TOWN OF STONY PLAIN

Consolidated Financial Statements

For the Year Ended December 31, 2017

METRIX GROUP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of Council of the Town of Stony Plain

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

Managements' 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 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 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 auditors' 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 consolidated financial position of the Town of Stony Plain as at December 31, 2017 and the results of its consolidated operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Chartered Professional Accountants

April 23, 2018
Edmonton, Alberta

MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Town of Stony Plain
Stony Plain, Alberta

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

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

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

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

Thomas Goulden
Town Manager

Jennifer Boleski, CPA, CA
General Manager, Corporate Services

TOWN OF STONY PLAIN
Consolidated Statement of Financial Position
As at December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 2)*	**$ 15,691,595**	$ 24,938,030
Receivables *(Note 3)*	**8,624,520**	5,892,662
Land held for resale	**117,990**	117,990
Investments *(Note 4)*	**27,563,732**	17,182,504
	51,997,837	48,131,186
LIABILITIES		
Accounts payable and accrued liabilities *(Note 5)*	**11,761,999**	4,563,753
Deposit liabilities	**2,989,087**	3,842,538
Deferred revenue *(Note 6)*	**12,421,603**	23,056,724
Long-term debt *(Note 7)*	**20,249,512**	10,653,999
	47,422,201	42,117,014
NET FINANCIAL ASSETS	**4,575,636**	6,014,172
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 8)*	**211,189,309**	194,117,518
Prepaid expenses	**249,505**	172,287
Inventories for consumption	**111,733**	84,943
	211,550,547	194,374,748
ACCUMULATED SURPLUS *(NOTE 9)*	**$ 216,126,183**	$ 200,388,920

Contingencies *(Note 10)*

ON BEHALF OF TOWN COUNCIL:

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See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2017

	2017 (Budget) *(Note 21)*	**2017 (Actual)**	2016 (Actual)
REVENUE			
Net taxes available for municipal purposes *(Schedule 2)*	$ 16,247,081	**$ 16,267,412**	$ 15,504,224
Sales and user charges *(Schedule 4)*	12,183,214	**12,699,179**	12,683,193
Franchise and concession contracts *(Note 11)*	2,564,800	**2,745,612**	2,484,028
Government transfers for operating *(Schedule 3)*	1,878,168	**1,947,024**	1,742,720
Fines	1,782,500	**833,562**	1,607,271
Investment income	344,000	**663,731**	362,129
Rentals	437,598	**533,253**	423,301
Licenses and permits	587,500	**529,547**	584,118
Other	230,798	**372,732**	498,712
Penalties and costs on taxes	217,000	**286,057**	229,345
	36,472,659	**36,878,109**	36,119,041
EXPENSES			
Recreation and culture	9,266,946	**10,688,252**	10,122,349
Utilities	9,108,460	**8,485,963**	7,814,335
Protective services	6,855,293	**6,232,126**	6,738,716
General government	6,529,493	**5,795,151**	5,280,306
Transportation	5,668,715	**4,994,860**	4,604,390
Development	2,563,853	**1,891,260**	1,877,807
Family and Community Support Services	848,889	**863,532**	771,774
	40,841,649	**38,951,144**	37,209,677
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSE)	(4,368,990)	**(2,073,035)**	(1,090,636)
OTHER REVENUE (EXPENSE)			
Developer contributions for capital	8,848,859	**9,258,009**	-
Government transfers for capital *(Schedule 3)*	13,219,945	**7,465,249**	6,083,388
Contributed tangible capital assets *(Note 12)*	5,683,056	**1,869,944**	13,775,421
Other	250,000	**250,000**	-
Gain (loss) on disposal of tangible capital assets	-	**(1,032,904)**	(88,621)
	28,001,860	**17,810,298**	19,770,188
ANNUAL SURPLUS	23,632,870	**15,737,263**	18,679,552
ACCUMULATED SURPLUS, BEGINNING OF YEAR	200,388,920	**200,388,920**	181,709,368
ACCUMULATED SURPLUS, END OF YEAR *(NOTE 9)*	$ 224,021,790	**$ 216,126,183**	$ 200,388,920

