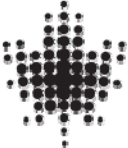


# SYLVAIN & COMPANY

TOWN OF SPIRIT RIVER

Financial Statements

For the Year Ended December 31, 2019



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

TOWN OF SPIRIT RIVER  
CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

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## **MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of the Town of Spirit River (the "Town") are the responsibility of management and have been approved by the Town's Council. The consolidated financial statements have been prepared in conformity with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada, using management's best estimates and judgments, where appropriate. In the opinion of management, these consolidated financial statements reflect fairly the consolidated financial position, the results of its consolidated financial activities and changes in consolidated financial position of the Town within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. Council carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These consolidated financial statements have been audited, in accordance with Canadian public sector accounting standards, by SYLVAIN & COMPANY, who were appointed by Council. SYLVAIN & COMPANY have full and unrestricted access to management and Council to discuss their audit and related findings. The Independent Auditor's Report outlining the scope of their examination and their opinion on the consolidated financial statements is presented on the following page.



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Deedra Deveau, Chief Administrative Officer

March 16, 2020

# SYLVAIN & COMPANY

## Chartered Professional Accountants

Michel A. Sylvain, CPA, CGA\*  
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### INDEPENDENT AUDITOR'S REPORT

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To the Members of Council TOWN OF SPIRIT RIVER

#### *Opinion*

We have audited the consolidated financial statements of the TOWN OF SPIRIT RIVER (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, and the results of its operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality 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 consolidated 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 consolidated 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 Municipality'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 cease operations, or has no realistic alternative but to do so.

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

(continues)

**Auditor's Responsibilities for the Audit of the Consolidated 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 Municipality'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 Municipality'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 Municipality 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.

**Report on Other Legal and Regulatory Requirements**

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the municipality's debt limit can be found in note 11.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 16.

  
CHARTERED PROFESSIONAL ACCOUNTANTS

Falher, AB  
March 16, 2020

**TOWN OF SPIRIT RIVER**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>	<b>\$</b>	<b>\$</b>
Cash and temporary investments (Note 2)	4,841,553	5,067,049
Receivables		
Taxes and grants in place of taxes (Note 3)	311,855	292,780
From other governments	16,309	14,809
Trade and other (Note 4)	1,262,811	1,375,543
Land inventory held for resale	446,961	446,961
Other inventory held for resale	21,655	25,067
Investments (Note 5)	611,879	637,104
Other financial assets (Note 6)	-	1,111
	<b>7,513,023</b>	<b>7,860,424</b>

**LIABILITIES**

Accounts payable and accrued liabilities	162,678	213,582
Payable to other governments	71,457	194,542
Deposit liabilities	42,690	43,790
Deferred revenue (Note 7)	498,982	662,070
Employee benefit obligations (Note 8)	37,473	30,764
Provision for landfill closure and post-closure costs (Note 9)	3,575	3,575
Long-term debt (Note 10)	852,168	909,926
	<b>1,669,023</b>	<b>2,058,249</b>

<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>5,844,000</b>	<b>5,802,175</b>
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**NON-FINANCIAL ASSETS**

Tangible capital assets (Schedule 2, Note 12)	15,183,405	14,737,550
Prepaid expenses	124,778	128,695
	<b>15,308,183</b>	<b>14,866,245</b>

<b>ACCUMULATED SURPLUS (Schedule 1, Note 14)</b>	<b>21,152,183</b>	<b>20,668,420</b>
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Contingencies - See Note 18

See accompanying schedules and notes to the financial statements.

