

**TOWN OF STONY PLAIN**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

## 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, 2018 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, 2018 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 Council 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 23, 2019

**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.

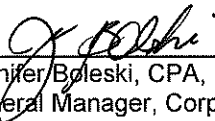
To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

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



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Thomas Goulden  
Town Manager



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Jennifer Boleski, CPA, CA  
General Manager, Corporate Services

**TOWN OF STONY PLAIN**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	13,248,276	15,691,595
Receivables (Note 3)	8,021,170	8,624,520
Land held for resale	117,990	117,990
Investments (Note 4)	24,762,715	27,563,732
	<b>46,150,151</b>	<b>51,997,837</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	11,153,513	11,761,999
Deposit liabilities	1,893,793	2,989,087
Deferred revenue (Note 6)	16,972,492	12,421,603
Long-term debt (Note 7)	24,134,577	20,249,512
	<b>54,154,375</b>	<b>47,422,201</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(8,004,224)</b>	<b>4,575,636</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	228,665,503	211,189,309
Prepaid expenses	229,769	249,505
Inventories for consumption	148,843	111,733
	<b>229,044,115</b>	<b>211,550,547</b>
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<b>\$ 221,039,891</b>	<b>\$ 216,126,183</b>

Contingencies (Note 11)

**ON BEHALF OF TOWN COUNCIL:**


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**TOWN OF STONY PLAIN**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31, 2018**

	2018 (Budget) (Note 20)	2018 (Actual)	2017 (Actual)
<b>REVENUE</b>			
Net taxes available for municipal purposes (Schedule 2)	\$ 16,770,002	\$ 16,764,850	\$ 16,267,412
Sales and user charges (Schedule 4)	12,242,298	13,607,595	12,699,179
Franchise and concession contracts (Note 12)	3,162,474	2,774,326	2,745,612
Government transfers for operating (Schedule 3)	2,698,297	2,730,988	1,947,024
Fines	1,661,500	901,301	833,562
Rentals	480,584	578,764	533,253
Investment income	239,200	536,559	663,731
Licenses and permits	491,000	524,541	529,547
Other	201,500	439,720	372,732
Penalties and costs on taxes	223,000	284,422	286,057
	38,169,855	39,143,066	36,878,109
<b>EXPENSES</b>			
Recreation and culture	9,670,703	11,932,291	10,688,252
Utilities	9,142,011	8,771,815	8,485,963
Protective services	7,295,893	7,010,196	6,232,126
General government	6,401,592	6,125,104	5,795,151
Transportation	5,900,031	5,188,880	4,994,860
Development	3,084,313	2,477,521	1,891,260
Family and Community Support Services	989,844	980,405	863,532
	42,484,387	42,486,212	38,951,144
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSE)</b>	(4,314,532)	(3,343,146)	(2,073,035)
<b>OTHER REVENUE (EXPENSE)</b>			
Developer contributions for capital	284,850	16,918	9,258,009
Government transfers for capital (Schedule 3)	9,951,777	3,735,578	7,465,249
Contributed tangible capital assets (Note 13)	2,390,378	5,289,115	1,869,944
Donations for tangible capital assets	-	-	250,000
Gain (loss) on disposal of tangible capital assets	-	(784,757)	(1,032,904)
	12,627,005	8,256,854	17,810,298
<b>ANNUAL SURPLUS</b>	8,312,473	4,913,708	15,737,263
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	216,126,183	216,126,183	200,388,920
<b>ACCUMULATED SURPLUS, END OF YEAR (NOTE 9)</b>	\$ 224,438,656	\$ 221,039,891	\$ 216,126,183

**TOWN OF STONY PLAIN**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**  
**For the Year Ended December 31, 2018**