See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2017

	2017 (Budget) *(Note 21)*	**2017 (Actual)**	2016 (Actual)
ANNUAL SURPLUS	$ 23,632,870	**$ 15,737,263**	$ 18,679,552
Acquisition of tangible capital assets	(47,923,988)	**(23,895,107)**	(24,019,042)
Proceeds on disposal of tangible capital assets	-	**-**	23,111
Amortization of tangible capital assets	6,161,469	**5,790,412**	5,320,845
Loss (gain) on disposal of tangible capital assets	-	**1,032,904**	88,621
	(41,762,519)	**(17,071,791)**	(18,586,465)
Use (acquisition) of inventory for consumption	-	**(26,790)**	5,842
Use (acquisition) of prepaid expenses	-	**(77,218)**	(69,477)
	-	**(104,008)**	(63,635)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(18,129,649)	**(1,438,536)**	29,452
NET FINANCIAL ASSETS, BEGINNING OF THE YEAR	6,014,172	**6,014,172**	5,984,720
NET FINANCIAL ASSETS, END OF YEAR	$ (12,115,477)	**$ 4,575,636**	$ 6,014,172

See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Cash from operations		
Annual surplus	**$ 15,737,263**	$ 18,679,552
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	**5,790,412**	5,320,845
Amortization of investment premium/discounts	**221,644**	196,527
Loss (gain) on sale of investments	**(145,267)**	(110,247)
Loss (gain) on disposal of tangible capital assets	**1,032,904**	88,621
Tangible capital assets received as contributions	**(1,869,944)**	(13,775,421)
Change in non-cash working capital balances related to operations:		
Receivables	**(2,731,858)**	(2,504,065)
Prepaid expenses	**(77,218)**	(69,477)
Inventories for consumption	**(26,790)**	5,842
Accounts payable and accrued liabilities	**7,198,246**	445,366
Deposit liabilities	**(853,451)**	2,803,259
Deferred revenue	**(10,635,121)**	2,826,138
	13,640,820	13,906,940
FINANCING ACTIVITIES		
Long-term debt issued	**10,800,000**	3,000,000
Repayment of long-term debt	**(1,204,487)**	(1,087,928)
	9,595,513	1,912,072
INVESTING ACTIVITIES		
Purchases of investments	**(16,724,062)**	(5,610,173)
Proceeds on sale of investments	**6,266,457**	3,022,057
	(10,457,605)	(2,588,116)
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	**-**	23,111
Purchase of tangible capital assets	**(22,025,163)**	(10,243,621)
	(22,025,163)	(10,220,510)
CHANGE IN CASH AND CASH EQUIVALENTS, DURING YEAR	**(9,246,435)**	3,010,386
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**24,938,030**	21,927,644
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 15,691,595**	$ 24,938,030

See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2017

Schedule 1

	2017	2016
BALANCE, BEGINNING OF YEAR	**183,463,519**	166,789,126
Acquisition of tangible capital assets	**23,895,107**	24,019,042
Amortization of tangible capital assets	**(5,790,412)**	(5,320,845)
Net book value of tangible capital assets disposed of	**(1,032,904)**	(111,732)
Repayment of capital long-term debt	**1,204,487**	1,087,928
Debt proceeds used during the year	**(4,205,554)**	(3,000,000)
BALANCE, END OF YEAR	**$197,534,243**	$183,463,519

Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets net book value *(Note 8)*	**$211,189,309**	$194,117,518
Debt used for tangible capital assets	**(13,655,066)**	(10,653,999)
	$197,534,243	$183,463,519

See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Schedule of Property Taxes Levied
For the Year Ended December 31, 2017