**TOWN OF SPIRIT RIVER**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

For the Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
	\$	\$	\$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	1,383,275	1,411,757	1,402,288
User fees and sales of goods	1,003,217	981,441	976,918
Government transfers for operating (Schedule 4)	763,649	837,228	741,205
Penalties and costs on taxes	45,299	46,361	44,368
Licenses and permits	4,651	4,900	4,278
Fines	1,695	2,681	1,661
Franchise and concession contracts	138,641	129,580	135,790
Investment income	98,741	109,201	96,711
Rentals	20,300	21,058	17,812
Other revenues	79,212	87,447	86,362
Gain on disposal of tangible capital assets	-	13,750	-
<b>Total Revenue</b>	<b>3,538,680</b>	<b>3,645,404</b>	<b>3,507,393</b>
<b>EXPENSES</b> (Schedule 5 - By Object)			
Council and legislative	75,814	84,593	74,259
Administration	488,730	446,660	445,445
Fire fighting and protective services	160,776	160,888	178,833
Disaster services	14,768	14,885	14,568
Roads, streets, walks, lighting	793,346	847,459	831,535
Airport	45,114	41,773	48,099
Water supply and distribution	492,048	659,451	514,562
Wastewater treatment and disposal	139,262	85,635	92,542
Waste management	117,947	121,213	105,281
Family and community support	84,910	95,816	101,854
Public health and welfare	1,600	80,574	59,897
Cemetery	20,521	14,621	13,735
Land use planning, zoning and development	1,000	100,722	30,689
Subdivision land development	22,704	21,467	22,704
Parks and recreation	437,937	447,572	417,270
Culture	122,739	149,560	131,383
<b>Total Expenses</b>	<b>3,019,216</b>	<b>3,372,889</b>	<b>3,082,656</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>519,464</b>	<b>272,515</b>	<b>424,737</b>
<b>OTHER</b>			
Local improvement taxes for capital	-	-	-
Government transfers for capital (Schedule 4)	241,230	211,248	386,447
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>760,694</b>	<b>483,763</b>	<b>811,184</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>20,668,420</b>	<b>20,668,420</b>	<b>19,857,236</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>21,429,114</b>	<b>21,152,183</b>	<b>20,668,420</b>

See accompanying schedules and notes to the financial statements.

**TOWN OF SPIRIT RIVER**

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)**

For the Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
	\$	\$	\$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	760,694	<b>483,763</b>	811,184
Acquisition of tangible capital assets	(840,690)	<b>(1,083,485)</b>	(1,628,199)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	<b>13,750</b>	-
Amortization of tangible capital assets	599,969	<b>637,630</b>	612,192
Loss (gain) on sale of tangible capital assets	-	<b>(13,750)</b>	-
	(240,721)	<b>(445,855)</b>	(1,016,007)
Acquisition of supplies inventories	(100,004)	<b>(141,322)</b>	(90,270)
Acquisition of prepaid assets	(142,480)	<b>(129,987)</b>	(150,025)
Use of supplies inventories	100,004	<b>141,322</b>	90,270
Use of prepaid assets	142,480	<b>133,904</b>	139,550
	-	<b>3,917</b>	(10,475)
<b>INCREASE (DECREASE) IN NET ASSETS (DEBT)</b>	519,973	<b>41,825</b>	(215,298)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	5,802,175	<b>5,802,175</b>	6,017,473
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	6,322,148	<b>5,844,000</b>	5,802,175

See accompanying schedules and notes to the financial statements.



**TOWN OF SPIRIT RIVER**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2019

	2019	2018
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO FOLLOWING ACTIVITIES:</b>	<b>\$</b>	<b>\$</b>
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	483,763	811,184
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	637,630	612,192
Loss (gain) on disposal of tangible capital assets	(13,750)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(19,075)	(66,767)
Decrease (increase) in from other government receivables	(1,500)	588,065
Decrease (increase) in trade and other receivables	112,732	162,547
Decrease (increase) in land held for resale	-	-
Decrease (increase) in other inventory held for resale	3,412	(7,021)
Decrease (increase) in other assets	1,111	8,022
Decrease (increase) in prepaid expenses	3,917	(10,475)
Increase (decrease) in accounts payable and accrued liabilities	(50,904)	(388,923)
Increase (decrease) in payable to other governments	(123,085)	46,530
Increase (decrease) in deposit liabilities	(1,100)	(20)
Increase (decrease) in deferred revenue	(163,088)	229,487
Increase (decrease) in employee benefit obligations	6,709	(7,705)
Increase (decrease) in other liabilities	-	-
Cash provided by operating transactions	876,772	1,977,116
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,083,485)	(1,628,199)
Proceeds on disposal of tangible capital assets	13,750	-
Cash provided by (applied to) capital transactions	(1,069,735)	(1,628,199)
<b>INVESTING</b>		
Decrease (increase) in restricted cash or cash equivalents	(104,771)	443,158
Decrease (increase) in investments	25,225	(18,900)
Cash provided by (applied to) investing transactions	(79,546)	424,258
<b>FINANCING</b>		
Long-term debt issued	-	-
Long-term debt repaid	(57,758)	(55,354)
Cash provided by (applied to) financing transactions	(57,758)	(55,354)
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(330,267)</b>	<b>717,821</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,459,667</b>	<b>2,741,846</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>3,129,400</b>	<b>3,459,667</b>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	4,841,553	5,067,049
Less: restricted portion of cash and temporary investments (Note 2)	(1,712,153)	(1,607,382)
	3,129,400	3,459,667

See accompanying schedules and notes to the financial statements.

