

TOWN OF HIGH LEVEL
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Net Financial Assets (Debt)	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	8



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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Town of High Level (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies are described in Note 2 of the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to approval of the consolidated financial statements.

The consolidated financial statements have been audited by Metrix Group LLP who are the independent external auditors appointed by the Town. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Dan Fletcher, Chief Administrative Officer
April 23, 2018



Carolyn Zenko, Director of Finance
April 23, 2018

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the Town of High Level

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of High Level (the "Town") which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of High Level as at December 31, 2017 and the results of its operations, the change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 23, 2018

**TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 204,194	\$ 1,759,763
Accounts receivable (Note 4)	1,685,287	1,417,418
Inventory for resale	23,650	32,862
Investments (Note 5)	<u>9,502,966</u>	<u>7,478,599</u>
	<u>11,416,097</u>	<u>10,688,642</u>
LIABILITIES		
Bank indebtedness (Note 3)	267,991	-
Accounts payable and accrued liabilities (Note 6)	918,547	877,079
Wages and benefits payable (Note 7)	242,884	255,686
Deferred revenue (Note 8)	1,246,388	1,519,556
Long-term debt (Note 9)	3,879,080	4,311,803
Landfill liability (Note 11)	4,128,016	4,107,320
Deposit liabilities	<u>47,239</u>	<u>56,830</u>
	<u>10,730,145</u>	<u>11,128,274</u>
NET FINANCIAL ASSETS (DEBT)	<u>685,952</u>	<u>(439,632)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	110,959,626	114,122,612
Inventories of supplies	143,336	155,319
Prepaid expenses	<u>202,407</u>	<u>229,798</u>
	<u>111,305,369</u>	<u>114,507,729</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 111,991,321</u>	<u>\$ 114,068,097</u>
Contingent liabilities (Note 15)		

ON BEHALF OF COUNCIL:

The accompanying notes are an integral part of the financial statements

**TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> <i>(Note 25)</i>	<u>2017</u>	<u>2016</u>
REVENUE			
Net municipal taxes <i>(Note 16)</i>	\$ 4,363,194	\$ 4,360,240	\$ 4,612,620
User fees and sales of goods	4,432,202	4,605,016	5,075,502
Government transfers – operating <i>(Note 17)</i>	930,521	931,692	998,299
Investment income	150,034	191,596	112,245
Penalties and costs of taxes	40,000	49,367	56,274
Licenses and permits	131,900	201,751	113,905
Other income	<u>265,950</u>	<u>291,596</u>	<u>243,707</u>
	<u>10,313,801</u>	<u>10,631,258</u>	<u>11,212,552</u>
EXPENSES			
Legislative	332,073	328,691	325,248
Administration	1,668,183	1,659,855	1,696,966
Protective services	1,471,184	1,454,796	1,595,215
Transportation	5,194,194	5,145,090	5,054,642
Water supply and distribution	2,040,800	2,068,007	2,043,784
Wastewater treatment and disposal	734,320	733,124	696,461
Waste management	218,540	205,869	219,556
Family and community support	148,650	156,751	178,914
Planning and development	430,485	489,495	365,126
Parks and recreation	1,676,374	1,776,844	1,748,700
Culture and library	<u>649,526</u>	<u>557,436</u>	<u>548,421</u>
	<u>14,564,329</u>	<u>14,575,958</u>	<u>14,473,033</u>
ANNUAL DEFICIT BEFORE OTHER REVENUE (EXPENSES)	<u>(4,250,528)</u>	<u>(3,944,700)</u>	<u>(3,260,481)</u>
OTHER REVENUE (EXPENSES)			
Government transfers – capital <i>(Note 17)</i>	1,832,000	1,834,849	278,010
Gain (loss) on sale of investments	-	50,131	9,867
Gain (loss) on disposal of tangible capital assets	-	(26,056)	(447,285)
Other capital revenue	<u>-</u>	<u>9,000</u>	<u>-</u>
	<u>1,832,000</u>	<u>1,867,924</u>	<u>(159,408)</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>(2,418,528)</u>	<u>(2,076,776)</u>	<u>(3,419,889)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	114,068,097	114,068,097	117,487,986
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 111,649,569</u>	<u>\$ 111,991,321</u>	<u>\$ 114,068,097</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u>	<u>2017</u>	<u>2016</u>
ANNUAL DEFICIT	\$ (2,418,528)	\$ (2,076,776)	\$ (3,419,889)
Acquisition of tangible capital assets	(2,003,000)	(2,062,950)	(794,962)
Amortization of tangible capital assets	4,792,119	4,859,014	4,904,685
Loss on disposal of tangible capital assets	-	26,056	447,285
Proceeds on disposal of tangible capital assets	-	-	10,605
Write down of tangible capital assets	-	340,866	-
	<u>370,591</u>	<u>1,086,210</u>	<u>1,147,724</u>
Use (acquisition) of inventories of supplies	-	11,983	(1,815)
Use (acquisition) of prepaid expenses	-	27,391	255,585
	<u>-</u>	<u>39,374</u>	<u>253,770</u>
CHANGE IN NET FINANCIAL ASSETS (DEBT)	370,591	1,125,584	1,401,494
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(439,632)</u>	<u>(439,632)</u>	<u>(1,841,126)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ (69,041)	\$ 685,952	\$ (439,632)