Schedule 2

	2017 (Budget) *(Note 21)*	**2017 (Actual)**	2016 (Actual)
TAXATION			
Real property taxes	$ 23,216,553	**$ 23,256,101**	$ 21,963,022
Linear property taxes	267,870	**267,878**	262,373
Government grants in lieu of property taxes	84,508	**84,504**	78,349
Local improvement taxes	4,955	**4,955**	4,955
	23,573,886	**23,613,438**	22,308,699
REQUISITIONS			
Alberta School Foundation fund	6,134,277	**6,162,820**	5,702,937
School boards	1,073,412	**1,064,090**	992,358
Seniors Foundation	119,116	**119,116**	109,180
	7,326,805	**7,346,026**	6,804,475
NET MUNICIPAL TAXES	$ 16,247,081	**$ 16,267,412**	$ 15,504,224

See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Schedule of Government Transfers
For the Year Ended December 31, 2017

Schedule 3

	2017 (Budget) *(Note 21)*	**2017 (Actual)**	2016 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	$ 1,465,118	**$ 1,358,172**	$ 1,360,512
Local governments	413,050	**588,852**	382,208
	1,878,168	**1,947,024**	1,742,720
TRANSFERS FOR CAPITAL			
Provincial government	10,653,445	**5,412,468**	6,083,388
Local government	2,566,500	**2,052,781**	-
	13,219,945	**7,465,249**	6,083,388
TOTAL GOVERNMENT TRANSFERS	$ 15,098,113	**$ 9,412,273**	$ 7,826,108

TOWN OF STONY PLAIN
Schedule of Sales and User Charges
For the Year Ended December 31, 2017

Schedule 4

	2017 (Budget) *(Note 21)*	**2017 (Actual)**	2016 (Actual)
Water supply and distribution	$ 4,689,491	**$ 4,386,537**	$ 4,259,444
Wastewater treatment and disposal	3,236,621	**3,136,976**	3,082,982
Parks and recreation	450,500	**1,886,139**	2,039,353
Waste management	1,865,502	**1,850,891**	1,695,751
Golf course *(Schedule 5)*	1,814,000	**1,251,619**	1,495,277
Land sales	-	**86,940**	4,000
Planning and development	74,600	**53,165**	66,725
Administrative	30,500	**31,888**	25,803
Other transportation (Handi-Bus)	22,000	**15,024**	13,858
	$ 12,183,214	**$ 12,699,179**	$ 12,683,193

TOWN OF STONY PLAIN
Schedule of Golf Course Annual Surplus (Deficit)
For the Year Ended December 31, 2017

Schedule 5

	2017 (Budget) *(Note 21)*	**2017 (Actual)**	2016 (Actual)
REVENUE			
Green fees	$ 1,259,000	$ **806,201**	$ 1,059,173
Proshop	471,700	**397,918**	381,675
Food service	60,000	**39,081**	51,047
Other	5,300	**8,419**	218
Hole signage	18,000	**-**	3,164
	1,814,000	**1,251,619**	1,495,277
EXPENSES			
Grounds maintenance	751,771	**747,222**	760,649
Proshop	512,380	**516,457**	334,266
Administration	429,348	**392,507**	568,576
Amortization	148,270	**140,734**	142,426
Food service	33,000	**26,217**	29,185
	1,874,769	**1,823,137**	1,835,102
ANNUAL SURPLUS (DEFICIT)	$ (60,769)	$ **(571,518)**	$ (339,825)

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

Schedule 6

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

See accompanying notes to consolidated financial statements.