TOWN OF SPIRIT RIVER

Schedule 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

For the Year Ended December 31, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
	\$	\$	\$	\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>4,311,424</b>	<b>1,838,453</b>	<b>14,518,543</b>	<b>20,668,420</b>	19,857,236
Excess (deficiency) of revenues over expenses	483,763	-	-	<b>483,763</b>	811,184
Unrestricted funds designated for future use	(500,000)	500,000	-	-	-
Restricted funds used for operations	9,400	(9,400)	-	-	-
Restricted funds used for tangible capital assets	-	(367,799)	367,799	-	-
Current year funds used for tangible capital assets	(715,686)	-	715,686	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	637,630	-	(637,630)	-	-
Capital long-term debt repaid	(13,635)	-	13,635	-	-
<b>CHANGE IN ACCUMULATED SURPLUS</b>	<b>(98,528)</b>	<b>122,801</b>	<b>459,490</b>	<b>483,763</b>	811,184
<b>BALANCE, END OF YEAR</b>	<b>4,212,896</b>	<b>1,961,254</b>	<b>14,978,033</b>	<b>21,152,183</b>	20,668,420

See accompanying schedules and notes to the financial statements.

**TOWN OF SPIRIT RIVER**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
For the Year Ended December 31, 2019

**Schedule 2**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>							
BALANCE, BEGINNING OF YEAR	235,571	9,707,783	16,510,996	1,746,510	238,934	<b>28,439,794</b>	26,815,551
Acquisition of tangible capital assets	100,000	189,046	677,655	116,784	-	<b>1,083,485</b>	1,613,390
Construction-in-progress	-	-	-	-	-	-	14,809
Disposal of tangible capital assets	-	-	-	-	(31,301)	<b>(31,301)</b>	(3,956)
Write down of tangible capital assets	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>335,571</b>	<b>9,896,829</b>	<b>17,188,651</b>	<b>1,863,294</b>	<b>207,633</b>	<b>29,491,978</b>	<b>28,439,794</b>
<b>ACCUMULATED AMORTIZATION:</b>							
BALANCE, BEGINNING OF YEAR	-	2,725,970	9,683,487	1,147,534	145,253	<b>13,702,244</b>	13,094,008
Annual amortization	-	176,119	399,215	46,878	15,418	<b>637,630</b>	612,192
Accumulated amortization on disposals	-	-	-	-	(31,301)	<b>(31,301)</b>	(3,956)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>2,902,089</b>	<b>10,082,702</b>	<b>1,194,412</b>	<b>129,370</b>	<b>14,308,573</b>	<b>13,702,244</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>335,571</b>	<b>6,994,740</b>	<b>7,105,949</b>	<b>668,882</b>	<b>78,263</b>	<b>15,183,405</b>	<b>14,737,550</b>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	235,571	6,981,813	6,827,509	598,976	93,681	14,737,550	

See accompanying schedules and notes to the financial statements.

## TOWN OF SPIRIT RIVER

## Schedule 3

## SCHEDULE OF PROPERTY AND OTHER TAXES

For the Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
	\$	\$	\$
<b>TAXATION</b>			
Real property taxes	1,481,944	<b>1,502,040</b>	1,495,682
Linear property taxes	61,064	<b>75,164</b>	74,835
Government grants in place of property taxes	17,600	<b>17,707</b>	17,576
Special assessments	29,300	<b>29,250</b>	29,300
Local improvement taxes	44,972	<b>40,675</b>	44,280
	1,634,880	<b>1,664,836</b>	1,661,673
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	175,526	<b>176,500</b>	175,526
Grande Prairie R.C.S.S.D. #28	70,645	<b>71,145</b>	70,645
Grande Spirit Seniors Foundation	4,053	<b>4,053</b>	3,964
Designated Industrial Property	270	<b>270</b>	117
Adjustments to Requisition Transfers	1,111	<b>1,111</b>	9,133
	251,605	<b>253,079</b>	259,385
<b>NET MUNICIPAL TAXES</b>	1,383,275	<b>1,411,757</b>	1,402,288

See accompanying schedules and notes to the financial statements.