The accompanying notes are an integral part of the financial statements

**TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Annual deficit	\$ (2,076,776)	\$ (3,419,889)
Non-cash items included in annual deficit:		
Amortization of tangible capital assets	4,859,014	4,904,685
Amortization of discount on investments	47,853	43,724
Loss on disposal of tangible capital assets	26,056	447,285
Gain on sale of investments	(50,131)	(9,867)
Landfill liability provision	20,696	55,604
Change in non-cash working capital balances		
Accounts receivable	(267,869)	529,388
Inventory for resale	9,212	-
Accounts payable and accrued liabilities	41,468	(425,663)
Wages and benefits payable	(12,802)	71,697
Deposit liabilities	(9,591)	20,460
Deferred revenue	(273,168)	1,025,729
Inventories of supplies	11,983	(34,677)
Prepaid expenses	27,391	255,585
	<u>2,353,336</u>	<u>3,464,061</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,062,950)	(794,962)
Proceeds on disposal of tangible capital assets	-	10,605
Write down of tangible capital assets	340,866	-
	<u>(1,722,084)</u>	<u>(784,357)</u>
INVESTMENT ACTIVITIES		
Purchase of investments	(3,986,453)	(3,087,713)
Sale of investments	1,964,364	1,579,673
	<u>(2,022,089)</u>	<u>(1,508,040)</u>
FINANCING ACTIVITIES		
Long-term debt issued	-	750,000
Long-term debt repaid	(432,723)	(379,623)
	<u>(432,723)</u>	<u>370,377</u>
NET CHANGE IN CASH DURING THE YEAR	(1,823,560)	1,542,041
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,759,763</u>	<u>217,722</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ <u>(63,797)</u>	\$ <u>1,759,763</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents is made up of:		
Cash and cash equivalents	\$ 204,194	\$ 1,759,763
Temporary bank indebtedness	<u>(267,991)</u>	<u>-</u>
	<u>\$ (63,797)</u>	<u>\$ 1,759,763</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. NATURE OF ORGANIZATION

The Province of Alberta passed Order in Council 967/65 incorporating the New Town of High Level on June 1, 1965. The name was changed to the Town of High Level (the "Town") with the passing of the Order in Council 750/83 on August 31, 1983. The Town is governed by the Municipal Government Act of the Province of Alberta.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, communities, and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. The reporting entity is comprised of the municipal operations of the Town and the High Level Municipal Library Board.

ii) Accounting for housing management bodies and school board transactions

Taxes levied include requisitions for the Alberta School Fund Foundation (ASFF) and the Mackenzie Housing Seniors Lodge. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the ASFF and Mackenzie Housing Seniors Lodge are not reflected in these consolidated financial statements.

iii) Trust funds

Trust funds and their related operations administered by the Town are not included in these consolidated financial statements.

(b) Basis of Accounting

The Town follows the accrual basis of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Government Transfers

Government transfers are recognized as revenue in the period, in which events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. A transfer with or without eligibility criteria but stipulation is recognized in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

(Continues)

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Tax Revenue

Tax revenues are recognized as assets and revenue when the taxable event occurs.

(e) Requisition Over-Levy and Under-Levy

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

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

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

(f) Landfill Liability and Post Closure Liability

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated life of the landfill site based on usage. The annual provision is reported as operating fund expenditure, and the accumulated provision is reported as a liability on the statement of financial position.

(g) Prepaid Local Improvements Charges

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

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue as the expenses are incurred to complete the project.

(h) Deferred Revenue

Deferred revenue represents government transfers, contributions and other amounts received from third parties pursuant to legislation, regulation or agreement that may only be used for certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year when the related expense is incurred, services performed or the tangible capital assets are acquired.

