



**AGENDA**  
**ANNUAL GENERAL MEETING OF THE TOWN OF BARRHEAD TO**  
**BE HELD TUESDAY, APRIL 23, 2019 AT 7:00 P.M. IN THE**  
**TOWN OF BARRHEAD COUNCIL CHAMBERS**

*Barrhead....a quality community....giving a quality lifestyle*

Present

Absent

Others Present

1. Call to Order
2. Public Business
  - a) 2018 Financial Statements and Auditor's Report  
(Wayne Ellerington Delegation)
3. Adjournment



# REQUEST FOR DECISION

**Date:** April 23, 2019

**To:** Mayor McKenzie & Members of Council

**From:** Kathy Vickery, Interim CAO

**Re:** 2018 Audited Financial Statement and Auditor's Report

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## Summary

Auditor's Letter regarding the 2018 Audited Financial Statement and Auditor's Report.

## Overview

Mr. Wayne Ellerington will be presenting his letter regarding the Town of Barrhead's 2018 Audited Financial Statements and Auditor's Report.

Please note that a clean audit report is called "**unqualified**". This is used when the Auditor wants to convey that he has a positive opinion about the financials as a whole without any limitations or reservations.

When an Auditor presents a "**qualified**" report, this means that the auditor encountered one or more situations which do not comply or may have concerns or issues that would need to be reported to Council.

The Town of Barrhead 2018 Financial Statements and Audit Report is "**unqualified**" with no issues or concerns that need to be reported to Council or require further action.

## Recommendations

### *Recommendation #1*

That Council accept the Auditor's letter regarding the Town of Barrhead's 2018 Audited Financial Statements and Auditor's Report as information.
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Respectfully Submitted by:  
Kathy Vickery  
Interim CAO

-  
February 12, 2019

Ellerington **LLP**



**Mayor and Council**  
Town of Barrhead  
PO Box 4189  
Barrhead, Alberta  
T7N 1A2

Dear Sirs/Madams:

Re: **Town of Barrhead 2018 Financial Audit**

**A – Our Role as Auditors**

As auditors for the Town, our objective was to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Town in accordance with Canadian generally accepted accounting principles.

Our audit was made in accordance with Canadian generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We planned and performed audit procedures to obtain reasonable assurance whether the financial statements were free of material misstatement. This included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Because an audit is conducted primarily to enable us to express an opinion on the financial statements, it is not specifically designed to identify all errors, fraud, illegal acts, significant weaknesses in internal control or other irregularities. In addition, because of the limitations inherent in the audit process, it cannot necessarily be expected to detect all such misstatements. If any significant errors or irregularities had been discovered as a result of our examination, they would have been reported to the appropriate level of management. There were none.

## **B – Identification of Possible Fraud Risk Factors**

Assurance required us to plan and perform our audits to obtain reasonable assurance that the financial statements are free from material misstatement, whether caused by error or fraud. To the extent any audit risk factors are deemed to exist our general audit approach and specific audit procedures are modified to minimize such risk factors.

Our review of possible fraud risk factors for the Town of Barrhead found the Town to have specific controls to circumstances that mitigate or eliminate the risk.

## **C – Confidentiality**

We maintain the strictest confidence with respect to any client's or former client's information. Accordingly, the Town's confidential information will not, without your consent, be disclosed to any individuals outside the firm, except as required by law or under the profession's Rules of Professional Conduct.

## **D – Practice Inspections**

In accordance with professional regulations (and by Firm policy), our client files must periodically be reviewed by provincial practice inspectors to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

## **E – Role of Management and Council**

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles is the responsibility of management. This responsibility includes the maintenance of adequate accounting records and internal controls, prevention and detection of fraud errors, safeguarding of assets, selection and application of suitable accounting policies and appropriate disclosure of financial information in the financial statements.

It is the responsibility of Council to ensure that policies are in place for effective governance and to ensure that all unusual and material transactions during the year are properly approved.

Our audit revealed no material weaknesses in these areas.

## **F – Budgets, Council Minutes and General Ledger**

Since a municipality is a political organization, the decisions of Council, as documented in a budget or minutes, is paramount. Municipal employees are responsible to carry out instructions from council.

The operating and capital budgets are primary tools of fiscal management utilized in the municipal environment. Formulated by management and adopted by the Council, they become an important tool of management and of the auditor.

Reviewing the general ledger detail (specifically revenues and expenses) is an excellent tool for Councilors to gain familiarity with Municipal operations during the year.

## **G – Resolutions/Bylaws**

All decisions of the Council made by resolution or bylaw are legislative in nature and are enforceable within the municipality. The 2018 minutes and bylaws have all been reviewed in the course of our audit.

## **H – Debt Limit**

Schedule 10 of the Financial Statements discloses debt and debt limits for the Town. The Town has a debt limit under the Municipal Government Act is \$19,308,602. The actual debt of the Town was \$4,657,059 leaving \$14,651,543 available. Maximum allowable annual principal and interest payments under the Municipal Government Act are \$3,218,100. With annual principal and interest payments of \$290,569, the Town can afford an additional \$ 2,927,531 in annual payments of principal and interest.

The existing debt is financed at 3.153 per cent per annum, the rate is fixed for 25 years. With annual inflation in Canada projected to be 1.6 per cent per annum, the cost of borrowing is exceptionally inexpensive.

## **I – Consolidated Statement of Financial Position**

Page 2 of the financial statements reflects the consolidated statement of financial position of the Town as at December 31, 2018. This statement can be evaluated as follows:

### **1. Debt Ratio**

Total assets increased to \$71,870,546 as at December 31, 2018 from \$69,251,242 a year earlier, an increase of \$2,619,304. Liabilities increased by \$646,763 during the year. The net result is an increase of accumulated surplus of \$1,972,541.

### **2. Working Capital**

Working capital is another way of expressing an entity's liquidity. As at December 31, 2018 working capital was \$6,064,148, an increase of \$281,956.

### **3. Net Financial Assets**

The Consolidated Statement of Financial Position reflects a Net Financial Assets of \$1,163,719 which is up from \$697,629. Net financial assets are reduced by the total amount of long term debt of \$4,657,059. In fiscal 2019 the Town only has to repay \$144,865 of the long term debt so net financial assets is a very conservative measurement.

Based upon evaluation of debt limits and financial ratios, the Town continues to maintain a strong financial position.

## **J – Consolidated Statement of Cash Flows**

Page 5 of the financial statements reflects the consolidated statement of cash flows of the Town for the year ended December 31, 2018. This statement provides detailing of sources of cash flow and uses of cash flow. During fiscal 2018 operations before financial activities provided \$5,987,842 in cash flows, higher than fiscal 2017 when operations provided cash flows of \$4,730,906. Excess of revenues over expenses for 2018 was \$1,972,541 after expensing \$2,511,451 in amortization and loss on disposal of tangible capital assets of \$2,367. These are non-cash expenses meaning that operations generated \$4,486,359 in cash flow. Another factor in the \$5,987,842 cash flow from operations was the decrease in non-cash working capital of \$1,501,483.

Capital activity used \$4,028,728 of cash flows which was the difference between acquisition of tangible capital assets for \$4,037,480 and disposition of tangible capital assets for \$8,752.

Investing activity consisted solely of increased restrictions on cash and cash equivalents of \$623,787. This pertains mainly to unexpended Provincial Grants.

Financing activity was only repayment of long term debt for \$140,403.

These four types of activities resulted in an increase of cash and cash equivalents for the year of \$1,194,924. Combined with cash and cash equivalents at the beginning of the year of \$4,102,126 the Town ended the year with \$5,297,050 in cash and cash equivalents.

## **K – Changes of Accumulated Surplus**

Page 6 of the financial statements details accumulated surplus and changes in accumulated surplus of the Town during fiscal 2018. Accumulated surplus is divided into three categories, unrestricted surplus, restricted surplus and equity in tangible capital assets.

