

TOWN OF STONY PLAIN
Consolidated Financial Statements
For the Year Ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Stony Plain

Opinion

We have audited the accompanying consolidated financial statements of the Town of Stony Plain, which comprise the statement of consolidated financial position as at December 31, 2019 and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (Council) are responsible for overseeing the Town's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 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 consolidated 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 14, 2020

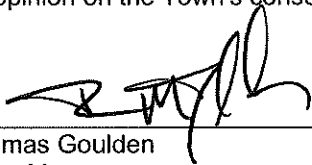
**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

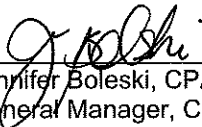
The consolidated financial statements are prepared by management, in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by Town Council to express an opinion on the Town's consolidated financial statements.



Thomas Goulden
Town Manager



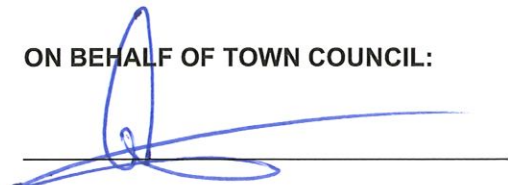
Jennifer Boleski, CPA, CA
General Manager, Corporate Services

TOWN OF STONY PLAIN
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	16,351,615	13,248,276
Receivables (Note 3)	7,275,885	8,021,170
Land held for resale	117,990	117,990
Investments (Note 4)	16,163,664	24,762,715
	39,909,154	46,150,151
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	9,502,929	11,153,513
Deposit liabilities	2,685,991	1,893,793
Deferred revenue (Note 6)	15,294,125	16,972,492
Long-term debt (Note 7)	22,755,003	24,134,577
	50,238,048	54,154,375
NET DEBT	(10,328,894)	(8,004,224)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	232,194,703	228,665,503
Prepaid expenses	120,087	229,769
Inventories for consumption	118,563	148,843
	232,433,353	229,044,115
ACCUMULATED SURPLUS (NOTE 9)	\$ 222,104,459	\$ 221,039,891

Contingencies (Note 11)

ON BEHALF OF TOWN COUNCIL:



TOWN OF STONY PLAIN
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2019

	2019 (Budget) (Note 20)	2019 (Actual)	2018 (Actual)
REVENUE			
Net taxes available for municipal purposes (Schedule 2)	\$ 17,278,408	\$ 17,233,945	\$ 16,764,850
Sales and user charges (Schedule 4)	13,104,462	13,762,828	13,607,595
Franchise and concession contracts (Note 13)	3,151,283	3,035,957	2,774,326
Government transfers for operating (Schedule 3)	2,099,202	2,699,932	2,730,988
Rentals	590,304	594,974	578,764
Licenses and permits	484,000	555,955	524,541
Other	296,342	536,082	439,720
Investment income	247,900	481,444	536,559
Fines	971,500	410,483	901,301
Penalties and costs on taxes	223,000	273,115	284,422
	38,446,401	39,584,715	39,143,066
EXPENSES			
Recreation and culture	10,529,753	13,236,884	11,932,291
Utilities	9,522,353	9,002,431	8,771,815
Protective services	7,131,446	6,973,405	7,010,196
Transportation	5,229,330	6,149,097	5,188,880
General government	6,123,974	5,998,452	6,125,104
Development	3,336,860	2,798,993	2,477,521
Family and Community Support Services	1,012,874	1,153,672	980,405
	42,886,590	45,312,934	42,486,212
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSE)	(4,440,189)	(5,728,219)	(3,343,146)
OTHER REVENUE (EXPENSE)			
Government transfers for capital (Schedule 3)	9,551,933	6,613,952	3,735,578
Contributed tangible capital assets (Note 14)	1,918,920	370,864	5,289,115
Developer contributions for capital	2,767,932	221,368	16,918
Gain (loss) on disposal of tangible capital assets	-	(413,397)	(784,757)
	14,238,785	6,792,787	8,256,854
ANNUAL SURPLUS	9,798,596	1,064,568	4,913,708
ACCUMULATED SURPLUS, BEGINNING OF YEAR	221,039,891	221,039,891	216,126,183
ACCUMULATED SURPLUS, END OF YEAR (NOTE 9)	\$ 230,838,487	\$ 222,104,459	\$ 221,039,891