TOWN OF STONY PLAIN
Schedule of Segmented Information
For The Year Ended December 31, 2016

Schedule 7

	General Government	Recreation and Culture	Protective Services	Transportation	Utilities	Development	Family and Community Support Services	Total
REVENUE								
Taxation	$ 2,339,445	$ 4,367,347	$ 4,162,353	$ 3,387,737	$ 4,955	$ 1,064,759	$ 177,628	$ 15,504,224
Sales and user charges	25,805	3,534,628	-	13,858	9,038,177	70,725	-	12,683,193
All other	2,794,092	529,237	(181,564)	12,537	52,832	628,152	384,218	4,219,504
Government transfers	124,161	(180,752)	776,517	20,000	-	108,234	894,560	1,742,720
Fines	-	-	1,607,271	-	-	-	-	1,607,271
Interest	142,882	73,865	47,431	-	97,951	-	-	362,129
	5,426,385	8,324,325	6,412,008	3,434,132	9,193,915	1,871,870	1,456,406	36,119,041
EXPENSES								
Materials, goods, and contracted and general services	1,681,661	3,235,340	3,806,638	344,351	5,471,915	784,561	161,271	15,485,737
Salaries, wages, and benefits	2,992,915	3,721,786	1,953,590	752,190	954,594	1,085,567	602,399	12,063,041
Utilities	74,768	349,311	28,851	683,849	86,378	-	-	1,223,157
Repairs and maintenance	22,515	447,567	57,466	340,978	265,574	1,742	-	1,135,842
Transfers to local boards and organizations	-	705,943	21,500	-	-	-	8,104	735,547
Transfers to other governments	-	-	557,780	-	-	-	-	557,780
Interest on long term debt	93,176	164,419	89,178	11,939	5,036	-	-	363,748
Insurance	174,245	62,036	10,133	30,825	46,741	-	-	323,980
Amortization	241,026	1,435,947	213,580	2,440,259	984,096	5,937	-	5,320,845
	5,280,306	10,122,349	6,738,716	4,604,391	7,814,334	1,877,807	771,774	37,209,677
NET REVENUE (DEFICIT)	$ 146,079	$ (1,798,024)	$ (326,708)	$ (1,170,259)	$ 1,379,581	$ (5,937)	$ 684,632	$ (1,090,636)

See accompanying notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

The Town accounts for government partnerships using the proportionate consolidation method. Under this method, the Town's proportionate share of assets, liabilities, non-financial assets, revenues, expenses and accumulated surplus are included in the consolidated financial statements. The consolidated financial statements include the Town's share of the TransAlta Tri Leisure Centre. Condensed financial information is provided in Note 16.

(b) Basis of Accounting

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

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

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

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

(c) Cash and Cash Equivalents

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

(d) Inventories

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

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

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

(f) Tangible Capital Assets

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

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

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

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

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

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

(g) Contaminated Site

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

(h) Tax Revenue

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

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

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Developer Contributions

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

(j) Requisition Over-Levies and Under-Levies

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

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

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

(k) Use of Estimates

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

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

(l) Pension Expenses

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

2. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	**$ 3,423**	$ 4,024
Bank accounts	**13,578,939**	13,824,524
Temporary investments	**2,109,233**	11,109,482
	$ 15,691,595	$ 24,938,030

Temporary investments are readily convertible to cash, consist of term deposits bearing interest at rates ranging from 1.4% to 1.65% (2016 - 1.23% to 2.1%), and maturing during 2018.

The Town has access to a revolving demand credit facility with a maximum of $1,000,000 bearing interest at prime rate less 0.75%. No amounts were outstanding on the revolving loan at December 31, 2017 or December 31, 2016.

3. RECEIVABLES

	2017	2016
Trade and other accounts receivable	$ 6,067,773	$ 3,970,391
Taxes and grants in place of taxes	1,239,298	898,724
Utilities	839,061	787,336
Goods and Services Tax	478,388	236,211
	$ 8,624,520	$ 5,892,662

4. INVESTMENTS

	2017		2016	
	Carrying Value	Market Value	Carrying Value	Market Value
Corporate bonds	$ 18,846,263	$ 18,609,670	$ 13,648,535	$ 13,745,632
Principal protected notes	8,717,469	8,639,908	3,533,969	3,574,288
	$ 27,563,732	$ 27,249,578	$ 17,182,504	$ 17,319,920

Corporate bonds have effective interest rates ranging from 1.89% - 6.67% (2016 - 2.17% to 6.45%) with maturity dates from June of 2019 to March 2029.

