PSAB Section 1201, Financial Statement Presentation

This section is effective for fiscal years beginning on or after April 1, 2021, when sections PS 2601 and PS 3450 are adopted and establishes new general reporting principles and standards for the disclosure of information in government financial statements.

PSAB Section 2601, Foreign Currency Translation

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

PSAB Section 3280, Asset Retirement Obligations

This section is effective for fiscal years beginning on or after April 1, 2021 and provides guidance on accounting for asset retirement obligations.

PSAB Section 3400, Revenue

This section is effective for fiscal years beginning on or after April 1, 2022 and provides greater clarity on the difference between exchange and non-exchange transactions.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019

3. FUTURE ACCOUNTING POLICIES (continued)

PSAB Section 3450, Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2019 for governments only, with early adoption encouraged. In addition, the Town will be required to assess Section 3041, Portfolio investments; Section 3050, Loans receivable; Section 3390, Contractual obligations; Section 3230, Long-term debt; Section 2500, Consolidation; and Section 3070, Investments in government business enterprises.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

4. CASH AND TEMPORARY INVESTMENTS

	2019	2018
	\$	\$
Cash	7,785,023	7,873,018
Temporary Investments	845,888	825,225
Designated Cash	1,119,361	848,510
	9,750,272	9,546,753

Temporary investments consist of short-term deposits with original maturities of three months or less and that can be converted to cash as required. Designated cash relates to conditional grants received.

5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2019	2018
	\$	\$
Current taxes and grants in place of taxes	340,293	298,879
Trade and other	793,905	728,442
	1,134,198	1,027,321

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019

6. INVESTMENTS

	2019	2018
	\$	\$
Investment in Gas Alberta Inc.		
Shares at cost	200	200
Debentures	27,500	27,500
	27,700	27,700

The investment in Gas Alberta Inc. consists of shares of \$200 and debenture of \$27,500 that is non-interest bearing and is due when the Gas Alberta Inc. contract expires. Expiry requires five years notice prior to service termination. Shares are not publically traded therefore fair market value is not readily available.

7. DEFERRED REVENUE

	2019		2019
	Beginning	Additions	Utilizations
	\$		End
	\$		\$
Royal Bank of Canada – Learn to Play	6,784	-	6,784
Catalyst Changers – gazebo project	5,000	-	5,000
Prepaid local improvement charges	70,097	-	23,366
Mountain View Senior’s Housing	21,230	418	-
	103,111	418	28,366
			75,163
Grants			
Riverbank Stabilization	9,297	512	9,809
FRIAA FireSmart Program	35	1	-
Travel Alberta	-	40,196	40,196
Municipal Sustainability Int. - Operating	34,957	35,617	34,957
Federal Gas Tax Fund	121,574	154,889	4,369
Municipal Sustainability Int. - Capital	636,832	460,792	286,010
	802,695	692,007	375,341
			1,119,361
	905,806	692,425	403,707
			1,194,524

Deferred revenue represents amounts received or receivable which will be recognized as revenue in the period in which they are earned and corresponding expenditures are incurred.

The use of the Municipal Sustainability Initiative Grants and the Federal Gas Tax Grant is restricted to eligible capital projects as approved by the Province, which are scheduled for completion in the future.

Prepaid local improvement charges are being amortized to revenue at a rate of \$23,366 per year over the next 3 years.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

8. LONG-TERM DEBT

	2019 \$	2018 \$
Tax supported debentures	4,088,338	2,974,420
Special levies supported debentures	769,749	900,765
Utility supported debentures	1,452,314	1,581,677
	6,310,401	5,456,862

The current portion of long-term debt is \$473,781 (2018 - \$453,662).

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2020	473,781	220,648	694,429
2021	464,991	202,582	667,573
2022	329,461	185,884	515,345
2023	341,894	173,451	515,345
2024	343,263	172,083	515,346
Thereafter	4,357,011	898,947	5,255,958
	6,310,401	1,853,595	8,163,996

Debenture debt is repayable to the Alberta Capital Finance Authority bearing interest rates ranging from 2.46% to 5.24% per annum, before provincial subsidy and matures in periods 2020 to 2039. For qualifying debentures, the Province of Alberta rebates interest. Debenture debt is issued on the credit and security of the Town of Sundre at large.

Interest on long-term debt amounted to \$206,757 (2018 - \$176,034).

The Town's total cash payments for interest in 2019 were \$206,757 (2018 - \$176,034).