(i) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges.

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**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments

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

Investment income is reported as revenue in the period earned. When required by the funding government or by legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) *Tangible capital assets*

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets excluding land, are amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	15 - 30 years
Buildings	15 - 50 years
Engineered structures	16 - 75 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) *Contributions of tangible capital assets*

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

iii) *Works of art and cultural and historic assets*

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

iv) *Interest capitalization*

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

v) *Inventories of supplies*

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost, with cost determined on an average cost basis.

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**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Significant estimates include assumptions used in estimating the provisions for uncollectible accounts receivable, assumptions related to recording accrued liabilities estimates of historical cost and useful lives of tangible capital assets and the assumptions related to the timing and cash flow estimates of the landfill liability. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 2,280	\$ 700
Bank accounts	121,159	1,759,063
Temporary investments	<u>80,755</u>	<u>-</u>
	<u>\$ 204,194</u>	<u>\$ 1,759,763</u>

Temporary investments are readily convertible to cash. They consist of guaranteed investment certificates bearing interest rates of 0.55% maturing in February 1, 2018.

The Town has access to an operating line of credit up to \$3,000,000 (2016 - \$3,000,000). The Town has drawn \$267,991 (2016 - \$NIL) against this facility as at December 31, 2017. The operating line of credit is secured by borrowing bylaws. Outstanding amounts bear interest at the bank's prime lending rate plus 0.5% per annum.

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Trade and other accounts receivable	\$ 862,437	\$ 1,057,921
Taxes and grants in place of taxes	192,816	216,144
Goods and Services Tax rebate	117,665	67,218
Receivables from governments	504,074	83,051
Local improvements receivable	<u>19,881</u>	<u>29,638</u>
	1,696,873	1,453,972
Less: Allowance for doubtful accounts	<u>(11,586)</u>	<u>(36,554)</u>
	<u>\$ 1,685,287</u>	<u>\$ 1,417,418</u>

Taxes and grants in place of taxes consist of the following:

Current taxes	\$ 154,678	\$ 176,292
Arrears taxes	<u>38,138</u>	<u>39,852</u>
	192,816	216,144
Less: Allowance for doubtful accounts	<u>-</u>	<u>(30,288)</u>
	<u>\$ 192,816</u>	<u>\$ 185,856</u>

5. INVESTMENTS

	<u>2017</u>		<u>2016</u>	
	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Government-guaranteed bonds	\$ 5,918,816	\$ 5,878,818	\$ -	\$ -
Principal protected notes	2,000,500	1,986,976	897,925	914,067
Corporate bonds	<u>1,583,650</u>	<u>1,601,832</u>	<u>6,580,674</u>	<u>6,525,357</u>
	<u>\$ 9,502,966</u>	<u>\$ 9,467,626</u>	<u>\$ 7,478,599</u>	<u>\$ 7,439,424</u>

Government-guaranteed bonds have effective interest rates of 2.57% to 3.45% with maturity dates from October 28, 2019 to July 25, 2024. Corporate bonds have effective interest rates ranging from 3.22% to 9.98% (2016 – 2.58% to 9.98%) with maturity dates ranging from June 30, 2019 to March 4, 2026.

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade and other accounts payable	\$ 870,086	\$ 823,763
Accrued interest on long-term debt	<u>48,461</u>	<u>53,316</u>
	<u>\$ 918,547</u>	<u>\$ 877,079</u>

7. WAGES AND BENEFITS PAYABLE

	<u>2017</u>	<u>2016</u>
Earned vacation	\$ 195,952	\$ 209,419
Accrued salaries and wages	<u>46,932</u>	<u>46,267</u>
	<u>\$ 242,884</u>	<u>\$ 255,686</u>

8. 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.