Equity in tangible capital assets is equity that is not readily available for operations. It reflects total tangible capital assets invested in land, land improvements, buildings, engineering structures, machinery and equipment and vehicles owned by the Town. These assets are reflected in the financial statements at cost less accumulated amortization. Total cost is \$114,729,827 and total accumulated amortization is \$50,695,929 leaving a net book value of \$64,033,898. Subtracting long term debt of \$4,657,059 from the net book value leaves an equity in tangible capital assets of \$59,376,839. The increase in equity in tangible capital assets during the year reflects the fact that the Town is replaces capital assets at a pace faster than they are considered to amortize.

Restricted surplus of \$5,562,782 represents funds designated to operating and capital reserves in anticipation of future capital and operating expenditures. These reserves are the result of management decisions by Town council.

Unrestricted surplus is \$323,691 as at December 31, 2018, largely unchanged from \$322,442 as at December 31, 2017. Unrestricted funds are again the result of management decisions by Town council when funds are allocated to operating and capital reserves. The need for unrestricted surplus is minimal as long as the combination of restricted surplus and unrestricted surplus meet the Town's financial requirements which they do at \$5,886,473.

## **L – Beaver Brook Subdivision Phase 3**

The costs of this development are no longer reflected on the balance sheet as inventory but are reflected in various categories of tangible capital assets as required by Alberta Municipal Affairs. This requirement by Alberta Municipal Affairs tends to understate working capital. Beaver Brook Subdivision Phase 3 is an inventory available for resale and while it all may not be realized in one fiscal year, it certainly will result in positive cash flow over the next several fiscal years.

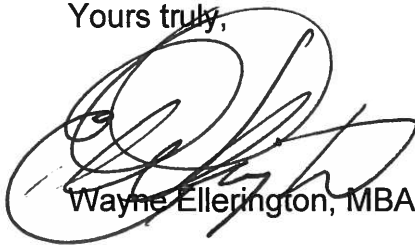
## **M – Concluding Comments**

As in other years, as auditors, we are pleased with the financial progress and strength of the Town.



And as always, we received every co-operation from management and staff in the course of our financial audit. Thank you.

Yours truly,

A handwritten signature in black ink, appearing to be 'Wayne Ellerington', written over a large, loopy circular flourish.

Wayne Ellerington, MBA, CA



TOWN OF  
**Barrhead** *Alberta*



**2018**

**ANNUAL REPORT**

Financial Statements  
& Auditor's Report



## MAYOR'S MESSAGE

The Town of Barrhead Council is pleased to present the 2018 Annual Report and Year End Financial Statements. The **Annual General Meeting** is scheduled for **April 23, 2019 at 7:00 p.m.** in the Town of Barrhead Council Chambers to review the 2018 Financial Statements and any other topics residents may wish to discuss. Everyone is welcome to attend.

As we move into the next year we will see some exciting collaborations with the Chamber of Commerce and our Main Street Merchants Association. The partnership we have with the

County of Barrhead and the mutual projects and services we will provide to the community. Our working relationship with Pembina Hills School Division has also enhanced our ability to guild our efforts to make Barrhead a community to be envied.

Council is proud to lead such a vibrant community. If anyone would like to offer feedback or discuss how to make our community an even better place to live, please contact myself or any of the Town Councillors and we will be happy to meet with you.



**Top row from left to right:** Councillor Leslie Penny, Councillor Ty Assaf, Councillor Rod Klumph, Councillor Don Smith

**Bottom row from left to right:** Councillor Dausen Kluin, Mayor David McKenzie, Councillor Shelley Oswald

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# TOWN OF BARRHEAD

FOR THE YEAR ENDED DECEMBER 31, 2018



Report of the Chief Administrative Officer or Designated Officer

The information contained in this Municipal Financial Statement presents fairly, to the best of my knowledge, the information requested.

\_\_\_\_\_  
Signature

Kathy Vickery, Dir. of Corporate Services  
Name

February 12, 2019  
Dated



To The Members of Council:

Ellerington **LLP**

## Auditor's Report

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements for the Town of Barrhead, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and 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.

### *Auditor's 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 the auditor's 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, 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Barrhead as at December 31, 2018, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Barrhead, Alberta  
February 12, 2019

ELLERINGTON LLP  
CHARTERED ACCOUNTANT



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2018

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 2)	6,640,956	4,822,247
Receivables		
Taxes and Grants In Lieu of Taxes (Note 3)	125,245	230,941
Trade and Other Receivables	926,061	1,520,270
Land for Resale Inventory	-	-
Investments	30	30
Debt Charges Recoverable	-	-
Other Current/Long Term Assets	78,661	84,612
	<u>7,770,953</u>	<u>6,658,100</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	285,738	92,496
Deposit Liabilities	49,525	111,873
Deferred Revenue (Note 4)	1,371,512	745,665
Provision for landfill closure and post-closing costs (Note 5)	243,400	212,975
Long Term Debt (Note 7)	4,657,059	4,797,462
	<u>6,607,234</u>	<u>5,960,471</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>1,163,719</u>	<u>697,629</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	64,033,898	62,518,986
Inventory for Consumption	48,394	48,394
Prepaid Expenses	17,301	25,762
	<u>64,099,593</u>	<u>62,593,142</u>
<b>ACCUMULATED SURPLUS</b> (Schedule 1 and 9)	<u>65,263,312</u>	<u>63,290,771</u>

*Contingencies - See Note 11*

# CONSOLIDATED STATEMENT OF OPERATIONS

## FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018 \$	2017 \$
<b>REVENUES</b>			
Net Municipal Taxes (Schedule 3)	5,177,547	<b>5,166,735</b>	4,918,575
Sales, User Charges, Franchise & Rentals	5,230,091	<b>5,335,269</b>	4,803,713
Government Transfers for Operating (Schedule 4)	1,838,504	<b>1,727,262</b>	1,540,727
Investment Income	58,496	<b>110,467</b>	71,699
Penalties and Costs on Taxes	60,000	<b>55,775</b>	62,286
Development Levies	10,000	<b>4,375</b>	23,404
Licenses, Permits and Fines	87,950	<b>69,393</b>	82,861
Contributed Assets	-	-	-
Other Revenues	479,348	<b>403,125</b>	1,836,833
<b>TOTAL REVENUE</b>	<u>12,941,936</u>	<u><b>12,872,401</b></u>	<u>13,340,098</u>
<b>EXPENDITURES</b>			
Council and Other Legislative	197,079	<b>184,987</b>	173,075
General Administration	1,028,849	<b>969,514</b>	949,014
RCMP	217,325	<b>124,091</b>	195,919
Fire	1,336,968	<b>1,193,131</b>	1,220,934
Disaster and Emergency Measures	250	<b>107</b>	-
Bylaw Enforcement	130,916	<b>128,587</b>	130,224
Common Services	591,113	<b>384,808</b>	363,505
Roads, Streets, Walks, Lighting	2,067,171	<b>1,121,331</b>	1,062,750
Airport	23,766	<b>17,518</b>	13,216
Storm Sewers and Drainage	157,776	<b>21,888</b>	19,123
Water Supply and Distribution	2,432,796	<b>2,109,430</b>	2,050,002
Wastewater Treatment and Disposal	543,678	<b>253,650</b>	202,394
Waste Management	778,633	<b>749,343</b>	678,088
Family and Community Support	430,423	<b>430,423</b>	415,423
Cemeteries	19,494	<b>20,754</b>	6,927
Land Use, Planning, Zoning and Development	141,167	<b>127,061</b>	105,485
Economic Development	158,445	<b>140,154</b>	45,582
Subdivision Land and Development	-	<b>1,202</b>	-
Parks and Recreation	3,065,078	<b>2,457,432</b>	1,898,327
Culture: Libraries, Museums, Halls	217,652	<b>188,136</b>	197,026
Amortization Expenditures	2,497,100	<b>2,511,451</b>	2,365,169
Loss (Gain) On Disposal of Capital Assets	-	<b>2,367</b>	56,814
Other Expenditures	-	-	-
<b>TOTAL EXPENSES</b>	<u>16,035,679</u>	<u><b>13,137,365</b></u>	<u>12,148,997</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u>(3,093,743)</u>	<u><b>(264,964)</b></u>	<u>1,191,101</u>
<b>OTHER</b>			
Government Transfers for Capital (Schedule 4)	3,748,718	<b>2,237,505</b>	1,508,645
Unrestricted Fund Transfers	-	-	-
	<u>3,748,718</u>	<u><b>2,237,505</b></u>	<u>1,508,645</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>654,975</u>	<u><b>1,972,541</b></u>	<u>2,699,746</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>63,290,771</u>	<u><b>63,290,771</b></u>	<u>60,591,025</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>63,945,746</u>	<u><b>65,263,312</b></u>	<u>63,290,771</u>

