

Consolidated Financial Statements of

TOWN OF HIGH LEVEL

Year ended December 31, 2014

TOWN OF HIGH LEVEL

Consolidated Financial Statements

Year ended December 31, 2014

Financial Statements

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Management's Responsibility for the Consolidated Financial Statements

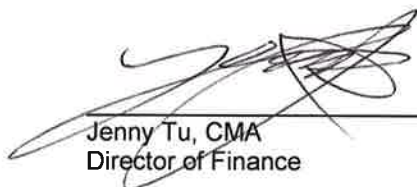
The accompanying consolidated financial statements of the Town of High Level (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies are described in note 2 to 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 KPMG LLP, 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.



Adam Clarkson, Acting CAO /
Director of Community Services

Jenny Tu, CMA
Director of Finance

April 21, 2015



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Town of High Level, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 from 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Town of High Level as at December 31, 2014, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

April 21, 2015
Edmonton, Canada

TOWN OF HIGH LEVEL

Consolidated Statement of Financial Position


December 31, 2014, with comparative information for 2013

	2014	2013
		(Recasted - note 3)
Financial assets:		
Cash	\$ 800,127	\$ 1,069,006
Accounts receivable (note 4)	1,710,439	2,821,134
Land held for resale	-	879,657
Investments (note 5)	6,148,208	8,415,187
	8,658,774	13,184,984
Liabilities:		
Accounts payable and accrued liabilities	1,578,164	2,924,226
Wages and benefits payable	260,936	282,665
Deferred revenue (note 7)	368,486	988,308
Long-term debt (note 8)	4,469,374	5,140,619
Deposit liabilities	48,200	49,110
	6,725,160	9,384,928
Net financial assets	1,933,614	3,800,056
Non-financial assets:		
Tangible capital assets (note 10)	119,699,323	119,202,055
Inventories of supplies	122,140	139,982
Prepaid expenses	465,920	433,597
	120,287,383	119,775,634
Accumulated surplus (note 11)	\$ 122,220,997	\$ 123,575,690

Contingent liabilities (note 12)

The accompanying notes are an integral part of these consolidated financial statements

Approved by:

Mayor

Councillor

TOWN OF HIGH LEVEL

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	Budget (Note 22)	2014	2013 (Recasted - note 3)
Revenue:			
Net municipal taxes (note 14)	\$ 4,363,084	\$ 4,398,934	\$ 4,161,834
User fees and sales of goods	4,190,227	4,391,152	4,382,560
Government transfers			
- operating (note 15)	893,875	843,665	1,005,344
Investment income	200,070	258,592	328,933
Penalties and costs of taxes	70,000	61,982	81,860
Development levies	-	63,666	-
Licenses and permits	81,860	77,630	106,931
Other	414,150	426,326	336,408
	10,213,266	10,521,947	10,403,870
Expenses (note 16):			
Legislative	336,576	300,188	231,392
Administration	1,818,997	1,693,296	1,932,242
Protective services	1,373,216	1,139,498	1,193,487
Transportation	5,715,476	5,031,445	4,960,811
Water supply and distribution	2,165,803	1,679,366	1,705,708
Wastewater treatment and disposal	759,280	695,067	764,824
Waste management	192,942	196,091	190,239
Family and community support	161,652	156,609	146,684
Planning and development	525,698	614,586	591,967
Parks and recreation	1,616,547	1,724,388	1,418,202
Culture and library	625,640	509,483	507,079
	15,291,827	13,740,017	13,642,635
Annual deficit before other	(5,078,561)	(3,218,070)	(3,238,765)
Other:			
Government transfers - capital (note 15)	1,856,078	1,863,377	3,135,541
Contributions of tangible capital assets	-	-	5,000
Annual deficit	(3,222,483)	(1,354,693)	(98,224)
Accumulated surplus, beginning of year	123,575,690	123,575,690	123,673,914
Accumulated surplus, end of year	\$ 120,353,207	\$ 122,220,997	\$ 123,575,690