TOWN OF STONY PLAIN
Consolidated Statement of Changes in Net Debt
For the Year Ended December 31, 2019

	2019 (Budget) (Note 20)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS	\$ 9,798,596	\$ 1,064,568	\$ 4,913,708
Acquisition of tangible capital assets	(26,596,208)	(11,256,851)	(24,363,800)
Proceeds on disposal of tangible capital assets	-	404,800	4,500
Amortization of tangible capital assets	5,946,078	6,909,454	6,098,349
Loss (gain) on disposal of tangible capital assets	-	413,397	784,757
	(20,650,130)	(3,529,200)	(17,476,194)
Use (acquisition) of inventory for consumption	-	30,280	(37,110)
Use (acquisition) of prepaid expenses	-	109,682	19,736
	-	139,962	(17,374)
DECREASE (INCREASE) IN NET DEBT	(10,851,534)	(2,324,670)	(12,579,860)
NET DEBT, BEGINNING OF YEAR	(8,004,224)	(8,004,224)	4,575,636
NET DEBT, END OF YEAR	\$ (18,855,758)	\$ (10,328,894)	\$ (8,004,224)

TOWN OF STONY PLAIN
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	\$ 1,064,568	\$ 4,913,708
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,909,454	6,098,349
Amortization of investment premium/discounts	(19,838)	(42,062)
Loss (gain) on sale of investments	74,357	226,227
Loss (gain) on disposal of tangible capital assets	413,397	784,757
Tangible capital assets received as contributions	(370,864)	(5,289,115)
 Change in non-cash working capital balances related to operations:		
Receivables	745,285	603,350
Prepaid expenses	109,682	19,737
Inventories for consumption	30,280	(37,110)
Accounts payable and accrued liabilities	(1,650,584)	(608,487)
Deposit liabilities	792,198	(1,095,294)
Deferred revenue	(1,678,367)	4,550,889
	6,419,568	10,124,949
FINANCING ACTIVITIES		
Long-term debt issued	-	5,121,201
Repayment of long-term debt	(1,379,574)	(1,236,136)
	(1,379,574)	3,885,065
INVESTING ACTIVITIES		
Purchases of investments	(7,729,551)	(10,063,195)
Proceeds on sale of investments	16,274,083	12,680,047
	8,544,532	2,616,852
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	404,800	4,500
Purchase of tangible capital assets	(10,885,987)	(19,074,685)
	(10,481,187)	(19,070,185)
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	3,103,339	(2,443,319)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,248,276	15,691,595
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 16,351,615	\$ 13,248,276

TOWN OF STONY PLAIN
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2019

Schedule 1

	2019	2018
BALANCE, BEGINNING OF YEAR	\$206,551,580	\$197,534,243
Acquisition of tangible capital assets	11,256,851	24,363,800
Amortization of tangible capital assets	(6,909,454)	(6,098,349)
Net book value of tangible capital assets disposed of	(818,197)	(789,257)
Repayment of capital long-term debt	1,379,574	1,236,136
Debt proceeds used during the year	(1,789,897)	(9,694,993)
BALANCE, END OF YEAR	\$209,670,457	\$206,551,580
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets net book value (Note 8)	\$232,194,703	\$228,665,503
Debt used for tangible capital assets	(22,524,246)	(22,113,923)
	\$209,670,457	\$206,551,580

TOWN OF STONY PLAIN
Schedule of Property Taxes Levied
For the Year Ended December 31, 2019

Schedule 2

	2019 (Budget) <i>(Note 20)</i>	2019 (Actual)	2018 (Actual)
TAXATION			
Real property taxes	\$ 24,699,735	\$ 24,436,432	\$ 23,917,436
Linear property taxes	313,931	313,931	290,860
Government grants in lieu of property taxes	80,040	63,371	82,304
Local improvement taxes	4,955	4,955	4,955
	25,098,661	24,818,689	24,295,555
REQUISITIONS			
Alberta School Foundation Fund	6,541,335	6,355,877	6,325,977
Catholic School boards	1,138,486	1,088,436	1,075,821
Seniors Foundation	138,241	138,240	128,043
Designated industrial property	2,191	2,191	864
	7,820,253	7,584,744	7,530,705
NET MUNICIPAL TAXES	\$ 17,278,408	\$ 17,233,945	\$ 16,764,850