The market value of the bonds and principal protected notes are based on quoted market values. The market value of the bonds and principal protected notes fluctuate with changes in market interest rates and indices. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade and other accounts payable	$ 11,095,612	$ 3,992,419
Earned vacation	300,759	305,162
Accrued sick pay	227,890	174,182
Accrued interest on long-term debt	137,738	91,990
	$ 11,761,999	$ 4,563,753

6. DEFERRED REVENUE

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

	2016	Additions	Revenue Recognized	**2017**
Developer contributions	$ 14,447,646	$ 630,242	$ (9,036,341)	**$ 6,041,547**
Municipal Sustainability Initiative	4,561,567	3,764,925	(4,534,502)	**3,791,990**
Federal Gas Tax Fund	1,143,681	885,019	(394,406)	**1,634,294**
Affordable Housing	511,046	5,892	(8,000)	**508,938**
Other	2,392,784	269,190	(2,217,140)	**444,834**
	$ 23,056,724	$ 5,555,268	$ (16,190,389)	**$ 12,421,603**

7. LONG-TERM DEBT

	2017	2016
Supported by general tax levies	**$ 20,232,439**	$ 10,633,266
Supported by special levies	**17,073**	20,733
	$ 20,249,512	$ 10,653,999

Principal and interest payments are due as follows:

	Principal	Interest	Total
2018	$ 1,142,841	$ 670,724	$ 1,813,565
2019	1,188,611	624,954	1,813,565
2020	1,236,410	577,155	1,813,565
2021	1,286,336	527,228	1,813,564
2022	1,115,652	475,072	1,590,724
Thereafter	14,279,662	3,179,863	17,459,525
	$ 20,249,512	$ 6,054,996	$ 26,304,508

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 1.661% to 6.250% per annum maturing in years 2021 through 2037.

Interest on long-term debt amounted to $431,216 (2016 - $363,749).

The Town's cash payments for interest in 2017 were $385,469 (2016 - $352,305).

8. TANGIBLE CAPITAL ASSETS

	2017 Net Book Value	2016 Net Book Value
Engineered structures		
Roadways	$ 35,879,332	$ 36,211,764
Wastewater systems	27,960,061	26,492,603
Storm systems	21,275,508	20,396,233
Water systems	19,170,164	18,926,950
Work in progress*	12,674,336	12,101,733
Other	64,461	80,812
	117,023,862	114,210,095
Land	38,199,918	36,384,695
Buildings	36,264,011	25,618,491
Land improvements	13,319,828	12,225,426
Machinery, equipment, and furnishings	4,030,088	3,180,192
Vehicles	2,351,602	2,498,619
	$ 211,189,309	$ 194,117,518

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Roadways	$ 67,852,970	$ 1,992,282	$ (114,724)	$ (379,889)	$ 69,350,639
Wastewater systems	32,479,746	2,292,515	(678,336)	305,058	34,398,983
Water systems	28,113,218	675,473	(15,521)	-	28,773,170
Storm systems	23,161,772	1,092,861	(15,152)	133,524	24,373,005
Work in progress*	12,101,733	11,384,636	-	(10,812,033)	12,674,336
Other	327,038	-	-	-	327,038
	164,036,477	17,437,767	(823,733)	(10,753,340)	169,897,171
Land	36,384,695	1,796,524	(361,190)	379,889	38,199,918
Buildings	35,414,223	1,689,787	-	9,849,118	46,953,128
Machinery, equipment, and furnishings	7,875,267	876,305	(375,489)	500,854	8,876,937
Land improvements	16,848,943	2,000,792	(12,290)	23,479	18,860,924
Vehicles	4,367,857	93,932	-	-	4,461,789
	$ 264,927,462	$ 23,895,107	$ (1,572,702)	$ -	$ 287,249,867