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

9. RESTRICTED SURPLUSES

Restricted Surpluses for operating and capital activities are as follows:

	Beginning of Year	End of Year
	\$	\$
Operating		
General Corp. Stabilization	556,210	577,360
Planning & Development	461,543	-
Fire (Operating)	78,692	102,413
	<u>1,096,445</u>	<u>679,773</u>
Capital		
Municipal New Projects	-	29,185
Municipal Life-cycling	2,233,517	2,120,873
Utility Life-cycling	3,039,626	2,411,824
Fire (Capital)	711,742	629,637
Off-Site Levy - Water	305,659	311,673
Municipal Reserve	62,248	63,473
Sundre Golf Society	53,889	54,949
	<u>6,406,681</u>	<u>5,621,614</u>
Total Restricted Surpluses	<u><u>7,503,126</u></u>	<u><u>6,301,387</u></u>

Capital Restricted Surpluses are based on a 10-year capital replacement plan that is approved by Council on an annual basis.

10. 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 of Sundre be disclosed as follows:

	2019	2018
	\$	\$
Total debt limit	<u>13,855,371</u>	<u>13,564,528</u>
Total debt	<u>6,310,401</u>	<u>5,456,862</u>
Amount of debt limit unused	<u>7,544,970</u>	<u>8,107,666</u>
	2019	2018
	\$	\$
Debt servicing limit	<u>2,309,229</u>	<u>2,260,755</u>
Debt servicing	<u>694,429</u>	<u>660,418</u>
Amount of debt servicing limit unused	<u>1,614,800</u>	<u>1,600,337</u>

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019

10. DEBT LIMITS (continued)

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue.

Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2019	2018
	\$	\$
Land	9,245,110	9,297,610
Land Improvements	1,159,824	1,149,448
Buildings	8,817,555	9,235,157
Engineered Structures	21,097,267	19,413,995
Machinery, equipment and furnishings	1,679,981	1,704,466
Vehicles	872,418	922,278
	42,872,155	41,722,954

There were contributed assets of \$54,050 in 2019 (2018 - NIL); and the total contributed assets value is \$1,031,657 (2018 - \$977,607).

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
	\$	\$
Tangible Capital Assets (Schedule 2)	64,612,700	61,651,960
Accumulated Amortization (Schedule 2)	(21,740,545)	(19,929,006)
Long-term Debt (Note 8)	(6,310,401)	(5,456,862)
	36,561,754	36,266,092

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

13. ACCUMULATED SURPLUS

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

	2019	2018
	\$	\$
Equity in tangible capital assets (Note 12)	36,561,754	36,266,092
Unrestricted surplus (Schedule 1)	2,465,895	1,253,524
Restricted surplus		
Operating Reserve (Note 9)	679,773	1,096,445
Capital Reserve (Note 9)	5,621,614	6,406,681
	45,329,036	45,022,742

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plan Act. The LAPP serves about 265,813 people and 421 employers. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Sundre is required to make current service contributions to the plan of 9.39% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% for the excess. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2019 were \$190,814 (2018 - \$197,581). Total current service contributions by the employees of the town to the LAPP in 2019 were \$172,436 (2018 - \$180,124).

At December 31, 2018 LAPP disclosed an actuarial surplus of \$3.5 billion (2017 - \$4.84 billion).

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers are required by Alberta Regulation 313/2000 are as follows:

			2019	2018
			\$	\$
	Salary ¹	Benefits & Allowances ²	Total	Total
Mayor & Councilors:				
Mayor, Leslie	28,884	373	29,257	30,491
Councilor, Warnock	15,689	202	15,891	17,369
Councilor, Isaac	16,061	848	16,909	17,185
Councilor, Dalke	15,981	836	16,817	16,540
Councilor, Funke	17,105	914	18,019	16,225
Councilor, Wolfe	14,689	757	15,446	15,895
Councilor, Preston	15,361	796	16,157	15,635
	123,770	4,726	128,496	129,340
Chief Administrative Officer	161,690	28,439	190,129	167,811

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, and per diem payments.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

16. COMMITMENTS

The Town of Sundre has an agreement with Wild Rose Assessment Services Inc. to provide assessment services. Assessment services are required by the municipality in order to carry out the assessment of property within each municipality, primarily for taxation purposes. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until the end of March 31, 2020.

April 1, 2019 – March 31, 2020	\$38,220
April 1, 2020 – March 31, 2021	\$39,176
April 1, 2021 – March 31, 2022	\$39,176

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

16. COMMITMENTS (continued)

The Town of Sundre has entered into a lease agreement with Brandt Tractor Ltd. in regards to a John Deere 524K Wheel Loader. Under the terms of the lease the Town of Sundre is committed to the following payments until December 19, 2021

January 19, 2020 – December 19, 2020	\$28,322
January 19, 2021 – December 19, 2021	\$28,322

The Town of Sundre has an agreement with Jane Finney to provide animal control services. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until the end of December 31, 2021.