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF HIGH LEVEL

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	Budget (Note 22)	2014	2013 (Recasted - note 3)
Annual deficit	\$ (3,222,483)	\$ (1,354,693)	\$ (98,224)
Acquisition of tangible capital assets	(3,194,360)	(5,161,830)	(5,613,762)
Contributions of tangible capital assets	-	-	(5,000)
Amortization of tangible capital assets	4,681,664	4,648,388	4,605,494
Loss on disposal of tangible capital assets	-	5,672	3,851
Proceeds on disposal of tangible capital assets	-	10,502	-
	(1,735,179)	(1,851,961)	(1,107,641)
Acquisition of inventories of supplies	-	(4,869)	(11,384)
Acquisition of prepaid expenses	-	(465,920)	(433,597)
Consumption of inventories of supplies	-	22,711	2,720
Use of prepaid expenses	-	433,597	182,924
		(14,481)	(259,337)
Change in net financial assets	(1,735,179)	(1,866,442)	(1,366,978)
Net financial assets, beginning of year	3,800,056	3,800,056	5,167,034
Net financial assets, end of year	\$ 2,064,877	\$ 1,933,614	\$ 3,800,056

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF HIGH LEVEL

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
	(Recasted - note 3)	
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (1,354,693)	\$ (98,224)
Items not involving cash:		
Amortization of tangible capital assets	4,648,388	4,605,494
Amortization of discount on investments	(71,437)	(142,002)
Loss on disposal of tangible capital assets	5,672	3,851
Loss on sale of investments	61,503	63,331
Contributions of tangible capital assets	-	(5,000)
Change in non-cash assets and liabilities:		
Accounts receivable	1,110,695	(1,733,667)
Land held for resale	879,657	-
Accounts payable and accrued liabilities	(1,346,062)	2,031,450
Wages and benefits payable	(21,729)	27,119
Deferred revenue	(619,822)	(161,980)
Deposit liabilities	(910)	10,187
Inventories of supplies	17,842	(8,664)
Prepaid expenses	(32,323)	(250,673)
Net change in cash from operating activities	3,276,781	4,341,222
Capital activities:		
Acquisition of tangible capital assets	(5,161,830)	(5,613,762)
Proceeds on disposal of tangible capital assets	10,502	-
Net change in cash from capital activities	(5,151,328)	(5,613,762)
Investing activities:		
Purchase of investments	(4,295,124)	(3,898,842)
Sales of investments	6,572,037	4,656,767
Net change in cash from investing activities	2,276,913	757,925
Financing activities:		
Long-term debt issued	-	1,406,300
Long-term debt repaid	(671,245)	(591,741)
Net change in cash from financing activities	(671,245)	814,559
Net change in cash	(268,879)	299,944
Cash, beginning of year	1,069,006	769,062
Cash, end of year	\$ 800,127	\$ 1,069,006
Cash paid for interest	\$ 241,276	\$ 219,166
Cash received from interest	347,809	301,898

The accompanying notes are an integral part of these consolidated financial statements

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements

Year ended December 31, 2014

1. Nature of organization:

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

2. Significant accounting policies:

The consolidated financial statements of the Town are prepared by the Town's management in accordance with Canadian Public Sector Accounting Standards ("PSAS"). Significant accounting policies adopted by the Town 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 and the Mackenzie Housing Seniors Lodge. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Alberta School Fund Foundation and Mackenzie Housing Seniors Lodge are not reflected in these consolidated financial statements.

iii) Mackenzie Regional Waste Management Commission

The Town is a member of the Mackenzie Regional Waste Management Commission (the "Commission"). The Province of Alberta under Alberta Regulation 264/2003 established the Commission pursuant to the Municipal Government Act. The nature of the establishment and operation is such that profits or any other income of the Commission is retained by the Commission. All financial transactions with the Commission are recognized and recorded in the consolidated financial statements of the Town.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Significant accounting policies (continued):

(a) Reporting entity (continued):

iv) 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.

(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.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Significant accounting policies (continued):

(f) 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.

(g) 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.

(h) 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.

(i) 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.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Significant accounting policies (continued):

(j) 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:

Asset	Years
Land improvements	15-30
Buildings (includes building improvements)	15-50
Engineered structures	16-75
Machinery and equipment	5-20
Vehicles	10-20

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.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

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.

(k) 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. Actual results could differ from those estimates.