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	$ 31,641,206	$ 1,941,459	$ (111,358)	$ -	$ 33,471,307
Water systems	9,186,268	430,293	(13,555)	-	9,603,006
Wastewater systems	5,987,143	479,686	(27,907)	-	6,438,922
Storm systems	2,765,539	341,257	(9,299)	-	3,097,497
Other	246,226	16,351	-	-	262,577
	49,826,382	3,209,046	(162,119)	-	52,873,309
Buildings	9,795,732	893,385	-	-	10,689,117
Machinery, equipment, and furnishings	4,695,075	517,163	(365,389)	-	4,846,849
Land improvements	4,623,517	929,869	(12,290)	-	5,541,096
Vehicles	1,869,238	240,949	-	-	2,110,187
	$ 70,809,944	$ 5,790,412	$ (539,798)	$ -	$ 76,060,558

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

9. ACCUMULATED SURPLUS

	2017	2016
Unrestricted surplus	$ **1,547,512**	$ 1,626,319
Restricted surplus		
Operating reserves *(Note 13)*	**6,611,537**	6,300,797
Capital reserves *(Note 13)*	**10,432,891**	8,998,285
Equity in tangible capital assets (Schedule 1)	**197,534,243**	183,463,519
	$ **216,126,183**	$ 200,388,920

10. CONTINGENCIES

(a) Fire Services Agreement

During 2006, under the terms of an agreement with Parkland County, the Town received $1,000,000 from the County based on the County's use of 40% of the Town's new fire hall for a period of 30 years. In the event the agreement is terminated by the Town or the County and the Town no longer provides services to the County described in the agreement, the Town will be required to pay the County an amount calculated as 30 years from the date of the agreement minus the termination date of the agreement multiplied by $33,333. At December 31, 2017, the potential outstanding balance was $600,000 (2016 - $633,333).

(b) Alberta Municipal Insurance Exchange

The Town is a member of the Alberta Municipal Insurance Exchange. Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

11. FRANCHISE AND CONCESSION CONTRACTS

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

	2017	2016
Fortis Alberta Inc.	$ **1,709,656**	$ 1,590,701
Atco Gas	**1,013,502**	877,361
West Parkland Gas Co-op	**22,454**	15,966
	$ **2,745,612**	$ 2,484,028

12. CONTRIBUTED TANGIBLE CAPITAL ASSETS

	2017	2016
Land improvements	$ **614,947**	$ 1,715,493
Roadways	**391,765**	4,181,488
Land	**360,720**	856,900
Storm systems	**186,739**	3,878,738
Wastewater systems	**184,804**	1,618,882
Water systems	**130,969**	1,523,920
	$ **1,869,944**	$ 13,775,421