	2018 (Budget) (Note 20)	2018 (Actual)	2017 (Actual)
<b>ANNUAL SURPLUS</b>	\$ 8,312,473	\$ 4,913,708	\$ 15,737,263
Acquisition of tangible capital assets	(34,253,531)	(24,363,800)	(23,895,107)
Proceeds on disposal of tangible capital assets	-	4,500	-
Amortization of tangible capital assets	6,493,295	6,098,349	5,790,412
Loss (gain) on disposal of tangible capital assets	-	784,757	1,032,904
	(27,760,236)	(17,476,194)	(17,071,791)
Use (acquisition) of inventory for consumption	-	(37,110)	(26,790)
Use (acquisition) of prepaid expenses	-	19,736	(77,218)
	-	(17,374)	(104,008)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)</b>	(19,447,763)	(12,579,860)	(1,438,536)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	4,575,636	4,575,636	6,014,172
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ (14,872,127)	\$ (8,004,224)	\$ 4,575,636

**TOWN OF STONY PLAIN**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash from operations		
Annual surplus	\$ 4,913,708	\$ 15,737,263
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,098,349	5,790,412
Amortization of investment premium/discounts	(42,062)	221,644
Loss (gain) on sale of investments	226,227	(145,267)
Loss (gain) on disposal of tangible capital assets	784,757	1,032,904
Tangible capital assets received as contributions	(5,289,115)	(1,869,944)
Change in non-cash working capital balances related to operations:		
Receivables	603,350	(2,731,858)
Prepaid expenses	19,736	(77,218)
Inventories for consumption	(37,110)	(26,790)
Accounts payable and accrued liabilities	(608,486)	7,198,246
Deposit liabilities	(1,095,294)	(853,451)
Deferred revenue	4,550,889	(10,635,121)
	<b>10,124,949</b>	<b>13,640,820</b>
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued	5,121,201	10,800,000
Repayment of long-term debt	(1,236,136)	(1,204,487)
	<b>3,885,065</b>	<b>9,595,513</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(10,063,195)	(16,724,062)
Proceeds on sale of investments	12,680,047	6,266,457
	<b>2,616,852</b>	<b>(10,457,605)</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds from sale of tangible capital assets	4,500	-
Purchase of tangible capital assets	(19,074,685)	(22,025,163)
	<b>(19,070,185)</b>	<b>(22,025,163)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(2,443,319)</b>	<b>(9,246,435)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>15,691,595</b>	<b>24,938,030</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 13,248,276</b>	<b>\$ 15,691,595</b>



**TOWN OF STONY PLAIN**  
**Schedule of Equity in Tangible Capital Assets**  
**For the Year Ended December 31, 2018**

**Schedule 1**

	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 197,534,243</b>	<b>\$ 183,463,519</b>
Acquisition of tangible capital assets	24,363,800	23,895,107
Amortization of tangible capital assets	(6,098,349)	(5,790,412)
Net book value of tangible capital assets disposed of	(789,257)	(1,032,904)
Repayment of capital long-term debt	1,236,136	1,204,487
Debt proceeds used during the year	(9,694,993)	(4,205,554)
<b>BALANCE, END OF YEAR</b>	<b>\$ 206,551,580</b>	<b>\$ 197,534,243</b>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets net book value <i>(Note 8)</i>	\$ 228,665,503	\$ 211,189,309
Debt used for tangible capital assets	(22,113,923)	(13,655,066)
	<b>\$ 206,551,580</b>	<b>\$ 197,534,243</b>

**TOWN OF STONY PLAIN**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2018**

**Schedule 2**

	2018 (Budget) (Note 20)	2018 (Actual)	2017 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 23,905,290	\$ 23,917,436	\$ 23,256,101
Linear property taxes	290,878	290,860	267,878
Government grants in lieu of property taxes	82,308	82,304	84,504
Local improvement taxes	4,955	4,955	4,955
	24,283,431	24,295,555	23,613,438
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	6,310,070	6,325,977	6,162,820
Catholic School boards	1,074,452	1,075,821	1,064,090
Seniors Foundation	128,043	128,043	119,116
Designated industrial property	864	864	-
	7,513,429	7,530,705	7,346,026
<b>NET MUNICIPAL TAXES</b>	\$ 16,770,002	\$ 16,764,850	\$ 16,267,412