## SCHEDULE OF GOVERNMENT TRANSFERS

For the Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	8,331	13,342	8,160
Provincial Government	136,788	166,574	120,454
Local Government	618,530	657,312	612,591
	763,649	837,228	741,205
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	-	-
Provincial Government	241,230	211,248	287,856
Local Government	-	-	98,591
	241,230	211,248	386,447
<b>TOTAL GOVERNMENT TRANSFERS</b>	1,004,879	1,048,476	1,127,652

See accompanying schedules and notes to the financial statements.

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

For the Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
	\$	\$	\$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	931,307	<b>895,105</b>	891,202
Contracted and general services	659,492	<b>950,842</b>	723,075
Purchases from other governments (Note 19)	167,544	<b>168,161</b>	185,468
Materials, goods and utilities	527,318	<b>567,624</b>	531,079
Transfers to other governments	8,290	<b>48,678</b>	10,923
Transfers to local boards and agencies	5,500	<b>8,500</b>	5,500
Transfers to individuals and organizations	47,100	<b>42,835</b>	42,804
Bank charges and short-term interest	1,689	<b>979</b>	1,656
Interest on long-term debt (Note 10)	37,236	<b>34,804</b>	37,238
Other expenditures	3,771	<b>17,731</b>	41,519
Amortization of tangible capital assets	599,969	<b>637,630</b>	612,192
	<b>2,989,216</b>	<b>3,372,889</b>	<b>3,082,656</b>

See accompanying schedules and notes to the financial statements.

**TOWN OF SPIRIT RIVER  
SCHEDULE OF SEGMENTED DISCLOSURE**

**Schedule 6**

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

	General Government	Protective Services	Transportation Services	Enviromental Services	Planning & Development	Recreation & Culture	Other	Total 2019
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
Net municipal taxes	1,341,833	-	19,897	20,777	-	29,250	-	1,411,757
User fees and sales of goods	215	-	-	914,420	-	66,406	400	981,441
Government transfers for operating	516,471	10,000	26,163	40,000	99,926	62,398	82,270	837,228
Penalties and costs on taxes	46,361	-	-	-	-	-	-	46,361
Licenses and permits	3,651	728	-	-	521	-	-	4,900
Fines	2,681	-	-	-	-	-	-	2,681
Franchise and concession contracts	129,580	-	-	-	-	-	-	129,580
Investment income	109,201	-	-	-	-	-	-	109,201
Rentals	-	-	1,200	-	-	9,058	10,800	21,058
Other revenues	3,482	-	3,075	4,312	-	66,240	10,338	87,447
	2,153,475	10,728	50,335	979,509	100,447	233,352	103,808	3,631,654
<b>EXPENSES</b>								
Salaries, wages and benefits	241,161	-	256,860	141,901	-	172,575	82,608	895,105
Contracted and general services	245,983	5,000	139,518	385,363	100,722	67,957	6,299	950,842
Purchases from other governments	-	167,661	-	500	-	-	-	168,161
Materials, goods and utilities	34,234	112	190,188	163,747	-	158,957	20,386	567,624
Transfers to other governments	-	-	-	-	-	-	48,678	48,678
Transfers to local boards and agencies	-	-	-	-	-	8,500	-	8,500
Transfers to individuals and organizations	-	3,000	-	-	-	39,601	234	42,835
Bank charges and short-term interest	979	-	-	-	-	-	-	979
Interest on long-term debt	-	-	-	13,337	21,467	-	-	34,804
Other expenditures	8,824	-	-	-	-	-	8,907	17,731
	531,181	175,773	586,566	704,848	122,189	447,590	167,112	2,735,259
<b>Net revenue before amortization and government transfers for capital</b>	1,622,294	(165,045)	(536,231)	274,661	(21,742)	(214,238)	(63,304)	896,395
Amortization	(72)	-	(302,666)	(161,451)	-	(149,542)	(23,899)	(637,630)
Gain (loss) on disposal of tangible capital a	-	-	13,750	-	-	-	-	13,750
Local improvement taxes for capital	-	-	-	-	-	-	-	-
Government transfers for capital	-	-	-	211,248	-	-	-	211,248
<b>NET REVENUE (SHORTFALL)</b>	1,622,222	(165,045)	(825,147)	324,458	(21,742)	(363,780)	(87,203)	483,763
2018 NET REVENUE (SHORTFALL)	1,618,166	(182,589)	(462,997)	258,181	(22,619)	(319,205)	(77,753)	811,184

See accompanying schedules and notes to the financial statements.