TOWN OF STONY PLAIN
Schedule of Government Transfers
For the Year Ended December 31, 2019

Schedule 3

	2019 (Budget) (Note 20)	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 1,453,845	\$ 1,872,644	\$ 2,082,385
Local governments	645,357	827,288	648,603
	2,099,202	2,699,932	2,730,988
TRANSFERS FOR CAPITAL			
Provincial government	9,067,683	6,598,713	3,231,050
Local government	484,250	15,239	504,528
	9,551,933	6,613,952	3,735,578
TOTAL GOVERNMENT TRANSFERS	\$ 11,651,135	\$ 9,313,884	\$ 6,466,566

TOWN OF STONY PLAIN
Schedule of Sales and User Charges
For the Year Ended December 31, 2019

Schedule 4

	2019 (Budget) (Note 20)	2019 (Actual)	2018 (Actual)
Water supply and distribution	\$ 5,096,686	\$ 4,506,734	\$ 4,777,082
Wastewater treatment and disposal	3,539,959	3,274,947	3,411,101
Parks and recreation	269,000	2,126,305	2,257,233
Waste management	1,896,957	1,900,019	1,875,346
Golf course (Schedule 5)	1,908,675	1,553,266	1,191,916
Administrative	337,735	338,616	27,352
Planning and development	33,450	39,215	27,107
Other transportation (Handi-Bus)	22,000	23,716	19,328
Land sales	-	10	21,130
	\$ 13,104,462	\$ 13,762,828	\$ 13,607,595

TOWN OF STONY PLAIN
Schedule of Golf Course Annual Surplus (Deficit)
For the Year Ended December 31, 2019

Schedule 5

	2019 (Budget) (Note 20)	2019 (Actual)	2018 (Actual)
REVENUE			
Green fees	\$ 1,052,000	\$ 693,596	\$ 721,289
Proshop	479,675	447,392	435,002
Food service	375,000	409,472	31,449
Other	2,000	2,806	4,176
	1,908,675	1,553,266	1,191,916
EXPENSES			
Grounds maintenance	604,426	856,241	709,539
Food service	297,900	559,961	22,201
Administration	578,281	582,904	586,861
Proshop	286,900	391,269	382,625
Amortization	135,663	139,261	128,445
	1,903,170	2,529,636	1,829,671
ANNUAL SURPLUS (DEFICIT)	\$ 5,505	\$ (976,370)	\$ (637,755)

TOWN OF STONY PLAIN
Schedule of Segmented Information
For the Year Ended December 31, 2019

Schedule 6

	General Government	Recreation & Culture	Protective Services	Transportation	Utilities	Development	Family & Community Support Services	Total 2019 Actual	2019 Budget
REVENUE									
Taxation	\$ 2,128,392	\$ 5,216,715	\$ 4,909,951	\$ 2,857,821	\$ 4,955	\$ 1,830,245	\$ 285,866	\$ 17,233,945	17,278,408
Sales and user charges	338,617	3,679,570	-	23,716	9,681,700	39,225	-	13,762,828	13,104,462
All other	3,344,644	650,193	14,684	32,802	55,624	602,665	295,471	4,996,083	4,744,929
Government transfers	205,141	643,479	1,150,782	16,506	-	111,689	572,335	2,699,932	2,099,202
Fines	-	-	410,483	-	-	-	-	410,483	971,500
Interest	379,376	-	17,264	1,659	83,145	-	-	481,444	247,900
	6,396,170	10,189,957	6,503,164	2,932,504	9,825,424	2,583,824	1,153,672	39,584,715	38,446,401
EXPENSES									
Materials, goods, contracted and general services	1,921,574	4,721,731	3,703,720	407,088	6,234,596	1,185,349	180,604	18,354,662	16,946,976
Salaries, wages, and benefits	3,415,895	4,612,238	2,437,299	930,131	1,129,151	1,610,198	937,227	15,072,139	14,672,643
Utilities	94,484	431,877	28,234	802,432	90,770	-	6,628	1,454,425	1,409,257
Repairs and maintenance	17,569	648,873	161,395	440,065	514,322	490	-	1,782,714	1,134,100
Transfers to local boards and organizations	-	620,213	25,000	-	-	-	29,041	674,254	1,647,938
Interest on long term debt	69,716	158,474	377,644	154,731	782	-	-	761,347	779,748
Insurance	169,399	61,152	16,143	25,688	31,386	-	172	303,940	349,850
Amortization	309,815	1,982,326	223,970	3,388,962	1,001,424	2,956	-	6,909,453	5,946,078
	5,998,452	13,236,884	6,973,405	6,149,097	9,002,431	2,798,993	1,153,672	45,312,934	42,886,590
NET REVENUE (DEFICIT)	\$ 397,718	\$ (3,046,927)	\$ (470,241)	\$ (3,216,593)	\$ 822,993	\$ (215,169)	\$ -	\$ (5,728,219)	\$ (4,440,189)