**TOWN OF STONY PLAIN**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2018**

**Schedule 3**

	2018 (Budget) (Note 20)	2018 (Actual)	2017 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 2,084,147	\$ 2,082,385	\$ 1,358,172
Local governments	614,150	648,603	588,852
	2,698,297	2,730,988	1,947,024
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	9,941,277	3,231,050	5,412,468
Local government	10,500	504,528	2,052,781
	9,951,777	3,735,578	7,465,249
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 12,650,074</b>	<b>\$ 6,466,566</b>	<b>\$ 9,412,273</b>

**TOWN OF STONY PLAIN**  
**Schedule of Sales and User Charges**  
**For the Year Ended December 31, 2018**

**Schedule 4**

	2018 (Budget) (Note 20)	2018 (Actual)	2017 (Actual)
Water supply and distribution	\$ 4,906,648	\$ 4,777,082	\$ 4,386,537
Wastewater treatment and disposal	3,446,838	3,411,101	3,136,976
Parks and recreation	279,000	2,257,233	1,886,139
Waste management	1,879,112	1,875,346	1,850,891
Golf course (Schedule 5)	1,616,700	1,191,916	1,251,619
Land sales	-	21,130	86,940
Planning and development	64,100	27,107	53,165
Administrative	27,900	27,352	31,888
Other transportation (Handi-Bus)	22,000	19,328	15,024
	<b>\$ 12,242,298</b>	<b>\$ 13,607,595</b>	<b>\$ 12,699,179</b>

**TOWN OF STONY PLAIN**  
**Schedule of Golf Course Annual Surplus (Deficit)**  
**For the Year Ended December 31, 2018**

**Schedule 5**

	2018 (Budget) (Note 20)	2018 (Actual)	2017 (Actual)
<b>REVENUE</b>			
Green fees	\$ 1,089,000	\$ 721,289	\$ 806,201
Proshop	454,700	435,002	397,918
Food service	53,000	31,449	39,081
Other	20,000	4,176	8,419
	1,616,700	1,191,916	1,251,619
<b>EXPENSES</b>			
Grounds maintenance	738,957	709,539	747,222
Proshop	247,480	382,625	516,457
Administration	599,556	586,861	392,507
Amortization	135,663	128,445	140,734
Food service	45,500	22,201	26,217
	1,767,156	1,829,671	1,823,137
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (150,456)	\$ (637,755)	\$ (571,518)

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

**Schedule 6**

	General Government	Recreation and Culture	Protective Services	Transportation	Utilities	Development	Family and Community Support Services	Total
<b>REVENUE</b>								
Taxation	\$ 2,069,997	\$ 5,135,850	\$ 4,777,069	\$ 2,780,033	\$ 4,955	\$ 1,780,378	\$ 216,568	\$ 16,764,850
Sales and user charges	27,352	3,449,149	-	19,328	10,063,529	48,237	-	13,607,595
All other	3,187,946	617,702	56,982	4,862	56,479	576,325	101,477	4,601,773
Government transfers	127,556	807,060	1,045,460	18,927	-	69,625	662,360	2,730,988
Fines	-	-	901,301	-	-	-	-	901,301
Interest	406,986	-	35,448	771	93,354	-	-	536,559
	5,819,837	10,009,761	6,816,260	2,823,921	10,218,317	2,474,565	980,405	39,143,066
<b>EXPENSES</b>								
Materials, goods, and 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
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
Utilities	87,482	415,975	31,039	741,699	89,044	-	-	1,365,239
Repairs and maintenance	24,071	480,077	75,631	345,240	234,808	586	-	1,160,413
Transfers to local boards and organizations	-	317,642	27,000	-	-	-	22,499	367,141
Interest on long term debt	77,597	190,146	396,994	86,434	1,027	-	-	752,198
Insurance	185,364	60,067	13,663	22,942	31,595	-	-	313,631
Amortization	305,264	1,934,541	227,576	2,688,110	939,902	2,956	-	6,098,349
	6,125,104	11,932,291	7,010,196	5,188,880	8,771,815	2,477,521	980,405	42,486,212
<b>NET REVENUE (DEFICIT)</b>	<b>\$ (305,267)</b>	<b>\$ (1,922,530)</b>	<b>\$ (193,936)</b>	<b>\$ (2,364,959)</b>	<b>\$ 1,446,502</b>	<b>\$ (2,956)</b>	<b>\$ -</b>	<b>\$ (3,343,146)</b>

See accompanying notes to consolidated financial statements.