(l) Future accounting standard pronouncements:

The following summarizes upcoming changes to PSAS. In 2015, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

i) Liability for Contaminated Sites

PS3260, *Liability for Contaminated Sites*, establishes standards on remediation, recognition, and measurement of liabilities associated with contaminated sites, and provides requirements for financial statement presentation and disclosure. The Town has begun the process of reviewing policies, procedures, and systems to ensure consistent and accurate identification and estimation of liabilities associated with contaminated sites. This standard is applicable for fiscal years beginning on or after April 1, 2014.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Significant accounting policies (continued):

(l) Future accounting standard pronouncements (continued):

ii) Financial Statement Presentation

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2016.

iii) Foreign Currency Translation

PS2601, *Foreign Currency Translation*, requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2016.

iv) Portfolio Investments

PS3041, *Portfolio Investments*, has removed the distinction between temporary and portfolio investments. This standard now includes pooled investments in its scope and was amended to conform to *Financial Instruments*, PS3450. Upon adoption of PS3450 and PS3041, PS3030 *Temporary Investments* will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2016.

v) Financial Instruments

PS3450, *Financial Instruments*, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2016.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Significant accounting policies (continued):

(l) Future Accounting Standard Pronouncements (continued):

vi) Related Party Disclosures

PS2200, *Related Party Disclosures*, requires the disclosure of the effect of financially material transactions between related parties. This standard is applicable for fiscal years beginning on or after April 1, 2017.

vii) Inter-Entity Transactions

PS3420, *Inter-Entity Transactions*, specifically covers how to account for and report transactions between entities controlled by a government and that comprise the government's reporting entity from both a provider and a recipient perspective. This standard is applicable to fiscal years beginning on or after April 1, 2017.

3. Recast of comparative financial information:

During the year, the Town identified tangible capital assets contributed by a developer in 2011, including road dedications and street, water and sewer infrastructure, which were not recorded in the Town's accounts. The Town has corrected this immaterial error on a retrospective basis as summarized below.

	2014	2013
Accumulated surplus, January 1		
As previously reported	\$ 120,074,098	\$ 120,065,610
Addition of tangible capital assets previously excluded	3,768,371	3,768,371
Accumulated amortization of tangible capital assets previously excluded	(266,779)	(160,067)
Recasted accumulated surplus, January 1	\$ 123,575,690	\$ 123,673,914
Annual surplus for 2013		
Annual surplus, as previously reported		\$ 8,488
Adjustment for tangible capital assets (amortization)		(106,712)
Recasted		\$ (98,224)

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

4. Accounts receivable:

	2014	2013
Property taxes receivable (net of allowance \$19,469; 2013 - \$177,551)	\$ 119,597	\$ 113,259
Government transfers receivable	441,853	1,343,961
Other receivables (net of allowance \$7,014; 2013 - \$4,509)	1,103,287	1,310,654
Local improvements (interest at rates ranging from 3.53% to 5.88% due over the periods through 2020)	45,702	53,260
	\$ 1,710,439	\$ 2,821,134

Property taxes receivable include \$27,214 (2013 - \$156,967) of balances outstanding for greater than one year.

5. Investments:

	2014		2013	
	Amortized Cost	Market value	Amortized Cost	Market value
Short-term notes and deposits	\$ 218,769	\$ 218,769	\$ 219,701	\$ 219,701
Corporate, government and government guaranteed bonds	5,929,439	5,967,000	8,195,486	8,113,944
	\$ 6,148,208	\$ 6,185,769	\$ 8,415,187	\$ 8,333,645

Short-term notes and deposits have effective interest rates ranging from 1.05 % to 1.80% (2013 – 0.10% to 1.25%) and mature in less than one year. Corporate, government and government guaranteed bonds have effective interest rates ranging from 1.80% to 10.22% (2013 – 2.53% to 10.22%) with maturity dates ranging from April 20, 2020 to June 30, 2108 (2013 – June 30, 2014 to December 29, 2049). The Town intends to hold these securities until maturity.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

6. Operating line of credit:

The Town has established an operating line of credit up to \$3,000,000 (2013 - \$3,000,000). The Town had not drawn against this facility as at December 31, 2014. The operating line of credit is secured by borrowing bylaws. Outstanding amounts bear interest at the bank's prime lending rate plus 0.5%.