TOWN OF STONY PLAIN
Schedule of Segmented Information
For The Year Ended December 31, 2018

Schedule 7

	General Government	Recreation & Culture	Protective Services	Transportation	Utilities	Development	Family & Community Support Services	Total 2018 Actual	2018 Budget
REVENUE									
Taxation	2,069,997	5,135,850	4,777,069	2,780,033	4,955	1,780,378	216,568	16,764,850	16,770,002
Sales and user charges	27,352	3,449,149	-	19,328	10,063,529	48,237	-	13,607,595	12,242,298
All other	3,187,946	617,702	56,982	4,862	56,479	576,325	101,477	4,601,773	4,558,558
Government transfers	127,556	807,060	1,045,460	18,927	-	69,625	662,360	2,730,988	2,698,297
Fines	-	-	901,301	-	-	-	-	901,301	1,661,500
Interest	406,986	-	35,448	771	93,354	-	-	536,559	239,200
	5,819,837	10,009,761	6,816,260	2,823,921	10,218,317	2,474,565	980,405	39,143,066	38,169,855
EXPENSES									
Materials, goods, contracted and general services	2,045,235	4,259,161	3,900,119	424,576	6,412,821	1,054,364	222,670	18,318,946	17,089,518
Salaries, wages, and benefits	3,400,091	4,274,682	2,338,174	879,879	1,062,618	1,419,615	735,236	14,110,295	14,360,265
Utilities	87,482	415,975	31,039	741,699	89,044	-	-	1,365,239	1,383,990
Repairs and maintenance	24,071	480,077	75,631	345,240	234,808	586	-	1,160,413	1,165,750
Transfers to local boards and organizations	-	317,642	27,000	-	-	-	22,499	367,141	830,575
Interest on long term debt	77,597	190,146	396,994	86,434	1,027	-	-	752,198	760,554
Insurance	185,364	60,067	13,663	22,942	31,595	-	-	313,631	400,440
Amortization	305,264	1,934,541	227,576	2,688,110	939,902	2,956	-	6,098,349	6,493,295
	6,125,104	11,932,291	7,010,196	5,188,880	8,771,815	2,477,521	980,405	42,486,212	42,484,387
NET REVENUE (DEFICIT)	\$ (305,267)	\$ (1,922,530)	\$ (193,936)	\$ (2,364,959)	\$ 1,446,502	\$ (2,956)	\$ -	\$ (3,343,146)	(4,314,532)

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the Town of Stony Plain (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of these accounting policies are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and changes in accumulated surplus and financial position of the reporting entity which comprises all the organizations accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. This includes the following:

Stony Plain Public Library
TransAlta Tri Leisure Centre

The Town accounts for government partnerships using the proportionate consolidation method. Under this method, the Town's proportionate share of assets, liabilities, non-financial assets, revenues, expenses and accumulated surplus are included in the consolidated financial statements. The consolidated financial statements include the Town's share of the TransAlta Tri Leisure Centre. Condensed financial information is provided in Note 17.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenue.