**TOWN OF STONY PLAIN**  
**Schedule of Segmented Information**  
**For The Year Ended December 31, 2017**

**Schedule 7**

	General Government	Recreation and Culture	Protective Services	Transportation	Utilities	Development	Family and Community Support Services	Total
<b>REVENUE</b>								
Taxation	2,207,796	6,184,322	4,147,925	2,355,054	4,955	1,158,920	208,440	16,267,412
Sales and user charges	31,889	3,137,759	-	15,023	9,374,403	140,105	-	12,699,179
All other	3,034,811	737,117	16,399	4,862	53,318	597,604	23,090	4,467,201
Government transfers	126,372	202,617	966,033	20,000	-	-	632,002	1,947,024
Fines	-	-	833,562	-	-	-	-	833,562
Interest	369,166	150,070	45,156	-	99,339	-	-	663,731
	5,770,034	10,411,885	6,009,075	2,394,939	9,532,015	1,896,629	863,532	36,878,109
<b>EXPENSES</b>								
Materials, goods, and contracted and general services	1,889,079	3,578,383	3,652,563	412,922	5,982,846	656,787	152,397	16,324,977
Salaries, wages, and benefits	3,256,314	3,659,556	2,098,104	731,677	1,065,059	1,230,587	699,257	12,740,554
Utilities	78,480	392,309	29,451	707,096	83,389	-	-	1,290,725
Repairs and maintenance	20,338	400,209	49,978	511,874	274,096	930	-	1,257,425
Transfers to local boards and organizations	-	700,806	25,000	-	-	-	11,769	737,575
Interest on long term debt	85,062	202,801	138,295	3,800	1,258	-	-	431,216
Insurance	206,412	79,548	15,685	26,570	49,936	-	109	378,260
Amortization	259,465	1,674,640	223,050	2,600,921	1,029,380	2,956	-	5,790,412
	5,795,150	10,688,252	6,232,126	4,994,860	8,485,964	1,891,260	863,532	38,951,144
<b>NET REVENUE (DEFICIT)</b>	\$ (25,116)	\$ (276,367)	\$ (223,051)	\$ (2,599,921)	\$ 1,046,051	\$ 5,369	\$ -	\$ (2,073,035)

See accompanying notes to consolidated financial statements.

**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**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 one year 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.

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**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**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 and 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, 2018**

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**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.

**2. CASH AND CASH EQUIVALENTS**

	2018	2017
Cash on hand	\$ 3,524	\$ 3,423
Bank accounts	12,190,186	13,578,939
Temporary investments	1,054,566	2,109,233
	<b>\$ 13,248,276</b>	<b>\$ 15,691,595</b>

Temporary investments are readily convertible to cash, consisting of a term deposit bearing interest at a rate of 2.4% (2017 - 1.4% to 1.65%), and maturing during 2019.

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, 2018 or December 31, 2017.

**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**3. RECEIVABLES**

	2018	2017
Trade and other accounts receivable	\$ 5,750,730	\$ 6,067,773
Taxes and grants in place of taxes	1,011,106	1,239,298
Utilities	878,958	839,061
Goods and Services Tax	380,376	478,388
	<b>\$ 8,021,170</b>	<b>\$ 8,624,520</b>

**4. INVESTMENTS**

	2018		2017	
	Carrying Value	Market Value	Carrying Value	Market Value
Corporate bonds	\$ 15,145,246	\$ 14,638,821	\$ 18,846,263	\$ 18,609,670
Principal protected notes	9,617,469	9,065,616	8,717,469	8,639,908
	<b>\$ 24,762,715</b>	<b>\$ 23,704,437</b>	<b>\$ 27,563,732</b>	<b>\$ 27,249,578</b>

Corporate bonds have effective interest rates ranging from 2.30% - 4.86% (2017 - 1.89% to 6.67%) with maturity dates from June of 2019 to March 2029.