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

### FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018 \$	2017 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	654,975	<b>1,972,541</b>	2,699,746
Acquisition of Tangible Capital Assets	(6,905,199)	<b>(4,037,480)</b>	(5,666,730)
Proceeds on Disposal of Tangible Capital Assets	-	<b>10,250</b>	21,400
Amortization of Tangible Capital Assets	2,497,100	<b>2,511,451</b>	2,365,169
(Gain) Loss on Sale of Tangible Capital Assets	-	<b>2,367</b>	56,814
	<u>(4,408,099)</u>	<u><b>(1,513,412)</b></u>	<u>(3,223,347)</u>
Acquisition of Prepaid Assets	-	<b>8,461</b>	(2,776)
Use of Prepaid Assets	-	-	-
	<u>-</u>	<u><b>8,461</b></u>	<u>(2,776)</u>
<b>(INCREASE) DECREASE IN NET DEBT</b>	<u>(3,753,124)</u>	<u><b>467,590</b></u>	<u>(526,377)</u>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>697,627</u>	<u><b>697,627</b></u>	<u>1,224,004</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u><u>(3,055,497)</u></u>	<u><u><b>1,165,217</b></u></u>	<u><u>697,627</u></u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2018

**NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:**

	2018 \$	2017 \$
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	1,972,541	2,699,746
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	2,511,451	2,365,169
Loss (Gain) on disposal of tangible capital assets	2,367	56,814
Non-cash charges to operations (net change)		
Decrease (increase) in taxes and grants-in-lieu receivable	105,696	(61,944)
Decrease (increase) in trade and other receivables	594,209	588,537
Decrease (increase) in prepaid expenses	8,461	(2,776)
Decrease (increase) in current/long term assets	5,951	26,010
Increase (decrease) in accounts payable and accrued liabilities	193,242	(928,969)
Increase (decrease) in deposit liabilities	(62,348)	3,915
Increase (decrease) in deferred revenue	625,847	(46,021)
Increase (decrease) in provision for landfill closure/post-closure	30,425	30,425
Cash provided by operating transactions	<u>5,987,842</u>	<u>4,730,906</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(4,037,480)	(5,666,730)
Sale of tangible capital assets	<u>10,250</u>	<u>21,400</u>
Cash applied to capital transactions	<u>(4,027,230)</u>	<u>(5,645,330)</u>
<b>INVESTING</b>		
Decrease (increase) in restricted cash or equivalents	<u>(623,787)</u>	<u>52,030</u>
Cash provided by (applied to) investing transactions	<u>(623,787)</u>	<u>52,030</u>
<b>FINANCING</b>		
Debt charges recovered	-	-
Long-term debt issued	-	-
Long-term debt repaid	<u>(140,403)</u>	<u>(136,078)</u>
Cash provided by (applied to) financing transactions	<u>(140,403)</u>	<u>(136,078)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING YEAR</b>	<b>1,196,422</b>	<b>(998,472)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>4,102,126</u></b>	<b><u>5,100,598</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>5,298,548</u></b>	<b><u>4,102,126</u></b>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	6,640,956	4,822,247
Less: restricted portion of cash and temporary investments (Note 2)	<u>(1,343,906)</u>	<u>(720,119)</u>
	<b>5,297,050</b>	<b>(4,102,128)</b>

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>322,442</b>	<b>5,246,805</b>	<b>57,721,524</b>	<b>63,290,771</b>	60,591,025
Excess (deficiency) of revenues over expenses	1,972,541	-	-	<b>1,972,541</b>	2,699,746
Unrestricted funds designated for future use	(1,811,099)	1,811,099	-	-	-
Restricted funds used for operations	134,390	(134,390)	-	-	-
Restricted funds used for tangible capital assets	-	(1,360,732)	1,360,732	-	-
Current year funds used for tangible capital assets	(2,676,748)	-	2,676,748	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	11,117	-	(11,117)	-	-
Annual amortization expense	2,511,451	-	(2,511,451)	-	-
Long term debt issued	-	-	-	-	-
Long term debt repaid	(140,403)	-	140,403	-	-
Capital debt used for TCA	-	-	-	-	-
Unrestricted fund transfers	-	-	-	-	-
	<u>1,249</u>	<u>315,977</u>	<u>1,655,315</u>	<u><b>1,972,541</b></u>	<u>2,699,746</u>
<b>BALANCE, END OF YEAR</b>	<u><b>323,691</b></u>	<u><b>5,562,782</b></u>	<u><b>59,376,839</b></u>	<u><b>65,263,312</b></u>	<u>63,290,771</u>

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 \$	2017 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	1,439,950	1,770,752	26,566,368	72,137,896	6,244,447	2,629,233	<b>110,788,647</b>	105,317,422
Acquisition of tangible capital assets	-	5,400	133,228	2,336,160	614,735	645,533	<b>3,735,056</b>	5,179,163
Construction-in-progress	-	-	132,237	118,219	51,968	-	<b>302,424</b>	487,567
Disposal of tangible capital assets	-	-	-	-	-	(96,300)	<b>(96,300)</b>	(195,505)
Write down of tangible capital assets	-	-	-	-	-	-	<b>-</b>	-
BALANCE, END OF YEAR	<u>1,439,950</u>	<u>1,776,152</u>	<u>26,831,833</u>	<u>74,592,275</u>	<u>6,911,150</u>	<u>3,178,466</u>	<b><u>114,729,827</u></b>	<u>110,788,647</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	890,066	3,761,978	40,484,007	2,011,971	1,121,639	<b>48,269,661</b>	46,021,783
Annual amortization	-	74,763	490,216	1,517,229	283,471	145,772	<b>2,511,451</b>	2,365,169
Accumulated amortization on disposals	-	-	-	-	-	(85,183)	<b>(85,183)</b>	(117,291)
BALANCE, END OF YEAR	<u>-</u>	<u>964,829</u>	<u>4,252,194</u>	<u>42,001,236</u>	<u>2,295,442</u>	<u>1,182,228</u>	<b><u>50,695,929</u></b>	<u>48,269,661</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>1,439,950</u>	<u>811,323</u>	<u>22,579,639</u>	<u>32,591,039</u>	<u>4,615,708</u>	<u>1,996,238</u>	<b><u>64,033,898</u></b>	<u>62,518,986</u>
 2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>1,439,950</u>	<u>880,686</u>	<u>22,804,390</u>	<u>31,653,889</u>	<u>4,232,476</u>	<u>1,507,594</u>	<u>62,518,986</u>	

## SCHEDULE OF PROPERTY AND OTHER TAXES

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 3

<b>TAXATION</b>	Budget (Unaudited)	<b>2018</b> <b>\$</b>	2017 \$
Real Property Taxes	6,466,366	<b>6,448,942</b>	6,158,379
Linear Property Taxes	113,139	<b>119,751</b>	111,542
Government Grants In Lieu of Property Taxes	90,705	<b>90,705</b>	86,222
Special Assessment and Local Improvement Taxes	-	-	-
<b>TOTAL TAXATION</b>	<u>6,670,210</u>	<u><b>6,659,398</b></u>	<u>6,356,143</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	1,431,774	<b>1,431,774</b>	1,358,630
Barrhead & District Social Housing	57,424	<b>57,424</b>	53,756
Designated Industrial Properties	213	<b>213</b>	-
Requisitions - Previous Year Underlevy	<u>3,252</u>	<u><b>3,252</b></u>	<u>25,182</u>
<b>TOTAL REQUISITIONS</b>	<u>1,492,663</u>	<u><b>1,492,663</b></u>	<u>1,437,568</u>
<b>NET MUNICIPAL TAXES</b>	<u>5,177,547</u>	<u><b>5,166,735</b></u>	<u>4,918,575</u>