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 are recognized as revenue in the period in which 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 made.

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(d) Inventories

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

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

(CONT'D)

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

(f) 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 their estimated useful lives as follows:

Buildings	10 - 50 years
Engineered structures:	
Roadways	10 - 40 years
Water systems	45 - 75 years
Wastewater systems	45 - 75 years
Storm systems	75 years
Other	20 years
Machinery, equipment, and furnishings	5 - 45 years
Land improvements	15 - 45 years
Vehicles	10 - 25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

No annual amortization is charged in the year of acquisition. A full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

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

(g) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(h) Tax Revenue

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the Town are recognized as revenue in the year they are levied.

(CONT'D)

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Developer Contributions

Developer contributions are recorded as deferred revenue upon signing of a development agreement and are recognized as revenue in the period the amounts have been used for the purpose specified.

(j) Requisition Over-Levies and Under-Levies

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

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

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

(k) Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine accrued liabilities and the useful lives of tangible capital assets.

(l) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(j) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2021, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on hand	\$ 3,224	\$ 3,524
Operating accounts	11,211,177	12,190,186
Savings account	5,137,214	1,054,566
	\$ 16,351,615	\$ 13,248,276

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

3. RECEIVABLES

	2019	2018
Trade and other accounts receivable	\$ 4,949,354	\$ 5,750,730
Taxes and grants in place of taxes	1,002,206	1,011,106
Utilities	863,662	878,958
Goods and Services Tax	460,663	380,376
	\$ 7,275,885	\$ 8,021,170

4. INVESTMENTS

	2019		2018	
	Carrying Value	Market Value	Carrying Value	Market Value
Corporate bonds	\$ 10,942,030	\$ 10,819,941	\$ 16,045,246	\$ 14,638,821
Principal protected notes	5,221,634	5,224,964	8,717,469	9,065,616
	\$ 16,163,664	\$ 16,044,905	\$ 24,762,715	\$ 23,704,437

Corporate bonds bear interest at rates ranging from 2.40% - 4.86% (2018 - 2.30% to 4.86%) with maturity dates from February 2020 to January 2027.

The market value of the bonds and principal protected notes are based on quoted market values. The market value of the bonds and principal protected notes fluctuate with changes in market interest rates and indices. 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. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade and other accounts payable	\$ 8,801,613	\$ 10,397,761
Earned vacation	292,418	328,451
Accrued sick pay	287,673	287,673
Accrued interest on long-term debt	121,225	139,628
	\$ 9,502,929	\$ 11,153,513

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	2018	Additions	Revenue Recognized	2019
Developer contributions	\$ 7,039,802	\$ 462,704	\$ (234,492)	\$ 7,268,014
Municipal Sustainability Initiative	6,092,535	2,662,795	(2,331,693)	6,423,637
Other	839,496	623,129	(578,577)	884,048
Affordable Housing	518,451	11,522	-	529,973
Federal Gas Tax Fund	2,482,208	1,973,265	(4,267,020)	188,453
	\$ 16,972,492	\$ 5,733,415	\$ (7,411,782)	\$15,294,125

7. LONG-TERM DEBT

	2019	2018
Supported by general tax levies	\$ 22,745,950	\$ 24,121,392
Supported by special levies	9,053	13,185
	\$ 22,755,003	\$ 24,134,577

Principal and interest payments are due as follows:

	Principal	Interest	Total
2020	\$ 1,433,354	\$ 725,968	\$ 2,159,322
2021	1,489,449	669,873	2,159,322
2022	1,325,126	611,355	1,936,481
2023	1,337,319	563,578	1,900,897
2024	1,255,286	516,158	1,771,444
Thereafter	15,914,469	3,231,966	19,146,435
	\$ 22,755,003	\$ 6,318,898	\$ 29,073,901

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 2.446% to 6.250% per annum maturing in years 2021 through 2038.

Interest on long-term debt amounted to \$761,347 (2018 - \$752,196).

The Town's cash payments for interest in 2019 were \$779,749 (2018 - \$750,308).