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**

	2018	2017
Trade and other accounts payable	\$ 10,397,761	\$ 11,095,612
Earned vacation	328,451	300,759
Accrued sick pay	287,673	227,890
Accrued interest on long-term debt	139,628	137,738
	<b>\$ 11,153,513</b>	<b>\$ 11,761,999</b>

**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**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.

	2017	Additions	Revenue Recognized	2018
Developer contributions	\$ 6,041,547	\$ 1,024,798	\$ (26,543)	\$ 7,039,802
Municipal Sustainability Initiative	3,791,990	5,383,826	(3,083,281)	6,092,535
Federal Gas Tax Fund	1,634,294	982,983	(135,069)	2,482,208
Affordable Housing	508,938	9,513	-	518,451
Other	444,834	630,865	(236,203)	839,496
	<b>\$ 12,421,603</b>	<b>\$ 8,031,985</b>	<b>\$ (3,481,096)</b>	<b>\$16,972,492</b>

**7. LONG-TERM DEBT**

	2018	2017
Supported by general tax levies	\$ 24,121,392	\$ 20,232,439
Supported by special levies	13,185	17,073
	<b>\$ 24,134,577</b>	<b>\$ 20,249,512</b>

Principal and interest payments are due as follows:

	Principal	Interest	Total
2019	\$ 1,379,574	\$ 786,197	\$ 2,165,771
2020	1,433,354	731,961	2,165,315
2021	1,489,449	675,394	2,164,843
2022	1,325,126	616,388	1,941,514
2023	1,337,319	568,106	1,905,425
Thereafter	17,169,755	3,747,595	20,917,350
	<b>\$ 24,134,577</b>	<b>\$ 7,125,641</b>	<b>\$ 31,260,218</b>

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 2037.

Interest on long-term debt amounted to \$752,198 (2017 - \$431,216).

The Town's cash payments for interest in 2018 were \$750,308 (2017 - \$385,469).

**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**8. TANGIBLE CAPITAL ASSETS**

	2018		2017	
	Net Book Value			
Engineered structures				
Roadways	\$	51,753,114	\$	35,879,332
Wastewater systems		28,244,868		27,960,061
Storm systems		24,605,787		21,275,508
Water systems		19,239,647		19,170,164
Work in progress*		7,906,423		12,674,336
Other		48,109		64,461
		131,797,948		117,023,862
Land		39,706,419		38,199,918
Buildings		35,534,690		36,264,011
Land improvements		14,884,417		13,319,828
Machinery, equipment, and furnishings		4,286,167		4,030,088
Vehicles		2,455,862		2,351,602
	\$	228,665,503	\$	211,189,309
	Cost		Cost	
	Beginning of	Additions	Disposals	End of
	Year			Year
Engineered structures				
Roadways	\$ 69,350,639	\$ 3,584,852	\$ (2,275,022)	\$ 14,700,586
Wastewater systems	34,398,983	760,161	(2,312)	-
Water systems	28,773,170	690,180	(269,032)	-
Storm systems	24,373,005	1,844,391	(68,355)	1,882,337
Work in progress*	12,674,336	12,975,527	-	(17,743,440)
Other	327,038	-	-	-
	169,897,171	19,855,111	(2,614,721)	(1,160,517)
				185,977,044
Land	38,199,918	1,584,593	(78,092)	-
Buildings	46,953,128	371,322	(154,286)	42,606
Machinery, equipment, and furnishings	8,876,937	482,351	(23,940)	647,126
Land improvements	18,860,924	1,632,459	-	868,209
Vehicles	4,461,789	345,732	-	-
	\$ 287,249,867	\$ 24,271,568	\$ (2,871,039)	\$ 397,424
				\$ 309,047,820
	Accumulated			Accumulated
	Amortization	Current	Disposals	Amortization
	Beginning of	Amortization		End of
	Year			Year
Engineered structures				
Roadways	\$ 33,471,307	\$ 1,985,129	\$ (1,848,495)	\$ -
Water systems	9,603,006	397,769	(46,104)	-
Wastewater systems	6,438,922	474,475	(1,433)	-
Storm systems	3,097,497	335,618	(7,524)	-
Other	262,577	16,352	-	-
	52,873,309	3,209,343	(1,903,556)	-
				54,179,096
Buildings	10,689,117	1,143,249	(154,286)	-
Machinery, equipment, and furnishings	4,846,849	568,206	(23,940)	305,192
Land improvements	5,541,096	936,079	-	-
Vehicles	2,110,187	241,472	-	-
	\$ 76,060,558	\$ 6,098,349	\$ (2,081,782)	\$ 305,192
				\$ 80,382,317