	<u>2016</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2017</u>
Municipal Sustainability Initiative Capital grant	\$ 1,165,161	\$ 921,811	\$ (1,034,351)	\$ 1,052,621
Other grants	-	104,810	(20,070)	84,740
Federal Gas Tax Fund	320,783	208,210	(459,136)	69,857
Prepaid deposits, utilities, and taxes	<u>33,612</u>	<u>39,170</u>	<u>(33,612)</u>	<u>39,170</u>
	<u>\$ 1,519,556</u>	<u>\$ 1,274,001</u>	<u>\$ (1,547,169)</u>	<u>\$ 1,246,388</u>

9. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Alberta Capital Finance Authority debentures bearing interest at rates ranging from 1.6% to 5.75% per annum maturing 2023	<u>\$ 3,879,080</u>	<u>\$ 4,311,803</u>

(Continues)

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

9. LONG-TERM DEBT (CONTINUED)

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 449,102	\$ 156,372	\$ 605,474
2019	466,220	139,254	605,474
2020	484,112	121,362	605,474
2021	502,816	102,658	605,474
2022	365,082	83,725	448,807
Thereafter	<u>1,611,748</u>	<u>312,078</u>	<u>1,923,826</u>
	<u>\$ 3,879,080</u>	<u>\$ 915,449</u>	<u>\$ 4,794,529</u>

The Town's total cash payments for interest amounted to \$172,751 (2016 – \$178,272).

10. DEBT AND DEBT SERVICE LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 15,946,887	\$ 16,818,828
Total debt	<u>3,879,080</u>	<u>4,311,803</u>
Amount of debt limit unused	<u>\$ 12,067,807</u>	<u>\$ 12,507,025</u>
Percentage used (%)	<u>24.32%</u>	<u>25.64%</u>
Service on debt limit	\$ 2,657,815	\$ 2,803,138
Service on debt	<u>605,474</u>	<u>605,474</u>
Amount of debt servicing limit unused	<u>\$ 2,052,341</u>	<u>\$ 2,197,664</u>
Percentage used (%)	<u>22.78%</u>	<u>21.60%</u>

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

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

The Town owns two landfills that are within 500 meters of each other. The first landfill was created and initially owned by the Province (being represented by the Department of Municipal Affairs) and was transferred to the Town in 1966. The second landfill was land owned by the Town and approved for a landfill site in 1967. During the mid-1980s, both landfills were no longer accepting waste and were closed. The Town has since begun utilizing the services of Mackenzie County's landfill operations.

In 2010, an engineering firm estimated the Town's closure costs to be \$3,101,200 with yearly post-closure monitoring costs of \$29,400 for the next 25 years associated with a final post-closure date of 2035. The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3% and assuming an annual information rate of 3.2%. The change in the Town's accrued liability portion for the year was \$20,696 (2016 - \$55,604).

	<u>2017</u>	<u>2016</u>
Estimated closure costs	\$ 3,417,445	\$ 3,417,445
Estimated post-closure liability	<u>710,571</u>	<u>689,875</u>
Estimated total liability	<u>\$ 4,128,016</u>	<u>\$ 4,107,320</u>

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

12. TANGIBLE CAPITAL ASSETS

TANGIBLE CAPITAL ASSET CONTINUITY FOR THE PERIOD ENDED DECEMBER 31, 2017

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>Work In Progress</u>	<u>2017 Total</u>
COST								
Balance, Beginning of Year	\$ 5,765,316	\$ 7,967,856	\$ 20,290,448	\$ 150,844,371	\$ 8,204,479	\$ 4,752,812	\$ 280,829	\$ 198,106,111
Additions	-	211,560	182,704	352,588	38,989	587,665	689,444	2,062,950
Disposals	-	(50,986)	(42,723)	(37,791)	(37,737)	-	-	(169,237)
Transfers	-	-	41,366	-	5,848	-	(47,214)	-
Write Down	-	(175,583)	-	(23,690)	(27,694)	-	(113,899)	(340,866)
	<u>5,765,316</u>	<u>7,952,847</u>	<u>20,471,795</u>	<u>151,135,478</u>	<u>8,183,885</u>	<u>5,340,477</u>	<u>809,160</u>	<u>199,658,958</u>
ACCUMULATED AMORTIZATION								
Balance, Beginning of Year	-	4,371,657	6,987,996	66,521,561	4,359,568	1,742,717	-	83,983,499
Amortization Expense	-	256,082	566,468	3,363,552	436,043	255,887	-	4,878,032
Disposals	-	(50,988)	(19,660)	(34,796)	(37,737)	-	-	(143,181)
Transfers	-	-	-	-	-	-	-	-
Write Down	-	(14,131)	-	(2,118)	(2,769)	-	-	(19,018)
Balance, End of Year	-	<u>4,562,620</u>	<u>7,534,804</u>	<u>69,848,199</u>	<u>4,755,105</u>	<u>1,998,604</u>	-	<u>88,699,332</u>
NET BOOK VALUE	<u>\$ 5,765,316</u>	<u>\$ 3,390,227</u>	<u>\$ 12,936,991</u>	<u>\$ 81,287,279</u>	<u>\$ 3,428,780</u>	<u>\$ 3,341,873</u>	<u>\$ 809,160</u>	<u>\$ 110,959,626</u>