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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The consolidated financial statements of the TOWN OF SPIRIT RIVER 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 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.

The schedule of taxes levied also includes requisitions for education, 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 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.



# TOWN OF SPIRIT RIVER

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES - CON'T

#### d) Cash and Temporary Investments

Cash and cash equivalents consists of cash on hand, balances with banks, deposits and bonds with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying value approximates fair value.

#### e) 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.

#### f) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

#### g) 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 a property tax revenue.

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

#### h) Inventories 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 levelling 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.

#### i) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

#### j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environment Protection and Enhancement Act, the TOWN is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

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**1. SIGNIFICANT ACCOUNTING POLICIES - CON'T**

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**k) Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**l) 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.

**m) 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, provides 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:

	<b>YEARS</b>
Buildings	50
Engineered structures	
Water system	40
Wastewater system	40
Other engineered structures	20-40
Machinery and equipment	10-20
Vehicles	10-25

Annual amortization is charged in the year of acquisition and no amortization is charged 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.

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

**1. SIGNIFICANT ACCOUNTING POLICIES - CON'T**

**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.

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost, with cost being realized on a first-in first-out basis.

**v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

**2. CASH AND TEMPORARY INVESTMENTS**

	2019	2018
	\$	\$
Cash	4,802,577	5,049,067
Temporary investments	38,976	17,982
	<b>4,841,553</b>	<b>5,067,049</b>

Temporary investments are short-term deposits or bonds with original maturities of three months or less.

Council has designated funds of \$1,315,626 (2018: \$1,151,995) included in the above amounts for capital asset replacement (Note 14)

Included in cash and temporary investments are restricted amounts of \$396,527 (2018: \$455,387) received from the provincial government being held exclusively for capital projects (Note 7).

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES**

	2019	2018
	\$	\$
Current taxes and grants in place of taxes	155,981	156,356
Arrears taxes	161,590	142,140
	<b>317,571</b>	<b>298,496</b>
Less: Allowance for doubtful accounts	5,716	5,716
	<b>311,855</b>	<b>292,780</b>

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

**4. TRADE AND OTHER RECEIVABLES**

	2019	2018
	\$	\$
Local improvement levies	1,112,308	1,208,930
Trade accounts	18,981	51,966
Accrued interest	2,105	2,477
Goods and services tax recoverable	47,905	33,477
Utility accounts	81,512	78,693
	<b>1,262,811</b>	<b>1,375,543</b>

Local improvement levies of \$100,997 are to be received in 2020 with the balance of \$1,011,311 to be received in the years 2020 to 2034.

**5. INVESTMENTS**

	2019		2018	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Debenture borrowing shares	-	-	10	10
Equity held in UFA	9,289	9,289	9,289	9,289
Public corporation bonds	113,147	112,740	135,904	134,240
Government and government guaranteed bonds	489,443	543,156	491,901	529,439
	<b>611,879</b>	<b>665,185</b>	<b>637,104</b>	<b>672,978</b>

Public corporation bonds have effective interest rates of 1.900% to 3.005% (2018: 1.900% to 2.944%) with maturity dates from December 2, 2021 to March 30, 2023. Government and government guaranteed bonds have effective interest rates of 1.0% to 5.6% (2018: 1.0% to 5.6%) with maturity dates from December 1, 2022 to June 2, 2049.