7. Deferred revenue:

The deferred revenue reported on the consolidated statement of financial position is made up of the following:

	2014	2013
Provincial government transfers:		
Alberta Municipal Infrastructure Program	\$ 135,647	\$ 162,180
Regional Collaboration Conditional Grant	117,756	146,371
Fire Smart Community Grant	50,000	50,000
Municipal Sustainability Initiative - Capital	13,077	173,340
Municipal Grant - Other	2,218	2,218
Basic Municipal Trans Grant (BMTG/SIP)	-	303,420
Federal Gas Tax Fund	-	71,449
Forest Resource Improvement Grant (FRIAA)	-	41,124
	318,698	950,102
Other deferred revenues:		
Prepaid deposits	34,450	24,320
Prepaid property taxes	15,338	13,886
	49,788	38,206
	\$ 368,486	\$ 988,308

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

7. Deferred revenue (continued):

Continuity of deferred revenue is as follows:

	2014	2013
Deferred government transfers:		
Deferred government transfers, beginning of year	\$ 950,102	\$ 1,117,493
Government transfers received during the year	2,075,638	3,973,494
Government transfers recognized during the year	(2,707,042)	(4,140,885)
Deferred government transfers, end of year	318,698	950,102
Other deferred revenues:		
Other deferred revenues, beginning of year	38,206	32,795
Other received during the year	30,157	28,449
Other recognized during the year	(18,575)	(23,038)
Other deferred revenues, end of year	49,788	38,206
Balance, end of year	\$ 368,486	\$ 998,308

8. Long-term debt:

	2014	2013
Alberta Capital Finance Authority debentures bearing interest at rates ranging from 3.84% to 6.50% (2013 - 3.84% to 6.50%) per annum and maturing in periods from 2015 through 2033 (2013 – 2014 through 2033)	\$ 4,469,374	\$ 5,140,619

Long-term debt is issued on the credit and security of the Town at large.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

8. Long-term debt (continued):

Principal and interest repayment requirements on long-term debt over the next five years and thereafter are as follows:

	Principal	Interest	Total
2015	\$ 527,948	\$ 205,878	\$ 733,826
2016	379,623	178,272	557,895
2017	287,457	161,351	448,808
2018	301,507	147,301	448,808
2019	316,258	132,550	448,808
Thereafter	2,656,581	613,666	3,270,247
	\$ 4,469,374	\$ 1,439,018	\$ 5,908,392

9. 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:

	2014	2013
Total debt limit	\$ 15,620,805	\$ 15,613,305
Total debt	4,469,374	5,140,619
Amount by which debt limit unused	11,151,431	10,472,686
Percentage used (%)	28.61%	32.93%
Debt servicing limit	2,603,468	2,602,218
Debt servicing	733,826	912,520
Amount by which debt servicing limit unused	1,869,642	1,689,698
Percentage used (%)	28.19%	35.07%

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

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

10. Tangible capital assets:

2014																										
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total																		
Cost:																										
Balance, beginning of year	\$	4,691,248	\$	5,281,337	\$	19,718,962	\$	144,670,368	\$	6,220,220	\$	3,295,155	\$	5,542,221	\$	189,419,511										
Additions		879,657		-		123,183		1,795,265		424,851		314,883		1,623,991		5,161,830										
Disposals		(16,174)		-		-		-		-		-		-		(16,174)										
Balance, end of year		5,554,731		5,281,337		19,842,145		146,465,633		6,645,071		3,610,038		7,166,212		194,565,167										
Accumulated amortization:																										
Balance, beginning of year		-		3,709,402		5,324,287		56,485,889		3,171,679		1,526,199		-		70,217,456										
Amortization		-		202,206		551,722		3,347,023		373,405		174,032		-		4,648,388										
Balance, end of year		-		3,911,608		5,876,009		59,832,912		3,545,084		1,700,231		-		74,865,844										
Net book value, end of year											\$	5,554,731	\$	1,369,729	\$	13,966,136	\$	86,632,721	\$	3,099,987	\$	1,909,807	\$	7,166,212	\$	119,699,323