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

TANGIBLE CAPITAL ASSET CONTINUITY FOR THE PERIOD ENDED DECEMBER 31, 2016

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>Work In Progress</u>	<u>2016 Total</u>
COST								
Balance, Beginning of Year	\$ 5,554,731	\$ 7,967,856	\$ 20,225,586	\$ 151,089,822	\$ 7,315,896	\$ 3,610,038	\$ 2,488,195	\$ 198,252,124
Additions	271,500	-	6,700	55,349	30,203	75,232	355,978	794,962
Disposals	(60,915)	-	(2,600)	(434,587)	-	(442,873)	-	(940,975)
Transfers	-	-	60,762	133,787	858,380	1,510,415	(2,563,344)	-
Write Down	-	-	-	-	-	-	-	-
	<u>5,765,316</u>	<u>7,967,856</u>	<u>20,290,448</u>	<u>150,844,371</u>	<u>8,204,479</u>	<u>4,752,812</u>	<u>280,829</u>	<u>198,106,111</u>
ACCUMULATED AMORTIZATION								
Balance, Beginning of Year	-	4,070,644	6,431,482	63,239,322	3,935,970	1,884,481	-	79,561,899
Amortization Expense	-	301,013	557,719	3,409,689	423,598	212,666	-	4,904,685
Disposals	-	-	(1,205)	(127,450)	-	(354,430)	-	(483,085)
Transfers	-	-	-	-	-	-	-	-
Write Down	-	-	-	-	-	-	-	-
Balance, End of Year	<u>-</u>	<u>4,371,657</u>	<u>6,987,996</u>	<u>66,521,561</u>	<u>4,359,568</u>	<u>1,742,717</u>	<u>-</u>	<u>83,983,499</u>
NET BOOK VALUE	\$ 5,765,316	\$ 3,596,199	\$ 13,302,452	\$ 84,322,810	\$ 3,844,911	\$ 3,010,095	\$ 280,829	\$ 114,112,612

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

13. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ (2,795,783)	\$ (2,994,316)
Restricted surplus		
Operating restricted surplus (Note 14)	2,967,195	2,798,610
Capital restricted surplus (Note 14)	4,739,363	4,452,994
Equity in tangible capital assets	<u>107,080,546</u>	<u>109,810,809</u>
	<u>\$ 111,991,321</u>	<u>\$ 114,068,097</u>

14. RESTRICTED SURPLUS

	<u>2017</u>	<u>2016</u>
OPERATING RESTRICTED SURPLUS		
General reserve	<u>\$ 2,967,195</u>	<u>\$ 2,798,610</u>
CAPITAL RESTRICTED SURPLUS		
Airport	13,482	13,482
Fire equipment	113,628	120,702
Future development	418,455	418,456
Municipal recreation	37,295	37,295
Offsite levy	128,063	97,502
Parking lot	38,448	38,448
Tourism improvement fee	690,443	601,017
Utilities	<u>3,299,549</u>	<u>3,126,092</u>
	<u>4,739,363</u>	<u>4,452,994</u>
	<u>\$ 7,706,558</u>	<u>\$ 7,251,604</u>

15. CONTINGENT LIABILITIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). 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. There has been no change to the Town's contingent liabilities in 2017.

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

16. NET MUNICIPAL TAXES

	<u>Budget</u>	<u>2017</u>	<u>2016</u>
TAXATION			
Real property taxes	\$ 5,375,212	\$ 5,379,462	\$ 5,698,344
Linear property taxes	237,684	228,967	237,742
Government grants in place of taxes	<u>96,080</u>	<u>93,647</u>	<u>97,316</u>
	<u>5,708,976</u>	<u>5,702,076</u>	<u>6,033,402</u>
REQUISITIONS			
Alberta School Foundation Fund	1,264,913	1,257,362	1,264,913
Mackenzie Housing Seniors Lodge	<u>80,869</u>	<u>84,474</u>	<u>155,869</u>
	<u>1,345,782</u>	<u>1,341,836</u>	<u>1,420,782</u>
	<u>\$ 4,363,194</u>	<u>\$ 4,360,240</u>	<u>\$ 4,612,620</u>