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

8. TANGIBLE CAPITAL ASSETS

	2019	2018
	Net Book Value	
Engineered structures		
Roadways	\$ 52,614,356	\$ 51,753,114
Wastewater systems	28,052,340	28,244,868
Storm systems	25,333,066	24,605,787
Water systems	18,841,008	19,239,647
Work in progress*	1,136,957	7,906,423
Other	31,757	48,109
	126,009,484	131,797,948
Land	39,594,753	39,706,419
Buildings	43,225,721	35,534,690
Land improvements	16,848,472	14,884,417
Machinery, equipment, and furnishings	4,163,028	4,286,167
Vehicles	2,353,245	2,455,862
	\$ 232,194,703	\$ 228,665,503

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Roadways	\$ 85,361,055	\$ 3,585,023	\$ (539,039)	\$ 120,850	\$ 88,527,889
Wastewater systems	35,156,832	292,229	-	-	35,449,061
Water systems	29,194,318	528,115	(660,660)	-	29,061,773
Storm systems	28,031,378	715,067	(15,025)	397,356	29,128,776
Work in progress*	7,906,423	3,136,325	-	(9,905,791)	1,136,957
Other	327,038	-	-	-	327,038
	185,977,044	8,256,759	(1,214,724)	(9,387,585)	183,631,494
Land	39,706,419	-	(111,666)	-	39,594,753
Buildings	47,212,770	331,954	(6,918)	8,522,714	56,060,520
Machinery, equipment, and furnishings	9,982,474	503,832	(138,402)	-	10,347,904
Land improvements	21,361,592	2,000,565	-	864,871	24,227,028
Vehicles	4,807,521	163,741	(67,212)	-	4,904,050
	\$ 309,047,820	\$ 11,256,851	\$ (1,538,922)	\$ -	\$ 318,765,749

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 33,607,941	\$ 2,694,316	\$ (388,724)	-	\$ 35,913,533
Water systems	9,954,671	405,214	(139,120)	-	10,220,765
Wastewater systems	6,911,964	484,757	-	-	7,396,721
Storm systems	3,425,591	381,193	(11,074)	-	3,795,710
Other	278,929	16,352	-	-	295,281
	54,179,096	3,981,832	(538,918)	-	57,622,010
Buildings	11,678,080	1,159,426	(2,707)	-	12,834,799
Machinery, equipment, and furnishings	5,696,307	600,457	(111,888)	-	6,184,876
Land improvements	6,477,175	901,381	-	-	7,378,556
Vehicles	2,351,659	266,358	(67,212)	-	2,550,805
	\$ 80,382,317	\$ 6,909,454	\$ (720,725)	\$ -	\$ 86,571,046

*No amortization has been taken for assets recorded as work in progress.

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

9. ACCUMULATED SURPLUS

	2019	2018
Unrestricted surplus	\$ 827,867	\$ 1,344,911
Restricted surplus		
Operating reserves (Note 10)	2,843,831	4,584,070
Capital reserves (Note 10)	8,762,304	8,559,330
Equity in tangible capital assets (Schedule 1)	209,670,457	206,551,580
	\$ 222,104,459	\$ 221,039,891

10. RESERVES

	2019	2018
OPERATING		
Tax levy stabilization	\$ 982,813	\$ 1,273,342
Utility rate stabilization	581,998	996,309
Police and Public Safety	493,121	1,474,180
Snow removal	300,461	300,461
Public arts	218,979	245,379
Technology	85,045	87,545
Mural preservation	65,455	55,455
Safety rebate	63,672	91,319
Legacy	52,287	60,080
	\$ 2,843,831	\$ 4,584,070
CAPITAL		
Sewer capital	\$ 1,822,616	\$ 1,351,150
Water capital	1,331,100	978,575
Life cycle - heritage park	886,746	1,774,462
Fire equipment	487,488	431,721
Capital equipment replacement	463,161	345,974
General purpose	454,657	614,200
Roads capital	379,779	488,959
Life cycle - arena	363,324	352,788
Recreation and culture	341,396	-
Life cycle - library	273,760	233,760
Town - administration building	269,065	295,300
Life cycle - pool	228,259	218,259
TransAlta Tri Leisure Centre (Note 1 (a))	237,029	210,443
Life cycle - community centre	189,102	184,102
Public	183,367	179,847
Life cycle - fire hall	143,115	203,552
Trails	136,119	131,119
Life cycle - common services building	132,701	112,701
Life cycle - parkland building	107,664	102,664
Waste management capital	91,028	84,312
Life cycle - youth centre	80,409	80,409
Economic development and regional reserve	50,000	-
Life cycle - outdoor recreation	46,577	79,220
Life cycle - Forest Green Plaza	45,000	30,000
Life cycle - Old Firehall	15,000	10,000
Storm capital	3,800	50,771
Golf course capital	42	15,042
	\$ 8,762,304	\$ 8,559,330