## SCHEDULE OF GOVERNMENT TRANSFERS

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 4

	Budget (Unaudited)	2018 \$	2017 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	482,117	<b>482,117</b>	456,525
Federal Government	10,800	<b>4,896</b>	6,588
Other Local Government	<u>1,345,587</u>	<u><b>1,240,249</b></u>	<u>1,077,614</u>
	<u>1,838,504</u>	<u><b>1,727,262</b></u>	<u>1,540,727</u>
 <b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	2,994,099	<b>2,206,233</b>	458,913
Federal Government	720,119	-	69,300
Other Local Government	<u>34,500</u>	<u><b>31,272</b></u>	<u>980,432</u>
	<u>3,748,718</u>	<u><b>2,237,505</b></u>	<u>1,508,645</u>
 <b>TOTAL GOVERNMENT TRANSFERS</b>	 <u><u>5,587,222</u></u>	 <u><u><b>3,964,767</b></u></u>	 <u><u>3,049,372</u></u>



## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 5

CONSOLIDATED EXPENSES BY OBJECT	Budget (Unaudited)	2018 \$	2017 \$
Salaries, Wages and Benefits	4,698,384	<b>4,542,202</b>	3,994,365
Contracted and General Services	3,229,799	<b>3,048,930</b>	2,925,667
Purchases from Other Governments	158,375	<b>79,812</b>	156,014
Materials, Goods, Supplies and Utilities	1,854,075	<b>1,844,903</b>	1,587,346
Provision for Allowances	4,500	<b>14,203</b>	(17,910)
Transfers to Other Governments	350,876	<b>358,009</b>	363,042
Transfers to Local Boards and Agencies	536,179	<b>536,179</b>	517,968
Transfers to Individuals and Organizations	26,700	<b>16,205</b>	14,450
Bank Charges and Short Term Interest	2,000	<b>2,513</b>	1,157
Interest on Long Term Debt	150,166	<b>150,166</b>	154,490
Other Expenditures	30,425	<b>30,425</b>	30,425
Amortization of Tangible Capital Assets	2,497,100	<b>2,511,451</b>	2,365,169
Loss on Disposal of Tangible Capital Assets	-	<b>2,367</b>	56,814
<b>TOTAL EXPENDITURES</b>	<u>13,538,579</u>	<u><b>13,137,365</b></u>	<u>12,148,997</u>

## SCHEDULE OF SEGMENTED DISCLOSURE

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 6

REVENUE	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2018 \$
Net Municipal Taxes	5,166,735							5,166,735
Sales, User Charges, Franchise & Rentals	758,428	72,670	16,872	175,937	652,401	3,651,561	7,400	5,335,269
Government Transfers	1,957	841,323	1,527,885	4,200	498,677	725,302	365,423	3,964,767
Investment Income	-	-	20,985	-	7,000	71,928	10,554	110,467
Penalties and Costs on Taxes	55,775	-	-	-	-	-	-	55,775
Development Levies	-	-	-	4,375	-	-	-	4,375
Licenses, Permits and Fines	39,065	25,778	-	4,550	-	-	-	69,393
Other Revenues	10,124	107,363	12,914	-	94,227	176,156	2,341	403,125
	<u>6,032,084</u>	<u>1,047,134</u>	<u>1,578,656</u>	<u>189,062</u>	<u>1,252,305</u>	<u>4,624,947</u>	<u>385,718</u>	<u>15,109,906</u>
EXPENSES								
Salaries, Wages and Benefits	856,368	553,513	668,257	171,785	1,345,069	935,715	11,495	4,542,202
Contracted and General Services	215,931	313,324	375,869	54,091	463,980	1,616,476	9,259	3,048,930
Purchases from Other Governments	337	79,475	-	-	-	-	-	79,812
Materials, Goods, Supplies and Utilities	79,561	158,114	483,900	42,542	564,036	516,750	-	1,844,903
Transfers to Other Governments	-	340,491	17,518	-	-	-	-	358,009
Transfers to Local Boards and Agencies	-	-	-	-	105,756	-	430,423	536,179
Transfers to Individuals and Organizations	-	1,000	-	-	15,205	-	-	16,205
Interest on Long Term Debt	-	-	-	-	150,166	-	-	150,166
Other Expenditures	2,303	-	2,367	-	1,357	43,481	-	49,508
	<u>1,154,500</u>	<u>1,445,917</u>	<u>1,547,911</u>	<u>268,418</u>	<u>2,645,569</u>	<u>3,112,422</u>	<u>451,177</u>	<u>10,625,914</u>
NET REVENUE, BEFORE AMORTIZATION	4,877,584	(398,783)	30,745	(79,356)	(1,393,264)	1,512,525	(65,459)	4,483,992
Amortization Expense	(39,933)	(123,616)	(1,139,506)	-	(533,178)	(675,218)	-	(2,511,451)
NET REVENUE	<u>4,837,651</u>	<u>(522,399)</u>	<u>(1,108,761)</u>	<u>(79,356)</u>	<u>(1,926,442)</u>	<u>837,307</u>	<u>(65,459)</u>	<u>1,972,541</u>

## SCHEDULE OF SALARY & BENEFITS DISCLOSURE

### FOR THE YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 7

#### SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Elected Municipal Officials, the Chief Administrative Officer and Designated Officers, as required by Alberta Regulation 313/2000, is as follows:

		<b><u>2018</u></b>	<b><u>2018</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
		<b><u>Salary</u></b>	<b><u>Benefits &amp;</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
			<b><u>Allowance</u></b>		
<b><u>Mayor</u></b>					
McKenzie, David		33,690	4,332	<b>38,022</b>	5,752
St. Pierre, Gerry		-	-	-	26,376
<b><u>Councillors</u></b>					
Assaf, Ty		19,740	5,887	<b>25,627</b>	24,985
Kluin, Dausen		20,570	4,317	<b>24,887</b>	6,919
Klumph, Rod		22,225	6,708	<b>28,933</b>	6,117
Oswald, Shelley		19,040	1,016	<b>20,056</b>	17,355
Penny, Leslie		20,340	1,549	<b>21,889</b>	25,593
Smith, Don		19,624	4,115	<b>23,739</b>	24,701
Ulmer, Roy		-	-	-	19,779
Warehime, Ryan		-	-	-	13,930
<b><u>Appointed Officer</u></b>					
Municipal Manager	(1)	176,305	46,071	<b>222,376</b>	217,940
Designated Officers	(2)	223,358	47,848	<b>271,206</b>	261,619

Salary includes regular base pay, lump sum payments and any other direct cash remuneration for meeting per diems.

Benefits & Allowances includes amounts paid for the Employer's share of all employee benefits and amounts paid for travel & subsistence while conducting Town Business.

## **SCHEDULE OF LOCAL AUTHORITIES PENSION PLAN**

### **FOR YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 8**

#### **LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town of Barrhead participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves over 250,000 people and approximately 500 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town of Barrhead is required to make current service contributions to the Plan of

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

Total current service contributions by the Town of Barrhead to the Local Authorities Pension Plan in 2018 were \$ 303,562.74 (2017 - \$ 277,428.95). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2018 were \$ 277,230.75 (2017 - \$ 255,372.58).

## SCHEDULE OF ACCUMULATED SURPLUS

### FOR YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 9

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

	2018 \$	2017 \$
Unrestricted Surplus (Deficit)	323,691	322,442
Restricted surplus		
Tax Rate Stabilization	794,516	719,096
Roads	691,604	749,888
Water	1,189,138	1,137,629
Sewer	1,207,539	1,058,450
Garbage, Landfill, Recycling	197,694	347,059
Building replacement & renovations	606,397	632,036
Land Improvements	377,351	420,765
General Equipment replacement	498,542	181,881
	<u>5,562,781</u>	<u>5,246,804</u>
Equity in Tangible Capital Assets	59,376,840	57,721,525
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>65,263,312</b>	<b>63,290,771</b>

## SCHEDULE OF DEBT LIMITS

### FOR YEAR ENDED DECEMBER 31, 2018 - SCHEDULE 10

#### DEBT LIMITS

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Barrhead be disclosed as follows:

	<b>2018</b>	2017
	<b>\$</b>	\$
Total Debt Limit	<b>19,308,602</b>	20,010,147
Total Debt	<b><u>4,657,059</u></b>	<u>4,797,462</u>
Amount of Debt Limit Unused	<b>14,651,543</b>	15,212,685
Debt Servicing Limit	<b>3,218,100</b>	3,335,025
Debt Servicing	<b><u>290,569</u></b>	<u>290,569</u>
Amount of Debt Servicing Limit Unused	<b>2,927,531</b>	3,044,456

The debt limit is calculated at 1.5 times revenue of the municipality (as defined by Alberta Regulation 255/00) and the debt service limit is calculated at .25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be represented as a whole.

## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

#### 1. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Barrhead are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Town of Barrhead are as follows:

##### ***a) Reporting entity***

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

##### ***b) Basis of Accounting***

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

##### ***c) Use of Estimates***

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

#### ***d) Investments***

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

#### ***e) Debt Charges Recoverable***

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

#### ***f) Requisition Over-levy and Under-levy***

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

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

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

#### ***g) Inventories for Resale***

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

#### ***h) Tax Revenue***

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

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



## **NOTES TO FINANCIAL STATEMENTS**

### **FOR YEAR ENDED DECEMBER 31, 2018**

***i) Landfill Closure 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 remaining life of the landfill site based on usage.

***j) Contaminated Sites Liability***

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

***k) Government Transfers***

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

***l) Non-Financial Assets***

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

***i. Tangible Capital Assets***

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

## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

	<u>Years</u>
Land Improvements	15 - 20
Buildings	25 - 50
Engineered structures	
Water System	35 - 65
Storm Sewer System	35 - 65
Wastewater System	15 - 40
Other Engineered Structures	15 - 40
Machinery and equipment	5 - 20
Vehicles	3 - 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 are also recorded as revenue.

#### **iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### **iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

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

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

## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

#### 2. CASH AND TEMPORARY INVESTMENTS

	2018 \$	2017 \$
Cash	1,133,927.03	757,141.88
Temporary Investments	<u>5,507,028.80</u>	<u>4,065,104.69</u>
	<u>6,640,955.83</u>	<u>4,822,246.57</u>

Temporary investments are short-term deposits with original maturities of 1 year or less.

Included in temporary investments are restricted amounts received and held for specific **capital** projects:

	2018 \$	2017 \$
FGTF - 2014 to 2016 (Def. Rev. - Lagoons)	712,139.00	720,119.00
FGTF - 2017 to 2018 (Def. Rev. - General)	517,254.00	0.00
Municipal Sustainability Grant – To Be Allocated to Future Project	<u>114,512.65</u>	<u>0.00</u>
	<u>1,343,905.65</u>	<u>720,119.00</u>

There are no items included in temporary investments which are restricted amounts received and held for specific **operating** projects.

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#### 3. RECEIVABLES

	2018 \$	2017 \$
Property Taxes		
Current Taxes and Grants in Place of Taxes	120,849.84	200,372.31
Arrears Taxes	<u>4,395.08</u>	<u>30,568.97</u>
	<u>125,244.92</u>	<u>230,941.28</u>
Less Allowance for Doubtful Accounts	<u>(0.00)</u>	<u>(0.00)</u>
	<u>125,244.92</u>	<u>230,941.28</u>
Other		
Trade Accounts	844,541.49	1,454,471.33
GST	<u>81,519.82</u>	<u>65,798.71</u>
	<u>926,061.31</u>	<u>1,520,270.04</u>
	<u>1,051,306.23</u>	<u>1,751,211.32</u>

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## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

#### 4. DEFERRED REVENUE

	2018 \$	2017 \$
Agrena – Future Advertising Sign Rental	4,050.00	0.00
Prepaid Taxes	23,556.76	25,546.52
Municipal Sustainability Initiative –(General)- Capital	114,512.65	0.00
Federal Gas Tax Fund Grant (Sewer)- Capital	712,139.00	720,119.00
Federal Gas Tax Fund Grant (General)- Capital	517,254.00	0.00
	<u>1,371,512.41</u>	<u>745,665.52</u>

Businesses may enter into a 3 year or 5 year contract for advertising signs that are placed in the Agrena.

Prepaid taxes are recorded as credit balances on the tax roll. Operating and Capital Grants provide funding for specific projects for future years.

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#### 5. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta Environment 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 estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 4% and assuming annual inflation of 2%

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total air space capacity of the site is estimated at 235,300 cubic meters. The estimated remaining air space capacity of the landfill site is 224,000 cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2030.

The Town has not designed assets for settling closure and post-closure liabilities. The Barrhead Regional Landfill is jointly owned by the Town of Barrhead and the County of Barrhead No. 11 with each municipality being responsible for 50% of the estimated total liability.

	2018 \$	2017 \$
Estimated Closure Costs	620,520.00	620,520.00
Estimated Post-Closure Costs	863,500.00	863,500.00
Estimated Total Liability	<u>1,484,020.00</u>	<u>1,484,020.00</u>
Estimated Capacity Remaining	67.2%	71.3%
Portion of Total Liability Remaining to be Recognized	<u>997,220.00</u>	<u>1,058,070.00</u>
Estimated Capacity Used	32.8%	28.7%
Total Accrued Liability Portion	<u>486,800.00</u>	<u>425,950.00</u>
Town of Barrhead 50% Accrued Liability Portion	<u>\$ 243,400.00</u>	<u>\$ 212,975.00</u>

## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

#### 6. CONTAMINATED SITES LIABILITY

On January 1, 2015, the Town adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Town.

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#### 7. LONG-TERM DEBT

	2018 \$	2017 \$
Tax supported debentures	4,657,058.67	4,797,461.78
Bank loans	<u>0.00</u>	<u>0.00</u>
	<u>4,657,058.67</u>	<u>4,797,461.78</u>

The current portion of the long-term debt amounts to \$ 140,403.11 (2017 - \$136,078.72).

Interest on long-term debt amounted to \$ 150,165.89 (2017 - \$ 154,490.28).

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2019	144,864.91	145,704.09	290,569.00
2020	149,468.51	141,100.49	290,569.00
2021	154,218.40	136,350.60	290,569.00
2022	159,119.23	131,449.77	290,569.00
2023	164,175.80	126,393.20	290,569.00
2024-2041	<u>3,885,211.82</u>	<u>1,199,745.68</u>	<u>5,084,957.50</u>
	4,657,058.67	1,880,743.87	6,537,802.50

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#### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018 \$	2017 \$
Tangible Capital Assets (Schedule 2)	114,729,827.64	110,788,647.82
Accumulated Amortization (Schedule 2)	(50,695,929.42)	(48,269,661.42)
Long-term Debt (Note 6)	<u>(4,657,058.67)</u>	<u>(4,797,461.78)</u>
	<u>59,376,839.55</u>	<u>57,721,524.62</u>

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#### 9. SEGMENTED DISCLOSURE

The Town of Barrhead provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

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## NOTES TO FINANCIAL STATEMENTS

### FOR YEAR ENDED DECEMBER 31, 2018

#### 10. TRUST FUNDS

	2018 \$	2017 \$
Columbarium Trust – Perpetual Care	<u>12,215.13</u>	<u>12,215.13</u>
	<u>12,215.13</u>	<u>12,215.13</u>

The Town of Barrhead has an agreement with Rose Garden Chapels Ltd. to hold, in trust monies paid for perpetual care for the columbarium. Once all blocks have been sold the Town will assume responsibility of the columbarium.

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#### 11. CONTINGENCIES

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

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#### 12. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

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#### 13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



# FINANCIAL

We invite you to join Council at the Annual General Meeting on **April 23, 2019, at 7:00 p.m.** in the Town Council Chambers. We will be providing an overview of our annual financial statements and to answer questions or clarify any concerns you may wish to discuss. We look forward to seeing you there.

In 2018, Council raised the municipal portion of the tax rate for both Residential and Non-Residential properties by 0.25 mills in order to continue providing the same level of services to our community. Capital projects were completed with funding from capital reserves, provincial grants, and local government contributions on joint municipal projects.