January 1, 2020 – December 31, 2020	\$25,200
January 1, 2021 – December 31, 2021	\$25,200

The Town of Sundre has agreements with Environmental 360 Solutions Ltd to provide for the residential collection and processing of solid waste, recyclables and compost/organics services. Under the terms of the agreements the Town of Sundre is committed to the following monthly charges:

Residential Solid Waste	October 1, 2019 – December 31, 2020 - \$1.36 per household
	January 1, 2021 – May 31, 2021 - \$1.41 per household
Compost/Organics	October 1, 2019 – December 31, 2020 - \$1.36 per household
	January 1, 2021 – May 31, 2021 - \$1.41 per household
Recyclables	June 1, 2019 – May 31, 2020 - \$1.40 per household
	June 1, 2020 – May 31, 2021 - \$1.46 per household

The Town of Sundre has agreements with Angela's Janitorial Services to provide custodial services to the Town of Sundre firehall, town office and town shop facilities. Under the terms of the agreements the Town of Sundre is committed to the following charges:

Firehall	January 1, 2020 – January 31, 2021	\$15,550
Town Office	January 1, 2020 – January 31, 2021	\$28,275
Town Shop	January 1, 2020 – January 31, 2021	\$20,060

The Town of Sundre has eight agreements with ADT Canada Inc to provide security monitoring services to each of the Town owned facilities. Under the terms of the agreements, the Town of Sundre is committed to the following charges:

January 1, 2020 – December 31, 2020	\$5,179
January 1, 2021 – December 31, 2021	\$5,179
January 1, 2022 – December 31, 2022	\$5,179
January 1, 2023 – March 31, 2023	\$1,295

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019

17. CONTINGENCIES

The Town of Sundre, in the conduct of its normal activities can be named as a defendant in legal proceedings. The ultimate outcome of these proceedings can often not be determined until the proceedings are completed. Should any loss result from the resolution of these proceedings or if the amount of the loss can be determined, such amount would be expensed as they become known to the Town.

The Town of Sundre is a member of the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE). 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.

18. FINANCIAL INSTRUMENTS

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

The town is subject to credit risk with respect to taxes, utilities and other accounts receivables. Credit risk arises from the possibility that some taxpayers and other customers may experience financial difficulty and be unable to fulfill their obligations. The Town's customers and taxpayers are diverse which minimizes this risk.

Other than long-term debt or otherwise noted, the carrying value of the financial instrument approximates fair value.

19. SEGMENTED DISCLOSURE

The Town is a diversified municipal government that provides a wide range of services to its citizens, including bylaw, fire, water, wastewater and gas management.

For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. Certain functions that have been disclosed in the segmented information, along with services provided are as follows:

a) General Government

This category encompasses General revenue which includes taxes, government transfers, investment income, and franchise fees as well as Legislative Services which pertains to Town Council, Chief Administrative Officer and Legislative Services and also includes Corporate Services which oversees Financial Services, Taxation Administration, Utilities Administration, Accounts Payable, Accounts Receivable, Payroll, Insurance and Risk Management, Human Resources, and Information Technology.

19. SEGMENTED DISCLOSURE (continued)

b) Protective Services

Protective services includes Bylaw Enforcement, Animal Control, Disaster Services and Fire Services.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

c) Transportation Services

This category includes Roads, sidewalk maintenance, street lighting, fleet management and Shop.

d) Planning and development

This category includes municipal planning, development and economic development.

e) Utility Services

This category includes water supply and distribution, water treatment, wastewater treatment and disposal, waste and recycling and the purchase and distribution of gas services for the Town.

f) Recreation and Culture

Parks and recreation includes the Sundre Community Centre, Arena, Greenwood Campground, Baseball, Parks, Recreation & Culture grants, Community Services, Trails, Outdoor Rinks, Recreation Fields, funds provided to the Sundre Municipal Library, and funds provided to Greenwood Neighbourhood place to provide Family and Community Support Services (FCSS).

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (Schedule 6).

20. REVOLVING LINE OF CREDIT

The Town has a \$750,000 revolving demand facility. Use of the line of credit is limited to funding current expenditures and obligations of the Town until such time as the taxes levied or to be levied are collected. It is secured by the assets of the Town. The balance outstanding at December 31, 2019 is nil (2018 – nil). This line of credit bears interest at a rate of prime plus 0.25% per annum and is payable on a monthly basis.

21. SUBSEQUENT EVENTS

In March 2020, the Town closed all the facilities it operates and curtailed, or modified, the delivery of municipal services in response to the COVID-19 pandemic. In addition, the Town has deferred the application of penalties for late payments of taxes and utilities, and cancelled various user fees and charges. The extent of the financial impacts on the Town's operations from the pandemic and related economic conditions cannot be estimated at this time as it is not yet known when public health restrictions will be lifted, nor what the long-term impacts of the pandemic will be on the Town. While the Town is in a sound financial position, it is possible the pandemic may have a material adverse effect on the future operations and cash flows.

22. BUDGET AMOUNTS

The 2019 Budget of the Town of Sundre was approved by Council on March 18, 2019 and has been reported in the financial statements for information purposes only.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2019**

23. APPROVAL OF FINANCIAL STATEMENTS

The Council and Management have approved these financial statements.

24. COMPARATIVE FIGURES

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