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

11. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange. Under the terms of 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.

The Town is a defendant in various lawsuits as at December 31, 2019. Where the outcome of a claim against the Town is considered likely to result in a loss and the amount of the loss can be reasonably estimated, accrued liabilities have been recorded. Where the resulting potential losses, if any, cannot be determined or the occurrence of future events is unknown, accrued liabilities have not been established.

12. CREDIT FACILITY

The Town has access to a revolving demand credit facility with a maximum of \$1,000,000 bearing interest at prime rate less 0.75%. No amounts were outstanding on the revolving loan at December 31, 2019 or December 31, 2018.

13. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows:

	2019	2018
Fortis Alberta Inc.	\$ 1,863,754	\$ 1,779,925
Atco Gas	1,137,368	967,406
West Parkland Gas Co-op Ltd.	34,835	26,995
	\$ 3,035,957	\$ 2,774,326

14. CONTRIBUTED TANGIBLE CAPITAL ASSETS

	2019	2018
Wastewater systems	\$ 200,107	\$ 430,503
Water systems	105,950	309,834
Land improvements	33,283	1,397,283
Storm systems	31,524	1,187,396
Roadways	-	1,158,219
Land	-	805,880
	\$ 370,864	\$ 5,289,115

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

15. 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 be disclosed as follows:

	2019	2018
Total debt limit	\$ 59,377,073	\$ 58,714,599
Total debt	(22,755,003)	(24,134,577)
Total debt limits available	\$ 36,622,070	\$ 34,580,022
Service on debt limit	\$ 9,896,179	\$ 9,785,767
Service on debt	(2,159,322)	(2,165,771)
Service on debt limit available	\$ 7,736,857	\$ 7,619,996

16. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the Town Manager and designated officers as required by Alberta Regulation 313/2000 is as follows:

			2019	2018
	Salary	Benefits and Allowances	Total	Total
Choy (Mayor)	71,811	10,284	82,095	71,196
Laurie	35,451	8,589	44,040	38,636
Matties	35,451	8,289	43,740	39,089
Meyer	35,451	7,226	42,677	37,945
Pawlechko	35,451	7,226	42,677	37,945
Lloy	35,451	6,997	42,448	37,783
Bennett	35,451	4,845	40,296	35,331
	\$ 284,517	\$ 53,456	\$ 337,973	\$ 297,925
Town Manager	\$ 203,087	\$ 40,082	\$ 243,169	\$ 231,220

Salary includes regular base pay, lump sum payments, gross honorarium and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

17. GOVERNMENT PARTNERSHIPS

The Town's financial statements include its share of operations 2019 - 25.0% (2018 - 25.0%) of the TransAlta Tri Leisure Centre. Condensed financial information of the TransAlta Tri Leisure Centre is as follows:

	2019	2018
FINANCIAL ASSETS		
Cash and investments	\$ 200,294	\$ 2,399,796
Receivables	294,961	143,701
Investments	2,300,000	-
	2,795,255	2,543,497
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	441,528	1,115,274
Deferred revenue	956,860	408,682
	1,398,388	1,523,956
NET FINANCIAL ASSETS	1,396,867	1,019,541
NON-FINANCIAL ASSETS		
Prepaid expenses and inventory for consumption	112,281	106,613
Tangible capital assets	2,331,387	2,485,450
	2,443,668	2,592,063
ACCUMULATED SURPLUS	\$ 3,840,535	\$ 3,611,604
REVENUE		
Pass and program fees and rental	\$ 5,358,553	\$ 5,404,411
Partnership contributions	2,442,309	1,851,518
Corporate sponsors and donations	324,530	312,338
All other	692,727	1,683,272
	8,818,119	9,251,539
EXPENSES		
Salaries and benefits	4,298,434	4,199,457
Utilities	957,118	1,051,133
All other	3,333,636	3,061,926
	8,589,188	8,312,516
ANNUAL SURPLUS	\$ 228,931	\$ 939,023

18. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the Town. Town services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

General Government is comprised of Council, the Office of the CAO, Strategic Services, and Corporate Services. Strategic Services includes Communication Services. Corporate Services is comprised of Financial Services, Legislative Services, Human Resources, and Information Technology Services. Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of Town residents in a financially responsible manner.

(b) Protective Services

Protective Services is comprised of RCMP, Fire, Disaster, and Municipal Enforcement Services. The RCMP division in Stony Plain includes Federal, Provincial and Municipal employees and contracted members that serve Stony Plain and the surrounding area; it is an integrated force with Spruce Grove. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; and detection or extinguishment of fires. The mandate of Disaster Services is Emergency Management to help maintain safe communities. The Municipal Enforcement Services provide bylaw enforcement that ranges from public service to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(c) Transportation

Transportation is comprised of Common Services and the Public Works areas. They are responsible for the maintenance of the roadway and storm systems. The Handi-Bus service for the Town is included under Transportation.

(d) Recreation and Culture

Recreation and Culture is comprised of Parks and Recreation, Culture and Cultural Facilities. Parks and Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the Town. This area also acts as a liaison between community groups and the Transalta Tri-Leisure Centre.

(e) Utilities

Utilities are comprised of water, waste water, waste management collection and recycling. The Town is responsible for environmental programs such as the introduction of organic carts, bi-weekly garbage pick-up and promoting recycling and other related initiatives.

(f) Development

Development is comprised of Planning and Infrastructure, Engineering and Economic Development. These areas are responsible for the planning and development of the Town's infrastructure system and work with developers in planning the growth of the Town in a sustainable manner. Engineering is responsible for major capital infrastructure projects. Economic Development works with businesses in the Town to encourage economic sustainability.

(g) Family and Community Support Services

The Family and Community Services area provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the Town of Stony Plain.

(CONT'D)

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

18. SEGMENTED INFORMATION (CONT'D)

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments in lieu of taxes are allocated to the segments based on the segments' budgeted net expenditures. User charges and other revenue have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges and levies are allocated to the segment for which the charge was made.

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, 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, currency, or credit risk arising from these financial instruments.

The Town is subject to credit risk with respect to receivables. Credit risk arises from the possibility that the Town's customers may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of customers minimizes the Town's credit risk.

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

20. BUDGET FIGURES

The budget figures presented in these consolidated financial statements are based upon the 2019 operating and capital budgets approved by Council.

The table below reconciles the approved budget figures reported in these consolidated financial statements.

REVENUE AND TRANSFERS

Approved operating budget	\$ 51,288,999
Approved capital budget	22,294,640
Requisitions	(7,820,253)
Transfers from reserves	<u>(11,159,339)</u>

54,604,047

EXPENSES AND TRANSFERS

Approved operating budget	57,235,077
Approved capital budget	26,596,208
Long-term debt repayment	(1,379,574)
Requisitions	(7,820,253)
Capital expenditures	(26,596,208)
Transfers to reserves	<u>(3,229,799)</u>

44,805,451

ANNUAL SURPLUS

\$ 9,798,596

TOWN OF STONY PLAIN
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

21. LOCAL AUTHORITIES PENSION PLAN (LAPP)

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2019 were \$1,064,586 (2018 - \$1,099,813). Total current service contributions by the employees of the Town to the LAPP in 2019 were \$964,955 (2018 - \$1,005,730).

At December 31, 2018, the Plan disclosed an actuarial surplus of \$3.469 billion (2017 - \$4.835 billion).

22. SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Town. An estimate of the potential financial impact cannot be made at this time.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.