17. GOVERNMENT TRANSFERS

	<u>Budget</u>	<u>2017</u>	<u>2016</u>
OPERATING			
Local government	\$ 523,000	\$ 520,451	\$ 546,046
Provincial government	331,021	253,845	271,770
Federal government	<u>76,500</u>	<u>157,396</u>	<u>180,483</u>
	<u>930,521</u>	<u>931,692</u>	<u>998,299</u>
CAPITAL			
Local government	310,000	316,478	46,370
Provincial government	918,750	1,034,351	231,640
Federal government	<u>603,250</u>	<u>484,020</u>	<u>-</u>
	<u>1,832,000</u>	<u>1,834,849</u>	<u>278,010</u>
	<u>\$ 2,762,521</u>	<u>\$ 2,766,541</u>	<u>\$ 1,276,309</u>

18. FRANCHISE AGREEMENTS

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

	<u>2017</u>	<u>2016</u>
AltaGas Utilities	\$ 697,413	\$ 693,408
ATCO Electric	<u>609,315</u>	<u>579,747</u>
	<u>\$ 1,306,728</u>	<u>\$ 1,273,155</u>

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

19. EXPENSES BY OBJECT

	<u>Budget</u>	<u>2017</u>	<u>2016</u>
Salaries, wages, and benefits	\$ 4,563,077	\$ 4,431,112	\$ 4,445,867
Contract and general services	2,495,144	2,570,933	2,631,786
Materials, goods, and utilities	2,353,155	2,436,042	2,171,286
Interest on long-term debt	169,028	167,896	172,892
Transfers to local boards and agencies	170,800	109,535	124,133
Bank charges and short-term interest	19,006	19,945	17,838
Provision for (recovery on) allowances	2,000	(18,519)	4,546
Amortization of tangible capital assets	4,792,119	4,859,014	4,904,685
	<u>\$ 14,564,329</u>	<u>\$ 14,575,958</u>	<u>\$ 14,473,033</u>

20. SALARY AND BENEFITS DISCLOSURE

Disclosure of salary and benefits for municipal officials, Chief Administrative Officer, and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary</u>	<u>Benefits</u>	<u>2017</u>	<u>2016</u>
Mayor - McAteer	\$ 47,150	\$ 83	\$ 47,233	\$ 41,583
Councillor - Morgan	16,800	83	16,883	15,583
Councillor - Forest	16,160	83	16,243	17,733
Deputy Mayor - Macleod	14,050	83	14,133	17,083
Deputy Mayor - Langford	12,400	83	12,483	-
Councillor - Chandler	10,125	83	10,208	10,983
Councillor - Rapke	9,300	83	9,383	20,333
Councillor - Gillis	4,125	83	4,208	-
Councillor - Anderson	2,775	83	2,858	-
Councillor - Jessiman	2,525	83	2,608	-
Councillor - Milton	-	-	-	11,283
Chief Administrative Officer ¹	113,774	18,280	132,054	-
Chief Administrative Officer ²	25,221	1,329	26,550	169,714
Designated Officers (2)	<u>177,265</u>	<u>28,769</u>	<u>206,034</u>	<u>198,756</u>
	<u>\$ 451,670</u>	<u>\$ 49,208</u>	<u>\$ 500,878</u>	<u>\$ 503,051</u>

(1) Chief Administrative Officer employment commenced in March 2017

(2) Chief Administrative Officer for the period October 2015 to January 2017

(Continues)

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

21. SALARY AND BENEFITS DISCLOSURE (CONTINUED)

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

Benefits include the employer's share of employee benefits and contributions made on behalf of the employees including RSP contributions, health care, vision coverage, dental coverage, directors' liability, group life insurance, accidental disability and dismemberment insurance, and life insurance.

Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay and travel allowances.

22. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, wages and benefits payable and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments. The Town is subject to credit risk with respect to taxes and grants in place of tax receivables, trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. Unless otherwise noted, the carrying value of financial instruments approximates their fair value.

23. 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) Protective Services

Department includes fire, law enforcement, and health and safety. The Fire Department is responsible to provide fire suppression services, fire prevention programs, motor vehicle accident response training, and education related to prevention. Town peace officers enforce the Town's by-laws and some provincial statutes.

(b) Public Works and Transportation

Operations Department is responsible for the delivery of municipal public works services related to transportation; including maintenance of roadway pedestrian systems, the High Level Airport and the maintenance of parks and open spaces.

(Continues)

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

23. SEGMENTED INFORMATION (CONTINUED)

(c) Water and Waste Management

Operations Department is responsible for environmental programs such as the engineering and operation of water and wastewater systems and solid waste collection disposal and recycling.