**In 2018 the capital project expenses were over \$4 million for the following projects:**

- ✓ 50 Avenue Rehabilitation
- ✓ 57 Avenue Rehabilitation
- ✓ New Automated Garbage Truck and Bins
- ✓ RCMP Building Roof Replacement

- ✓ Arena Condenser Replacement
- ✓ New Gravel Truck and Sanding Truck in Public Works Dept.
- ✓ Park Washrooms
- ✓ New Sidewalks
- ✓ Upgrades at Curling Rink
- ✓ Arena Building Renovations, Real Ice Unit Addition, Security Cameras, Accessibility Doors
- ✓ Pool Solar Power Completion
- ✓ Fire (Joint with County) – New Rescue Equipment, Upgrades

Many of the above projects were partially offset by the following grant funding:

**Municipal Sustainability Initiative Capital**

**Grants (MSI)** of \$ 2,206,233 was used to fund the following projects:

- ✓ 50 Avenue and 57 Avenue Rehabilitation - \$1,754,831
- ✓ New Automated Garbage Truck - \$393,991
- ✓ Aquatic Centre Solar Power Panels - \$57,411



**Municipal Sustainability Initiative Operating Grant** of \$149,894 assisted with the operational and maintenance costs of the parks, sportsgrounds, sidewalks, and road maintenance.

Town Council continually promotes inter-municipal cooperation on a number of levels. The Town of Barrhead and County of Barrhead No. 11 jointly provide, on an equally cost-shared basis, programs and services which are comprised of delivering Fire Protection, Emergency Response Centre operations, the management and operation of the Regional Landfill Site and the Barrhead Johnson Airport.

Additional services such as Family and Community Support Services and the Municipal Library (also includes Pembina Hills School Division) receive contributions from the Town and County in order to continue to provide services to the community. The County of Barrhead also provides a portion of funding towards the operations of the Arena, Aquatic Centre and Curling Rink facilities and summer programming for children.

The RCMP School Resource Officer is a position that is funded by several partners, including Pembina Hills Regional School Division, the Town of Barrhead, the County of Barrhead and Woodlands County.

Town Council is pleased to be involved in enhancing the quality of life for the residents by providing worthwhile programs and services. Members of Council would like to take this



opportunity to thank the countless volunteers and organizations that have provided generous assistance to the members of our community in this regard.

Please check out the Town of Barrhead website at [www.barrhead.ca](http://www.barrhead.ca) for information on upcoming events, our bi-monthly newsletter and important notifications to our residential and business community.

Thank you all for your ongoing support, efforts and input throughout the year.



## PARKS AND RECREATION

The summer started with a bang this year as we held our first Canada Day Carnival in the Agrena, followed by fireworks later that night with the assistance of the Barrhead Fire Department. The Barrhead Recreation Department continues to host events throughout the year such as BCHS Graduation, Pro-North Hockey School, the Wild Rose Rodeo, and various free skating/swim events. We continue to provide support and assistance for events such as Blue Heron Parade and Fair, Street Festival, July-fest, Fly-in Breakfast and Show and Shine Car Show. We also assisted the Barrhead Pickleball Club with their grant application and video as well as provided

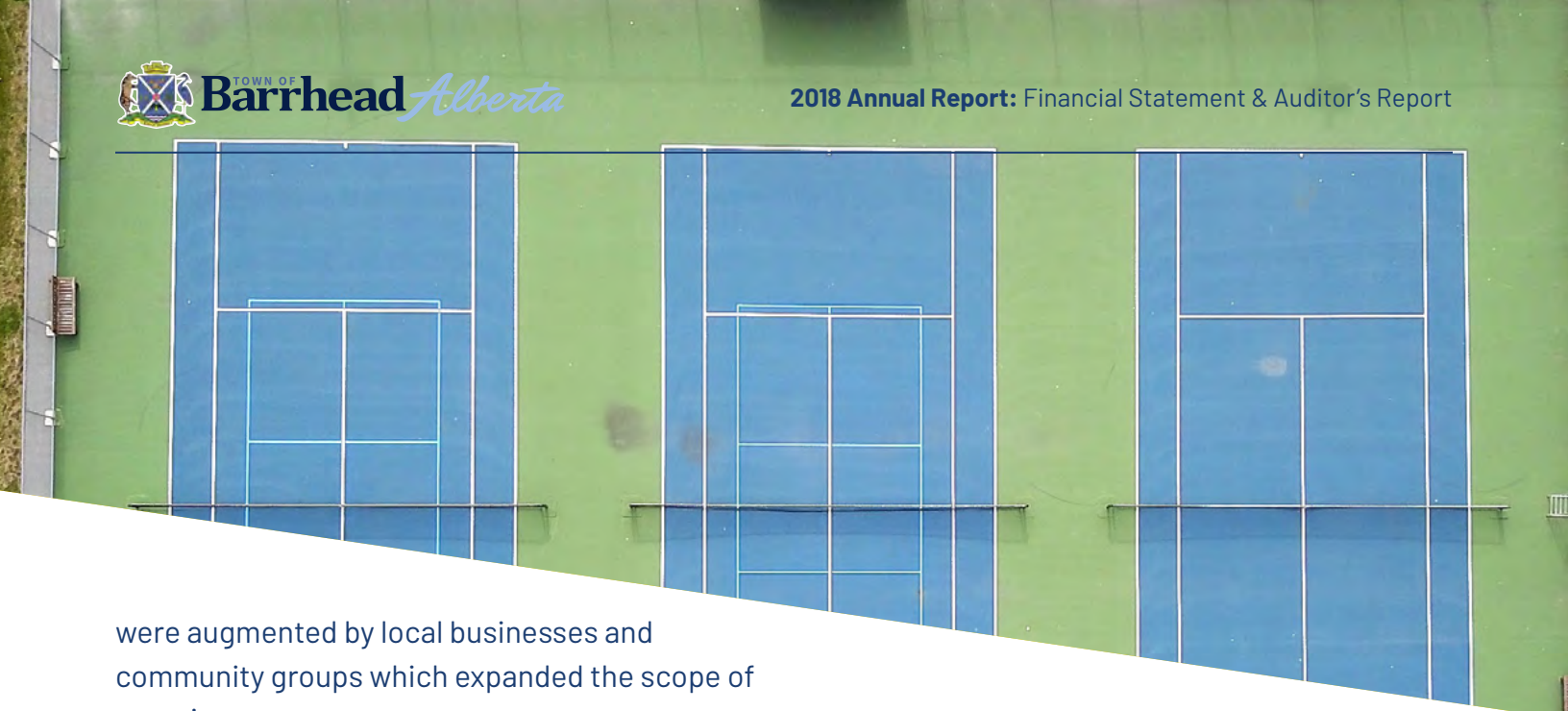
the club with paint so they can paint six Pickleball courts inside the Agrena outdoor rink. Assistance and support were provided to the Pumpkin Walk including its relocation to our Sports Grounds. Working with the County of Barrhead, our region received 5 Blooms for the second time in the Community in Blooms Competition.

In conjunction with the County of Barrhead and 17 local business sponsors, we had one of our most successful Summer Programs to date. Over 27 different programs and activities were offered. Over 1/3 of the programs were full, and 2/3 were close to capacity indicating a positive response overall. Continuous registrations came in throughout the summer, and we received positive feedback from participants and parents/guardians.