Council has designated funds of \$602,590 (2018: \$627,805) included in the above amounts for capital asset replacement (Note 14)

**6. OTHER FINANCIAL ASSETS**

	2019	2018
	\$	\$
Alberta School Foundation under-levy	-	1,111
Grande Spirit Foundation under-levy	-	-
	<b>-</b>	<b>1,111</b>

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

**7. DEFERRED REVENUE**

	2019	2018
	\$	\$
Provincial government transfers		
Water or waste water - Capital	211,357	211,357
Municipal Sustainability Initiative - Capital	185,170	244,030
Alberta Community Partnership - Operating	24,823	124,926
Alberta Health Services - Operating	27,781	27,381
	<b>449,131</b>	607,694
Local government transfers	14,636	25,000
Prepaid property tax charges	35,215	29,376
	<b>498,982</b>	662,070

Provincial funding as per above \$449,131 (2018: \$607,694) remain unspent at year-end. The use of these funds is restricted to eligible projects as approved under the funding agreements. Unexpended capital funds related to the advance are supported by cash and temporary investments of \$396,527 (2018: \$455,387) held exclusively for these capital projects (refer to Note 2).

**8. EMPLOYEE BENEFIT OBLIGATIONS**

	2019	2018
	\$	\$
Sick pay benefits	7,362	8,119
Vacation and overtime	30,111	22,645
	<b>37,473</b>	30,764

**Sick pay benefits**

The sick pay benefits liability is comprised of sick pay that accumulates but does not vest and is paid only upon an illness or injury-related absence. The extent to which accumulated sick days are expected to be used by the employees has been considered in measuring this obligation.

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

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**9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

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Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The accrued liability for closure and post-closure of the TOWN's landfill is recognized, using management's estimated costs for closure and post-closure care. Management is unable to estimate how many years that post-closure care could be required.

The TOWN has not designated assets for setting closure and post-closure liabilities. The following summarizes the total estimated costs of closure and post-closure care:

	\$
Estimated closure costs	10,000
Estimated post-closure costs	5,000
Estimated total costs	15,000
Actual closure and post-closure costs incurred to date	(11,425)
Ending balance, December 31, 2019	3,575

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**10. LONG-TERM DEBT**

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	2019	2018
	\$	\$
Debentures:		
Supported by general tax levies - operating debt	437,036	463,475
Supported by special levies - operating debt	209,760	227,444
Supported by utility rates - capital debt	205,372	219,007
	<b>852,168</b>	909,926
Current portion of long-term debt	60,283	57,759

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Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2020	60,283	32,946	93,229
2021	56,063	30,295	86,358
2022	58,270	28,088	86,358
2023	60,569	25,789	86,358
2024	62,964	23,394	86,358
Thereafter	554,019	88,572	642,591
	<b>852,168</b>	<b>229,084</b>	<b>1,081,252</b>

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**Debenture debt** is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.947% to 8.375% per annum and matures in periods 2020 through 2032. The average annual interest rate is 3.90% (2018: 3.92%). Debenture debt is issued on the credit and security of the TOWN OF SPIRIT RIVER at large.

Interest on long-term debt amounted to \$34,804 (2018: \$37,238).

The TOWN's total cash payments for interest were \$35,470 (2018: \$37,876)

# TOWN OF SPIRIT RIVER

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

### 11. 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 SPIRIT RIVER be disclosed as follows:

	2019	2018
	\$	\$
Total debt limit	5,468,106	5,408,976
Total debt	852,168	909,926
Amount of debt limit unused	4,615,938	4,499,050
Debt servicing limit	911,351	901,496
Debt servicing	93,229	93,229
Amount of debt servicing limit unused	818,122	808,267

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.

### 12. TANGIBLE CAPITAL ASSETS

Net Book Value	2019	2018
	\$	\$
Land	335,571	235,571
Buildings	6,994,740	6,981,813
Engineered Structures		
Airport pavement	15,460	30,929
Roadway system	3,096,721	3,281,032
Roadway system - construction-in-progress	2,644	11,308
Water distribution system	2,341,622	2,115,889
Water distribution system - construction-in-progress	-	6,083
Wastewater treatment system	1,649,502	1,376,185
Wastewater treatment system - construction-in-progress	-	6,083
Machinery, equipment, and furnishings	668,882	598,976
Vehicles	78,263	93,681
	15,183,405	14,737,550

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

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**13. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	29,491,978	28,439,794
Accumulated amortization (Schedule 2)	(14,308,573)	(13,702,244)
Net Book Value	15,183,405	14,737,550
Long-term capital debt (Note 10)	(205,372)	(219,007)
	<b>14,978,033</b>	<b>14,518,543</b>