(d) Planning and Development

Department manages all aspects of land use planning including long range forecasting and planning, processing development permits, and compliance certificates. The department is also responsible for corporate mapping functions.

(e) Community Services

Department provides public services that sustain and support individuals, families, and communities. This includes programs run through Family and Community Support Services, the R.E. Walter Memorial Aquatics Center, High Level Sports Complex, recreation programs, and the Town's outdoor baseball diamonds, playgrounds, and parks.

(f) Culture and Library

The Town operates and maintains the Museum and Visitor's Centre and supports the Library.

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 expenditure. User charges and other revenue are allocated to the segments based upon the segment that generated the revenue. Government transfers are allocated to segments based upon the purpose for which the transfers were made. Development levies earned and developer contributions received are allocated to the segment for which the charge was collected.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

23. SEGMENTED INFORMATION (CONTINUED)

SEGMENTED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Protective Services</u>	<u>Public Works & Transportation</u>	<u>Water & Waste Management</u>	<u>Planning & Development</u>	<u>Community Services</u>	<u>Culture & Library</u>	<u>Other Municipal</u>	<u>Total</u>
REVENUE								
Net municipal taxes	\$ 624,781	\$ 2,401,858	\$ -	\$ 197,590	\$ 834,976	\$ 270,153	\$ 30,882	\$ 4,360,240
User fees and sales of goods	191,945	580,643	2,063,992	99,959	288,316	67,462	1,312,699	4,605,016
Government transfers	618,568	463,708	297,285	-	734,852	33,926	618,202	2,766,541
Investment income	-	-	-	-	-	20	191,576	191,596
Penalties and costs on taxes	-	-	-	-	-	-	49,367	49,367
Licenses and permits	2,082	-	-	168,509	-	-	31,160	201,751
Other income	13,543	5,014	1,241	-	23,132	168,163	89,503	300,596
Gain on disposal of investments	-	-	-	-	-	-	50,131	50,131
	<u>1,450,919</u>	<u>3,451,223</u>	<u>2,362,518</u>	<u>466,058</u>	<u>1,881,276</u>	<u>539,724</u>	<u>2,373,520</u>	<u>12,525,238</u>
EXPENSES								
Salaries, wages, and benefits	512,960	1,194,438	537,958	111,732	1,034,636	277,666	761,722	4,431,112
Contract and general services	423,726	417,029	411,501	312,404	172,503	113,374	720,396	2,570,933
Materials, goods, and utilities	203,907	897,153	568,663	13,562	407,357	106,468	238,932	2,436,042
Interest on long-term debt	8,144	29,682	121,540	-	-	8,530	-	167,896
Transfers to local boards and agencies	48,882	-	-	28,000	-	32,653	-	109,535
Bank charges and short-term interest	-	-	-	-	-	-	19,945	19,945
Provision for (recovery on) allowances	-	-	3,585	-	-	-	(22,104)	(18,519)
Loss on sale of tangible capital assets	-	-	2,994	-	23,062	-	-	26,056
	<u>1,197,619</u>	<u>2,538,302</u>	<u>1,646,241</u>	<u>465,698</u>	<u>1,637,558</u>	<u>538,691</u>	<u>1,718,891</u>	<u>9,743,000</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	253,300	912,921	716,277	360	243,718	1,033	654,629	2,782,236
Amortization of tangible capital assets	<u>(257,177)</u>	<u>(2,606,788)</u>	<u>(1,363,753)</u>	<u>(23,797)</u>	<u>(319,099)</u>	<u>(18,745)</u>	<u>(269,655)</u>	<u>(4,859,014)</u>
ANNUAL SURPLUS (DEFICIT)	\$ (3,877)	\$ (1,693,867)	\$ (647,476)	\$ (23,437)	\$ (75,381)	\$ (17,712)	\$ 384,974	\$ (2,076,776)