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

10. Tangible capital assets (continued):

2013 (Recasted - note 3)																
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	Total								
Cost:																
Balance, beginning of year	\$	4,695,099	\$	4,969,921	\$	19,082,038	\$	142,504,595	\$	5,922,423	\$	3,184,866	\$	3,445,658	\$	183,804,600
Additions		-		311,416		636,924		2,165,773		297,797		110,289		2,096,563		5,618,762
Disposals		(3,851)		-		-		-		-		-		-		(3,851)
Balance, end of year		4,691,248		5,281,337		19,718,962		144,670,368		6,220,220		3,295,155		5,542,221		189,419,511
Accumulated amortization:																
Balance, beginning of year		-		3,442,806		4,794,933		53,206,504		2,799,890		1,367,829		-		65,611,962
Amortization		-		266,596		529,354		3,279,385		371,789		158,370		-		4,605,494
Balance, end of year		-		3,709,402		5,324,287		56,485,889		3,171,679		1,526,199		-		70,217,456
Net book value, end of year																
	\$	4,691,248	\$	1,571,935	\$	14,394,675	\$	88,184,479	\$	3,048,541	\$	1,768,956	\$	5,542,221	\$	119,202,055

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

10. Tangible capital assets (continued):

a) Assets under construction

Assets under construction having a value of \$7,166,213 (2013 - \$5,542,221) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. There were no contributed assets received during the year (2013 - \$5,000).

c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

d) Works of art and historical treasures

The Town manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

11. Accumulated surplus:

The Town's accumulated surplus is comprised of the following:

	2014	2013
		(Recasted - note 3)
Operating reserves:		
General reserve	\$ 1,861,423	\$ 2,704,035
Capital reserves:		
Airport	52,257	64,456
Fire equipment	204,176	188,370
Future development	420,204	869,292
Municipal recreation	37,295	37,295
Offsite levy	97,502	33,836
Parking lot	38,448	38,448
Tourism improvement fee	474,314	335,570
Utility distribution	3,146,754	2,983,972
	<u>4,470,950</u>	<u>4,551,239</u>
Total reserves	6,332,373	7,255,274
Invested in tangible capital assets	115,229,949	114,061,436
Unrestricted surplus	658,675	2,258,980
	<u>\$ 122,220,997</u>	<u>\$ 123,575,690</u>

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

12. 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 2014.

13. Environmental matters:

During 2010, the Town had an independent study performed on two previously closed landfill sites that were operated by the province of Alberta prior to their transfer to the Town. The results of this study concluded that remediation of these sites would be required in the event that the Town developed or disposed of these sites. The estimated cost to remediate these sites is approximately \$3.1 million. In 2011, the Town received a letter from Alberta Environment stating that it did not have the funding available to reclaim these two sites to acceptable standards. However, Alberta Environment encouraged the Town to work with them to implement best practices and environmentally safe approaches to manage the former landfill sites. Accordingly, no liability has been recorded in these consolidated financial statements.

The Town will consider this in their overall assessment of the potential impact of the implementation of PS3260 Liability for Contaminated Sites.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

14. Net municipal taxes:

Taxation revenue reported on the consolidated statement of operations and accumulated surplus is made up of the following:

	Budget	2014	2013
	(Note 22)		
Taxation			
Real property taxes	\$ 5,272,629	\$ 5,374,585	\$ 5,013,995
Linear property taxes	238,931	232,000	223,964
Government grants in place of property taxes	139,667	132,224	130,918
Special assessments and local improvement taxes	49,485	49,485	118,628
	5,700,712	5,788,294	5,487,505
Requisitions			
Alberta School Foundation Fund	1,246,717	1,245,460	1,246,716
Mackenzie Housing Seniors Lodge	90,911	143,900	78,955
	1,337,628	1,389,360	1,325,671
Net municipal taxes	\$ 4,363,084	\$ 4,398,934	\$ 4,161,834

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Government transfers:

	Budget	2014	2013
	(Note 22)		
Transfers for operating			
Provincial government	\$ 353,425	\$ 270,422	\$ 460,094
Federal government	40,450	40,750	40,750
Other local government	500,000	532,493	504,500
	893,875	843,665	1,005,344
Transfers for capital			
Provincial government	1,333,578	1,591,520	2,600,575
Federal government	-	-	51,714
Other local government	522,500	271,857	483,252
	1,856,078	1,863,377	3,135,541
Total government transfers	\$ 2,749,953	\$ 2,707,042	\$ 4,140,885