**14. ACCUMULATED SURPLUS**

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

	2019	2018
	\$	\$
Unrestricted surplus	4,212,896	4,311,424
Restricted surplus - Operating		
Tax rate stabilization	43,038	58,653
Restricted surplus - Capital		
Administration	142,208	142,208
Roads, streets and equipment	1,776,008	1,637,592
Equity in tangible capital assets	14,978,033	14,518,543
	<b>21,152,183</b>	<b>20,668,420</b>

**15. SEGMENTED DISCLOSURE**

The TOWN OF SPIRIT RIVER 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)



**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2019

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**16. SALARY AND BENEFITS DISCLOSURE**

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

	Salary(1)	Benefits & Allowances(2)	<b>2019 Total</b>	2018 Total
<b>Mayor:</b>				
GEORGET, Allan	14,881	694	<b>15,575</b>	17,918
<b>Councillors:</b>				
DWERNYCHUK, Bobby-Jo	2,149	54	<b>2,203</b>	-
EZIO, Harry	7,551	-	<b>7,551</b>	6,985
LABRECQUE, Dallas	-	-	-	3,189
SELLIN, Hermann	7,220	49	<b>7,269</b>	7,630
SKOWORODKO, Denise	6,228	88	<b>6,316</b>	4,484
STANICH, Brenda	5,952	239	<b>6,191</b>	5,644
YAREMKO, Tammy	8,515	256	<b>8,771</b>	8,038
	<b>52,496</b>	<b>1,380</b>	<b>53,876</b>	<b>53,888</b>
<b>Chief Administrative Officer:</b>				
DEVEAU, Deedra	108,244	17,963	<b>126,207</b>	120,118
	<b>160,740</b>	<b>19,343</b>	<b>180,083</b>	<b>174,006</b>

1) Salary includes regular base pay, bonuses, overtime, lump sum payments, retiring allowances, gross honoraria and any other direct cash remuneration.

2) For mayor and councillors, benefits and allowances consists of employer's share of Canada pension plan, group life insurance, accidental disability and dismemberment and travel. For chief administrative officer, benefits and allowances consists of automobile allowance, employer's share of Canada pension plan, employment insurance, registered retirement savings plan contributions, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance and long and short-term disability plans made on behalf of the employee.

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

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**17. GOVERNMENT PARTNERSHIP**

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A Co-Owners agreement between the Village of Rycroft, Town of Spirit River, Municipal District of Spirit River No. 133 and Birch Hills County was made the 1st day of February, 2004 and was dissolved March 1, 2019 with all the funds (\$152,224) held being transferred to the Central Peace Medical Services Corporation. Each Co-Owner is the registered owner of an undivided 25% tenancy-in-common interest in the property of the Central Peace Medical Clinic. The primary purpose of this agreement is to provide and maintain a building to rent to the doctors whereby they can provide medical services to local residents. This investment is accounted for by the proportionate consolidation method.

	2019	2018
	\$	\$
Share of assets (25%)	-	38,581
Share of liabilities (25%)	-	(525)
	-	38,056
Total revenues	-	7,200
Total expenses	-	(29,014)
	-	(21,814)
Share of excess (shortfall) of revenue over expenses (25%)	-	(5,454)

**18. CONTINGENCIES**

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The TOWN OF SPIRIT RIVER is a member of the Jubilee Reciprocal Insurance Exchange. Under the terms of the membership, the TOWN OF SPIRIT RIVER 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.

**TOWN OF SPIRIT RIVER**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2019

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**19. RELATED PARTY TRANSACTIONS**

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During the year, the TOWN OF SPIRIT RIVER paid \$157,776 (2018: \$175,901) to the Central Peace Fire and Rescue Commission which it is a member of. These transactions were made in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the TOWN OF SPIRIT RIVER paid \$500 (2018: \$0) to the Central Peace Regional Waste Management Commission which it is a member of. These transactions were made in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the TOWN OF SPIRIT RIVER paid \$152,224 (Town's share \$38,056; other partners' \$114,168) of funds accumulated from the old Central Peace Medical Clinic partnership, to the Central Peace Medical Services Corporation which it is a member of. These transactions were made in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**20. FINANCIAL INSTRUMENTS**

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The TOWN's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, accounts payable and 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 receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the TOWN provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**21. APPROVAL OF FINANCIAL STATEMENTS**

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Council and Management have approved these financial statements.