\*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, 2018**

**9. ACCUMULATED SURPLUS**

	2018	2017
Unrestricted surplus	\$ 1,344,911	\$ 1,547,512
Restricted surplus		
Operating reserves (Note 10)	4,584,070	6,611,537
Capital reserves (Note 10)	8,559,330	10,432,891
Equity in tangible capital assets (Schedule 1)	206,551,580	197,534,243
	<b>\$ 221,039,891</b>	<b>\$ 216,126,183</b>

**10. RESERVES**

	2018	2017
<b>OPERATING</b>		
Police and Public Safety	1,474,180	2,550,113
Tax levy stabilization	1,273,342	1,766,339
Utility rate stabilization	996,309	881,843
Snow removal	300,461	300,461
Public arts	245,379	100,129
Safety rebate	91,319	113,300
Technology	87,545	57,545
Legacy	60,080	786,352
Mural preservation	55,455	55,455
	<b>\$ 4,584,070</b>	<b>\$ 6,611,537</b>
<b>CAPITAL</b>		
Life cycle - heritage park	1,774,462	1,498,828
Sewer capital	1,351,150	1,236,911
Water capital	978,575	3,051,772
General purpose	614,200	774,416
Roads capital	488,959	543,506
Fire equipment	431,721	313,353
Life cycle - arena	352,788	327,791
Capital equipment replacement	345,974	391,358
Town - administration building	295,300	355,691
Life cycle - library	233,760	230,093
Life cycle - pool	218,259	208,259
TransAlta Tri Leisure Centre (Note 1 (a))	210,443	209,507
Life cycle - fire hall	203,552	215,719
Life cycle - community centre	184,102	179,102
Public	179,847	176,380
Trails	131,119	148,095
Life cycle - common services building	112,701	92,701
Life cycle - parkland building	102,664	97,664
Waste management capital	84,312	67,749
Life cycle - youth centre	80,409	80,409
Life cycle - outdoor recreation	79,220	106,929
Storm capital	50,771	-
Life cycle - Forest Green Plaza	30,000	15,000
Golf course capital	15,042	79,066
Life cycle - Old Firehall	10,000	5,000
Arena ice slab	-	27,592
	<b>\$ 8,559,330</b>	<b>\$ 10,432,891</b>

**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**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.

**12. FRANCHISE AND CONCESSION CONTRACTS**

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

	2018	2017
Fortis Alberta Inc.	\$ 1,779,925	\$ 1,709,656
Atco Gas	967,406	1,013,502
West Parkland Gas Co-op	26,995	22,454
	<b>\$ 2,774,326</b>	<b>\$ 2,745,612</b>

**13. CONTRIBUTED TANGIBLE CAPITAL ASSETS**

	2018	2017
Land improvements	\$ 1,397,283	\$ 614,947
Storm systems	1,187,396	186,739
Roadways	1,158,219	391,765
Land	805,880	360,720
Wastewater systems	430,503	184,804
Water systems	309,834	130,969
	<b>\$ 5,289,115</b>	<b>\$ 1,869,944</b>