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

23. SEGMENTED INFORMATION (CONTINUED)

SEGMENTED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Protective <u>Services</u>	Public Works & Transportation	Water & Waste <u>Management</u>	Planning & <u>Development</u>	Community <u>Services</u>	Culture & <u>Library</u>	Other <u>Municipal</u>	<u>Total</u>
REVENUE								
Net municipal taxes	\$ 545,105	\$ 2,651,873	\$ -	\$ 110,243	\$ 934,400	\$ 272,078	\$ 98,921	\$ 4,612,620
User fees and sales of goods	668,735	602,045	2,044,274	128,638	291,276	58,210	1,282,324	5,075,502
Government transfers	153,507	144,458	150,328	-	145,721	43,793	638,502	1,276,309
Investment income	-	-	-	-	-	1,387	110,858	112,245
Penalties and costs on taxes	-	-	-	-	-	-	56,274	56,274
Licenses and permits	2,238	-	-	80,406	-	-	31,261	113,905
Other income	3,595	21,004	380	-	11,928	153,948	52,852	243,707
Gain on disposal of investments	-	-	-	-	-	-	9,867	9,867
	<u>1,373,180</u>	<u>3,419,380</u>	<u>2,194,982</u>	<u>319,287</u>	<u>1,383,325</u>	<u>529,416</u>	<u>2,280,859</u>	<u>11,500,429</u>
EXPENSES								
Salaries, wages, and benefits	547,905	1,131,251	576,804	98,070	1,014,008	269,151	808,678	4,445,867
Contract and general services	579,901	450,096	375,902	192,759	169,256	94,734	769,138	2,631,786
Materials, goods, and utilities	193,744	797,722	527,421	12,091	376,561	120,282	143,465	2,171,286
Interest on long-term debt	9,215	19,935	132,649	-	-	8,932	2,161	172,892
Transfers to local boards and agencies	49,036	-	-	38,000	-	37,097	-	124,133
Bank charges and short-term interest	-	-	-	-	-	-	17,838	17,838
Provision for (recovery on) allowances	-	-	2,209	-	-	-	2,337	4,546
Loss on sale of tangible capital assets	<u>77,838</u>	<u>-</u>	<u>307,137</u>	<u>-</u>	<u>1,395</u>	<u>-</u>	<u>60,915</u>	<u>447,285</u>
	<u>1,457,636</u>	<u>2,399,004</u>	<u>1,922,122</u>	<u>340,920</u>	<u>1,561,220</u>	<u>530,197</u>	<u>1,804,534</u>	<u>10,015,633</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	(84,456)	1,020,376	272,860	(21,633)	(177,895)	(781)	476,325	1,484,796
Amortization of tangible capital assets	<u>(215,414)</u>	<u>(2,655,638)</u>	<u>(1,344,816)</u>	<u>(24,206)</u>	<u>(367,789)</u>	<u>(18,225)</u>	<u>(278,597)</u>	<u>(4,904,685)</u>
ANNUAL SURPLUS (DEFICIT)	\$ (299,870)	\$ (1,635,262)	\$ (1,071,956)	\$ (45,839)	\$ (545,684)	\$ (19,006)	\$ 197,728	\$ (3,419,889)

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

24. COMPARATIVE FIGURES

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

25. BUDGET FIGURES

The operating budget figures are based on the amended budget approved by Council on April 24, 2017. The capital budget figures presented in these financial statements are based on the amended capital budget approved by Council on August 14, 2017.

	<u>Original</u>	<u>Amendments</u>	<u>Amended</u>
REVENUE			
Annual operating budget	\$ 10,248,801	\$ 65,000	\$ 10,313,801
EXPENSES			
Annual operating budget	<u>14,499,329</u>	<u>(65,000)</u>	<u>14,564,329</u>
ANNUAL OPERATING DEFICIT	<u>(4,250,528)</u>	<u>-</u>	<u>(4,250,528)</u>
OTHER REVENUE			
Government transfers – capital	<u>786,241</u>	<u>1,045,759</u>	<u>1,832,000</u>
ANNUAL DEFICIT	<u>\$ (3,464,287)</u>	<u>\$ 1,045,759</u>	<u>\$ (2,418,528)</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	<u>2017</u>	<u>2017</u>	<u>2016</u>
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (2,418,528)	\$ (2,076,776)	\$ (3,419,889)
Add:			
Amortization	4,792,119	4,859,014	4,904,685
(Gain) loss on disposal of tangible capital assets	-	26,056	447,285
Deduct:			
Principal debt repayments	(442,448)	(432,723)	(379,623)
Government transfers for capital	(1,832,000)	(1,834,849)	(278,010)
Net transfer (to) from reserves	(101,145)	(454,954)	(1,080,686)
(Gain) loss on sale of investments	-	(50,131)	(9,867)
Other capital revenue	<u>-</u>	<u>(9,000)</u>	<u>-</u>
RESULTS OF OPERATIONS AS BUDGETED	<u>\$ (2,002)</u>	<u>\$ 26,637</u>	<u>\$ 183,895</u>

**TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by Council on April 23, 2018.