16. Expenses by object:

	Budget	2014	2013
	(Note 22)		(Recasted - note 3)
Salaries, wages and benefits	\$ 4,622,467	\$ 4,029,417	\$ 3,918,904
Contracted and general services	3,407,795	2,678,070	2,684,048
Materials, goods and utilities	2,194,261	2,005,206	2,017,458
Provision for (recovery on) allowances	13,000	(8,348)	45,390
Transfers to local boards and agencies	112,378	76,820	65,237
Bank charges and short-term interest	16,021	17,520	18,165
Interest on long-term debt	244,241	225,769	220,757
Amortization of tangible capital assets	4,681,664	4,648,388	4,605,494
Loss on disposal of tangible capital assets	-	5,672	3,851
Loss on disposal of investments	-	61,503	63,331
	\$ 15,291,827	\$ 13,740,017	\$ 13,642,635

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

17. Salary and benefits disclosure:

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

	Salary	Benefits	2014 Total	2013 Total
Mayor - McAteer	\$ 34,100	\$ 83	\$ 34,183	\$ 14,811
Deputy Mayor - Macleod	20,600	83	20,683	9,661
Councillor - Forest	17,550	83	17,633	9,286
Councillor - Chandler	16,700	83	16,783	9,686
Councillor - Morgan	14,400	83	14,483	1,441
Councillor - Milton	13,150	83	13,233	1,291
Councillor - Rapke	14,950	83	15,033	2,441
Mayor – Ernst*	-	-	-	15,683
Councillor – Gladders*	-	-	-	533
Councillor – Forsyth*	-	-	-	4,218
Chief Administrative Officer	92,548	23,886	116,434	144,015
Interim CAO	48,781	4,520	53,301	41,719
Designated Officers (3 positions)	151,960	21,658	173,618	208,294
	\$ 424,739	\$ 50,645	\$ 475,384	\$ 463,079

*These individuals were not members of Council in the current year.

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

Employer's share of employee benefits and contributions made on behalf of the employees includes pension, health care, dental coverage, and directors' liability 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, travel allowances and car allowances.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

18. Transactions with Mackenzie Regional Waste Management Commission:

	2014	2013
Included in accounts payable:		
Due to Mackenzie Regional Waste Management Commission	\$ 10,830	\$ 8,789
Revenue and expense transactions:		
Other revenue - administrative services	-	3,300
Contracted and general services expense	79,691	70,180

19. 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.

20. 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:

i) Protective Services:

Protective Services include 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.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

20. Segmented information (continued):

ii) Public Works and Transportation:

The Public Works 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.

iii) Water and Waste Management:

The Town is responsible for environmental programs such as the engineering and operation of water and wastewater systems and waste management, the latter of which encompasses solid waste collection disposal and recycling.

iv) Planning and Development:

The 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.

(v) Community Services:

The Community Services department provides public services that sustains and supports 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.

vi) Culture and Library:

As part of community services, 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

20. Segmented information:

	2014							
	Protective Services	Public Works and Transportation	Water and Waste Management	Planning and Development	Community Services	Culture and Library	Other Municipal	Total
Revenue:								
Net municipal taxes	\$ 463,588	\$ 2,451,542	\$ -	\$ 319,842	\$ 829,533	\$ 220,792	\$ 113,637	\$ 4,398,934
User fees and sales of goods	180,350	567,162	2,075,827	32,150	281,374	68,347	1,185,942	4,391,152
Government transfers	114,949	-	-	-	89,036	39,072	600,608	843,665
Investment income	-	-	-	-	-	949	257,643	258,592
Penalties and costs of taxes	-	-	-	-	-	-	61,982	61,982
Other	80,328	35,796	630	105,801	40,239	196,871	107,957	567,622
Total revenues	839,215	3,054,500	2,076,457	457,793	1,240,182	526,031	2,327,769	10,521,947
Expenses:								
Salaries, wages and benefits	414,085	978,096	503,194	145,106	931,958	261,586	795,392	4,029,417
Contracted and general services	372,202	410,609	344,754	400,945	366,975	64,407	718,178	2,678,070
Materials, goods and utilities	161,961	775,496	472,472	2,632	367,886	120,702	104,057	2,005,206
Provision for allowances (recovery)	-	-	(1,061)	-	-	-	(7,287)	(8,348)
Transfers to local boards and agencies	1,980	-	-	41,815	-	33,025	-	76,820
Interest on long-term debt and other changes	12,331	37,610	154,971	-	-	9,680	28,697	243,289
Amortization	176,939	2,829,634	1,096,194	24,088	214,178	20,083	287,272	4,648,388
Loss on disposal of investments	-	-	-	-	-	-	61,503	61,503
Loss on disposal of tangible capital assets	-	-	-	-	-	-	5,672	5,672
Total expenses	1,139,498	5,031,445	2,570,524	614,586	1,880,997	509,483	1,993,484	13,740,017
Annual surplus (deficit) before other	(300,283)	(1,976,945)	(494,067)	(156,793)	(640,815)	16,548	334,285	(3,218,070)
Other								
Government transfers for capital obligations	85,000	732,178	640,829	218,512	186,858	-	-	1,863,377
Contributions of tangible capital assets	-	-	-	-	-	-	-	-
Annual surplus (deficit)	\$ (215,283)	\$ (1,244,767)	\$ 146,762	\$ 61,719	\$ (453,957)	\$ 16,548	\$ 334,285	\$ (1,354,693)