**14. 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:

	2018	2017
Total debt limit	\$ 58,714,599	\$ 55,317,164
Total debt	(24,134,577)	(20,249,512)
Total debt limits available	<b>\$ 34,580,022</b>	<b>\$ 35,067,652</b>
Service on debt limit	\$ 9,785,767	\$ 9,219,527
Service on debt	(2,165,771)	(1,813,565)
Service on debt limit available	<b>\$ 7,619,996</b>	<b>\$ 7,405,962</b>

**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**15. 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:

			2018	2017
	Salary	Benefits and Allowances	Total	Total
Choy (Mayor)	61,388	9,808	<b>71,196</b>	71,331
Matties	30,700	8,389	<b>39,089</b>	9,159
Laurie	30,700	7,936	<b>38,636</b>	9,159
Meyer	30,700	7,245	<b>37,945</b>	9,159
Pawlechko	30,700	7,245	<b>37,945</b>	9,159
Lloy	30,700	7,083	<b>37,783</b>	40,175
Bennett	30,700	4,631	<b>35,331</b>	36,749
Graff	-	-	-	30,898
Hansard	-	-	-	30,818
Ganske	-	-	-	31,016
Twerdoclib	-	-	-	30,952
	<b>\$ 245,588</b>	<b>\$ 52,337</b>	<b>\$ 297,925</b>	<b>\$ 308,575</b>
Town Manager	<b>\$ 193,764</b>	<b>\$ 37,456</b>	<b>\$ 231,220</b>	<b>\$ 219,212</b>

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.

**16. LOCAL AUTHORITIES PENSION PLAN (LAPP)**

The Town is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.39% of pensionable earnings up to the year's maximum pensionable earnings and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$1,099,813 (2017 - \$995,626). Total current service contributions by the employees of the Town to the LAPP in 2018 were \$1,005,730 (2017 - \$916,288).

At December 31, 2017, the Plan disclosed an actuarial surplus of \$4.835 billion (2016 - \$637 million deficit).



**TOWN OF STONY PLAIN**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**17. GOVERNMENT PARTNERSHIPS**

The Town's financial statements include its share of operations 2018 - 26.1% (2017 - 26.1%) of the TransAlta Tri Leisure Centre. Condensed financial information of the TransAlta Tri Leisure Centre is as follows:

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and investments	\$ 2,399,796	\$ 1,844,393
Receivables	143,701	58,728
	<b>2,543,497</b>	<b>1,903,121</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	1,115,274	498,602
Deferred revenue	408,682	599,738
	<b>1,523,956</b>	<b>1,098,340</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,019,541</b>	<b>804,781</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses and inventory for consumption	106,613	89,889
Tangible capital assets	2,485,450	1,777,911
	<b>2,592,063</b>	<b>1,867,800</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 3,611,604</b>	<b>\$ 2,672,581</b>
<b>REVENUE</b>		
Pass and program fees and rental	\$ 5,404,411	\$ 5,309,897
Partnership contributions	1,851,518	1,985,684
Corporate sponsors and donations	312,338	286,727
All other	1,683,272	708,474
	<b>9,251,539</b>	<b>8,290,782</b>
<b>EXPENSES</b>		
Salaries and benefits	4,199,457	4,291,242
Utilities	1,051,133	1,009,639
All other	3,061,926	2,805,453
	<b>8,312,516</b>	<b>8,106,334</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 939,023</b>	<b>\$ 184,448</b>

**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, 2018**

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**19. 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 2018 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	\$ 49,698,221
Approved capital budget	26,312,280
Debenture proceeds	(5,121,201)
Requisitions	(7,513,429)
Transfers from reserves	<u>(11,411,090)</u>
	<u>51,964,781</u>

**EXPENSES AND TRANSFERS**

Approved operating budget	56,219,156
Approved capital budget	34,323,231
Long-term debt repayment	(1,232,178)
Requisitions	(7,513,429)
Capital expenditures	(34,253,531)
Transfers to reserves	<u>(3,890,941)</u>
	<u>43,652,308</u>

<b>ANNUAL SURPLUS</b>	<b>\$ <u>8,312,473</u></b>
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**21. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.