The driving focus for these programs is on fun, building friendships, new experiences, and living an active lifestyle. The new experimental early drop-off and later pick-up received many positive comments from parents. The programs typically ran from 9am-4pm and





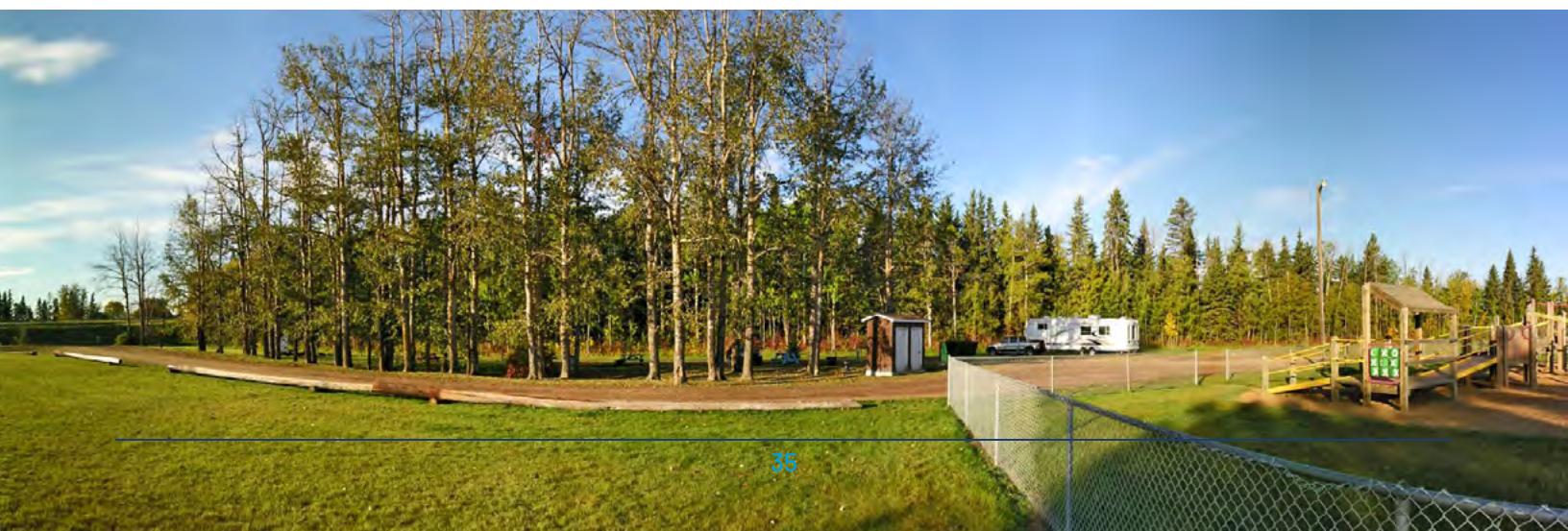


were augmented by local businesses and community groups which expanded the scope of experiences.

The summer finished with a Free Year End Wrap up Party which was open to all community members. The following week (August 21-24) is the free Playground Program at the Splash Park. This is an introductory event for kids who might be shy or weren't old enough to attend any summer programs this year. It gets them excited to register for next year. It's a great way to end the summer and provides some added fun to the splash park for all kids to enjoy!

The Aquatics Centre had another busy and successful year with special events, program attendance, and fun. We offered new programs such as the pooch plunge, toonie swims, sponsored swims, and unique theme swims like

beach days and water safety nights and they have all been a great hit. We had just over 1770 participants registered in our swimming lessons, and we booked over 550 private lessons. We also introduced our online registration option which has had great success. Our regular programs like Aquafit and Aqua Spin are busy with our regular participants, and we have even had time to get more staff members trained as instructors. We were also able to partner with Barrhead Composite to run a Lifeguard course. Students were able to take all required courses to become a lifeguard while also earning credits for school. In September we had a 21 day shut down for warranty review. During this time staff deep cleaned the facility and contractors worked on our warranty fixes.



## PLANNING & DEVELOPMENT

In 2018, the Development Department was busy with the issuance of 37 development permits, summarized as follows:

DESCRIPTION	CONSTRUCTION VALUE
6 New Single Family Dwellings	\$1,865,000.00
14 Residential Additions, Sheds, Decks, Roofs, Fences, Renovations	\$190,000.00
2 New Commercial Buildings	\$140,000.00
6 Commercial Additions, Removals, Renovations	\$333,000.00
2 Signs	\$12,000.00
2 New Garages	\$60,000.00
4 Demolitions	\$260,000.00
1 Temporary Storage Building	
<b>46 TOTAL</b>	<b>\$2,860,000.00</b>

An increase of single-family/duplex residential permits were taken out in 2018, with a total of 6 as compared to 2017's total of 4.

The total commercial development in 2018 was approximately \$485,000 as compared to 2017 which was \$10 million.

The development department accepted 2 subdivision applications in 2018.

The Town development department has signed on to the Alberta Safety Codes Authority's E-site Permitting Program and provides all development information to the Alberta Safety

Codes Council on an ongoing basis.

The Town of Barrhead Municipal Development Plan update is ongoing and will be completed in 2019.

The department continues to update the Town's land use, index, and street address maps with the new subdivisions. We also provide mapping and graphics inter-departmentally and to local community groups on an as-needed basis.

The Planning and Development department continues to work with developers on proposed projects throughout the Town.



## ENFORCEMENT SERVICES

In 2018, the Bylaw Enforcement Department created a total of 217 files from Jan 1st, 2018 to Dec 31st, 2018. These calls for service covered a wide range of issues and called for varying levels of staff involvement.

The majority of our files were created through traffic enforcement. We had a total of 23 files created relating to the Use of the Highway & Rules of The Road Act, which includes school zone speeding. In addition, we had 48 files created relating the Traffic Safety Act, which include common speeding offences.

We had 43 Animal Control matters this year, a sharp increase from the 20 incidents relating to Animal Control in 2017. These cover a wide range of issues, the most common of which are dog/cat at large Bylaw offences. The Town of Barrhead dealt with three serious dog bite incidents, two of which resulted in the dangerous dogs being euthanized. The third incident resulted in a number of charges filed against the dog's owner as well as a Judge's

decision to award the victim roughly \$1200 in restitution.

In addition, we dealt with 66 Bylaw matters excluding those classified as Animal Control issues. These cover a wide range of issues, and many of our files were resolved through communication and education in the community rather than strictly through enforcement.

The remainder of the files created was for miscellaneous issues such as assisting RCMP/Fire, Non-Specific Bylaw issues and Trespassing issues.

This year we also replaced the 2010 Dodge RAM patrol vehicle with a 2018 Dodge Durango. This included replacing much of the technical equipment used in the course of regular duties as well.

In the coming year, the department will continue to review our current Bylaws as well as the industry's best practices to determine what, if any, changes may be required moving forward.

## LEGISLATIVE SERVICES

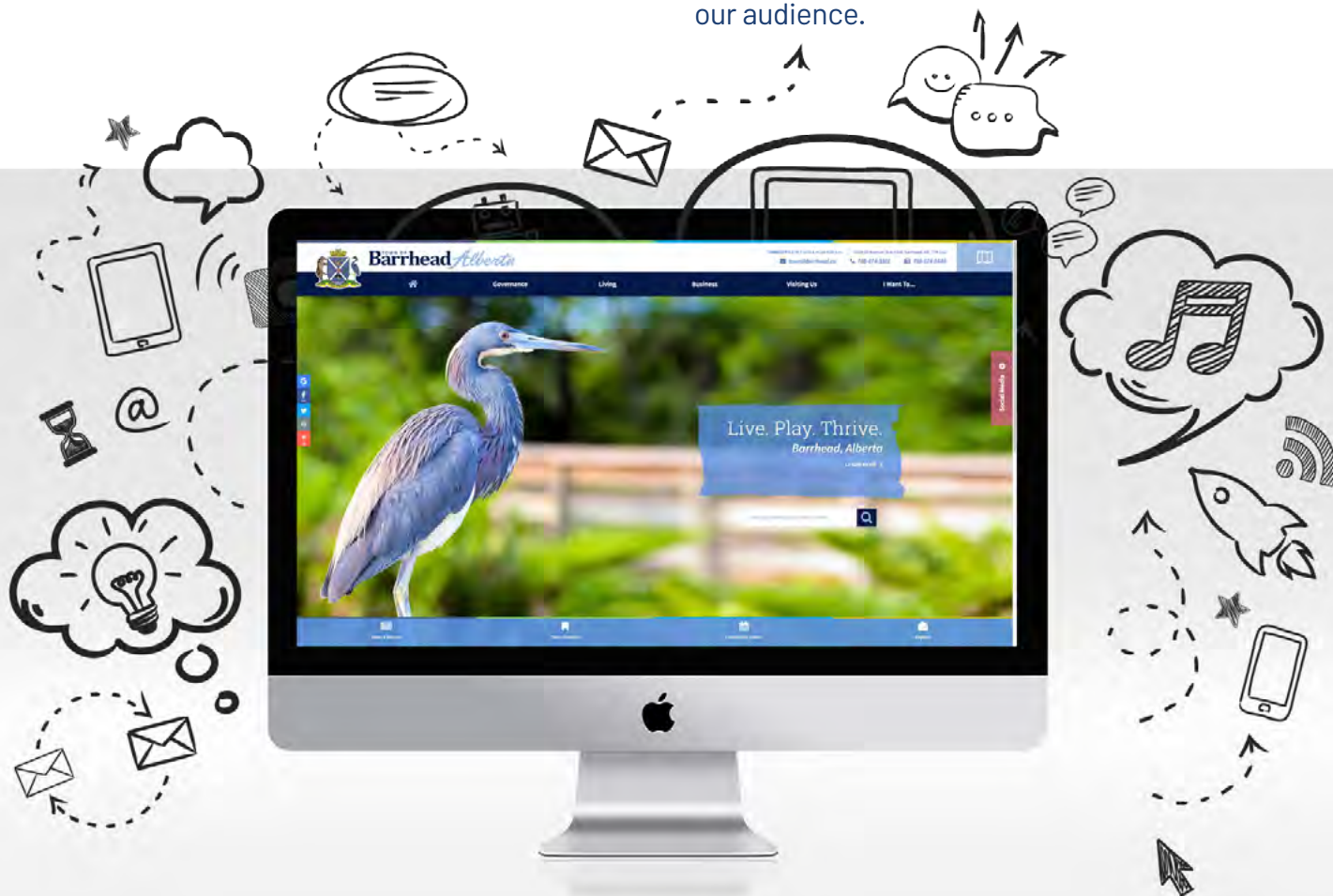
Legislative Services continues to update and revise current bylaws and policies, and field inquiries on bylaws, business licensing, twinning, etc.