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

20. Segmented information (Continued):

	2013 (Recasted - note 3)							Total
	Protective Services	Public Works and Transportation	Water and Waste Management	Planning and Development	Community Services	Culture and Library	Other Municipal	
Revenue:								
Net municipal taxes	\$ 478,072	\$ 2,401,639	\$ -	\$ 191,722	\$ 681,068	\$ 225,634	\$ 183,699	\$ 4,161,834
User fees and sales of goods	151,806	608,030	2,099,130	65,703	277,572	72,929	1,109,390	4,382,560
Government transfers	192,400	-	-	142,360	87,581	36,684	546,319	1,005,344
Investment income	-	-	-	-	-	992	327,941	328,933
Penalties and costs of taxes	-	-	-	-	-	-	81,860	81,860
Other	3,451	37,102	-	72,041	18,367	229,878	82,500	443,339
Total revenues	825,729	3,044,771	2,099,130	471,826	1,064,588	566,117	2,331,709	10,403,870
Expenses:								
Salaries, wages and benefits	427,282	916,565	496,033	157,215	911,647	234,374	775,788	3,918,904
Contracted and general services	463,107	424,061	431,341	363,814	96,305	103,750	801,670	2,684,048
Materials, goods and utilities	131,063	728,138	541,177	3,767	357,844	117,083	138,386	2,017,458
Provision for allowances	-	-	404	-	-	-	44,986	45,390
Transfers to local boards and agencies	2,481	-	-	43,458	-	19,298	-	65,237
Interest	13,793	55,174	126,368	-	-	10,029	33,558	238,922
Amortization	155,761	2,836,873	1,065,448	23,713	199,090	22,545	302,064	4,605,494
Loss on disposal of tangible capital assets	-	-	-	-	-	-	3,851	3,851
Loss on disposal of investments	-	-	-	-	-	-	63,331	63,331
Total expenses	1,193,487	4,960,811	2,660,771	591,967	1,564,886	507,079	2,163,634	13,642,635
Annual surplus (deficit) before other	(367,758)	(1,916,040)	(561,641)	(120,141)	(500,298)	59,038	168,075	(3,238,765)
Other								
Government transfers for capital obligations	153,600	1,331,204	1,264,592	13,901	372,244	-	-	3,135,541
Contribution of tangible capital assets	-	-	-	-	5,000	-	-	5,000
Annual surplus, (deficit)	\$ (214,158)	\$ (584,836)	\$ 702,951	\$ (106,240)	\$ (123,054)	\$ 59,038	\$ 168,075	\$ (98,224)

TOWN OF HIGH LEVEL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

21. Comparative information:

Certain comparative figures have been reclassified to conform to the 2014 consolidated financial statement presentation.

22. Budget data:

The budget data presented in the consolidated financial statements of the Town includes:

- The 2014 operating budget of \$16,928,325, approved by Council on December 17, 2013.
- The capital budget of \$3,194,360, approved by Council on December 17, 2013.

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ASHLEIGH BULMER

Telephone Number:

780-821-4022

Last Registration Number:

Email Address:

abulmer@highlevel.ca

Customer's Special Instructions:

No instructions specified.

Registration Priority	Document Category	Document Type	Comments	Other Services
1	Tax Documents	Discharge of Tax Notification		
2	Tax Documents	Discharge of Tax Notification		

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