# COMMUNICATION

**SOCIAL MEDIA:** This year we were able to measure results against previous years for communications effectiveness. For example, in 2017 our Easter skate had roughly 60 attendees whereas in 2018 our Easter event welcomed approximately 250 people. Facebook, Twitter and Instagram have a combined audience of over 2000 fans or followers with Facebook being the primary media channel. We had to delete only 4 posts in the last year. In each case the original poster was contacted and were understanding. We have not had to ban a single user for trolling or inappropriate conduct.

**ONLINE REPUTATION:** Our Google reviews for the Agrena and Aquatic Centre are the same at 4.2 stars. Occasional negative reviews are publicly addressed. The feedback we have seen on digital is a shift in tone when speaking with the Town online. People are quicker to reach out to get results. For example, a citizen posted to our Facebook page last summer that there was broken glass in the Splash Park parking lot. Immediately that message was relayed to appropriate staff and the issue was resolved in less than 15 minutes. The issue from start to finish was publicly posted much to the appreciation of our audience.



**MAJOR ACHIEVEMENTS:** A submission for the Minister's Awards for Municipal Excellence regarding the Aquatic Centre solar project was submitted. The application has garnered press for the Town on multiple occasions throughout the year and into 2019.

The launch of the website occurred in the summer of 2018 and averages 3000 unique users per month with recreation, local news, and our community calendar being the top pages visited. Local community groups and businesses are regularly adding events and directory information.

Automated garbage launched in July with a multi-month long communications campaign which included newsletters, mail outs, social media posts, website information, radio ads, Leader ads, hand-delivered brochures & door hangers, and one-on-one visitations provided by the Public Works staff. While an adjustment period was expected the change went relatively smoothly without anyone surprised by the changes.

BARCC Connect launched in November and currently has over 1200 registrants for crime and Town specific channels. Initial uses of the system have been successful and have had positive responses from citizens. Training with stakeholders and formalizing messaging is still ongoing.

A photographer was selected in October and is currently building a portfolio of images for the Town. Imagery so far has been outstanding and the project will wrap up in the fall of 2019.

## PUBLIC WORKS

2018 started with the ongoing snow removal program followed by culvert and catch basin thawing. Once weather warmed up the crews began pot hole and patching repairs followed by the annual street sweeping program.

On this year's capital budget the Town purchased a new garbage collection truck along with bins and carts. This new system utilizes carts that are picked up by the truck verses a person. A new tandem gravel truck was purchased. The old one was repurposed and converted to a sanding unit.

Crews had a very busy season with old sewer line repairs to homes. 12 sewer laterals were dug and replaced along with 5 water leaks. Numerous water valves were also excavated and replaced.

The Town also had some major water, sewer, storm, sidewalk and road replacements done on a section of 57th avenue behind the arena and on another section, 50th avenue (from 49street to 50street)

A new roof and flashing was put onto the local RCMP detachment.

Cleaned out and hauled away sewage lagoon vegetation in first three cells. Prep for sludge removal in 2019.

Other projects concluded: sidewalk program repairs and replacement, road oiling , crack sealing, brushing, mowing, building and equipment maintenance.

Worked with Alberta Transportation on new highway traffic lights which were installed at 50th Avenue & 49 Street.





## BARRHEAD REGIONAL FIRE SERVICES

2018 was a year of change for the Barrhead Fire Services. These changes were across the department as it usually is with new administration. These changes/goals were to find solutions to the challenges that face many municipalities with fewer responders. Though these issues are challenging to overcome we are fortunate to have a dedicated group of people who were up for the challenge. Training and a willingness to let go of "that's how we have always done it" is key to finding a new outlook to providing protection. Recognizing our shortcomings is how we grew and effected change. Our members know this is a professional department and administration recognizes that everyone can contribute.

With the reality of lower membership response, it was important to address that specific tactical objectives need to be met on the fire ground to protect our citizens and not overwhelm limited response. We trained our membership to use a five-member response to meet tactical objectives of fire control, water supply and either rescue

and/or ventilation. This required a well trained and disciplined department to be prepared when arriving on scene. Over the summer months, your department was very successful in meeting this goal. This style of training has also reached our objective to have crew captains take on more of a leadership role with their crews. Captains are now responsible for taking an active role in training their crews on regular evenings. Captains are also running more incidents and giving direction to members to build depth within the department. Letting leaders lead and providing guidance gives people purpose to be part of the team.

The Medical First Responder (MFR) has seen some significant changes as well. This program is a balancing act of trying to meet the needs of the citizens and not to overwhelm our membership with responses but keeping enthusiasm in medical response training. Changes in removing a majority of call identifiers where callers are not in emergent need of acute care and can wait with no significant risk have made a significant reduction in medical assist incidents. Annual



maintenance and certification of equipment for medical response have been established. Replacement of certain disposable items and medication used during a medical event remains unclear for private EMS providers with a lack of direction from Alberta Health Services. We have a great relationship with our EMS provider, and replacement of certain items has been solved at the local level.

Training of Members for the International Fire Service Accreditation Congress (IFSAC) and Proboard certifications through provincial testing and in-house training was put back on track in the last half of the year. This included completion

of a fire apparatus pump course (NFPA 1002) and training new members and upgrading others to the new wildland/grassland firefighter (NFPA 1051).

The department purchased new rescue equipment with extrication strut sand lifting airbags for rescue operations. The struts replace the old system that could support 35,000 lbs; the new system will support 80,000 lbs. Alongside the replacement of the struts was new airbags and lifting system that will support the struts. Replacement and adding to our inventory was important to respond to larger vehicles that travel in our area. This was a joint effort supported between both municipalities.

The yearly activities of the Fire Services Department are summarized in the following table:

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Members</b>	25	28	31	25	27	32	33	35	23	32
<b>Town Responses</b>	144	201	199	102	60	89	62	64	63	77
<b>County Responses</b>	145	137	167	113	90	63	67	73	77	74
<b>Town Response hrs</b>	735	483	543.5	706.3	258.5	738	359	431.5	811.5	804.5
<b>County Response hrs</b>	1136	1272.5	2413	1829.4	1314.5	1105.5	1101	1249.5	1196	1306
<b>Local Training hrs</b>	1950	2043	3738	2024	1494	1704	1521	1949	1703.5	1898.5
<b>Other Training hrs</b>	498	658.5	499	1242	713	628	1568	1371	624	424
<b>Mutual Aid</b>	3	18	11	11	6	NA	NA	NA	NA	NA







**Town of Barrhead Main Office**

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Barrhead, AB T7N 1A2

**Office Hours:** Mon to Fri 8:30AM to 4:30PM

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