13. RESERVES

	2017	2016
OPERATING		
Police and Public Safety	**$ 2,550,113**	$ 2,527,439
Tax levy stabilization	**1,766,339**	1,678,620
Utility rate stabilization	**881,843**	714,020
Legacy	**786,352**	732,893
Snow removal	**300,461**	300,461
Safety rebate	**113,300**	111,263
Public arts	**100,129**	68,024
Technology	**57,545**	57,431
Mural preservation	**55,455**	55,455
Council technology	**-**	9,625
Corporate services	**-**	45,566
	$ 6,611,537	$ 6,300,797
CAPITAL		
Water capital	**$ 3,051,772**	$ 2,422,438
Life cycle - heritage park	**1,498,828**	80,015
Sewer capital	**1,236,911**	1,374,485
General purpose	**774,416**	1,203,897
Roads capital	**543,506**	697,337
Capital equipment replacement	**391,358**	81,988
Town - administration building	**355,691**	383,940
Life cycle - arena	**327,791**	378,172
Fire equipment	**313,353**	88,029
Life cycle - library	**230,093**	190,093
Life cycle - fire hall	**215,719**	195,719
TransAlta Tri Leisure Centre (Note 1 (a))	**209,507**	188,683
Life cycle - pool	**208,259**	183,259
Life cycle - community centre	**179,102**	174,102
Public	**176,380**	206,939
Trails	**148,095**	179,863
Life cycle - outdoor recreation	**106,929**	80,569
Life cycle - parkland building	**97,664**	109,738
Life cycle - common services building	**92,701**	76,201
Life cycle - youth centre	**80,409**	70,409
Golf course capital	**79,066**	93,958
Waste management capital	**67,749**	61,573
Arena ice slab	**27,592**	82,722
Life cycle - Forest Green Plaza	**15,000**	10,000
Life cycle - Old Firehall	**5,000**	-
Life cycle - golf course maintenance	**-**	20,000
Life cycle - golf course clubhouse	**-**	10,000
Highway 16A Safecrossing	**-**	43,176
Handi-Bus replacement	**-**	69,747
General government capital		140,580
Fire truck replacement	**-**	100,653
	$ 10,432,891	$ 8,998,285

14. SALARIES AND BENEFITS DISCLOSURE

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

	Salary	Benefits and Allowances	2017 Total	2016 Total
Choy (Mayor)	$ 60,780	$ 10,551	**$ 71,331**	$ 70,497
Bennett	30,396	6,353	**36,749**	35,118
Lloy	30,396	9,779	**40,175**	38,129
Twerdoclib	25,248	5,704	**30,952**	38,297
Graff	25,248	5,650	**30,898**	38,297
Hansard	25,248	5,570	**30,818**	37,962
Ganske	25,248	5,768	**31,016**	37,077
Matties	5,229	3,930	**9,159**	-
Meyer	5,229	3,930	**9,159**	-
Pawlechko	5,229	3,930	**9,159**	-
Laurie	5,229	3,930	**9,159**	-
	$ 243,480	$ 65,095	**$ 308,575**	$ 295,377
Town Manager	$ 180,595	$ 38,617	**$ 219,212**	$ 221,539

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

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

15. LOCAL AUTHORITIES PENSION PLAN (LAPP)

The Town is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2017 were $995,626 (2016 - $905,987). Total current service contributions by the employees of the Town to the LAPP in 2017 were $916,288 (2016 - $833,395).

At December 31, 2016, the Plan disclosed an actuarial deficit of $637 million (2015 - $923 million).

16. GOVERNMENT PARTNERSHIPS

The Town's financial statements include its share of operations 2017 - 26.1% (2016 - 26.1%) of the TransAlta Tri Leisure Centre. Condensed financial information of the TransAlta Tri Leisure Centre is as follows:

	2017	2016
FINANCIAL ASSETS		
Cash and investments	$ 1,844,393	$ 1,906,410
Receivables	58,728	139,795
	1,903,121	2,046,205
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	498,602	650,411
Deferred revenue	599,738	494,179
	1,098,340	1,144,590
NET FINANCIAL ASSETS	804,781	901,615
NON-FINANCIAL ASSETS		
Prepaid expenses and inventory for consumption	89,889	101,794
Tangible capital assets	1,777,911	1,484,724
	1,867,800	1,586,518
ACCUMULATED SURPLUS	$ 2,672,581	$ 2,488,133
REVENUE		
Pass and program fees and rental	$ 5,309,897	$ 5,284,672
Partnership contributions	1,985,684	2,621,033
Corporate sponsors and donations	286,727	309,164
All other	708,474	554,495
	8,290,782	8,769,364
EXPENSES		
Salaries and benefits	4,291,242	4,510,958
Utilities	1,009,639	918,277
All other	2,805,453	3,227,874
	8,106,334	8,657,109
ANNUAL SURPLUS	$ 184,448	$ 112,255

17. DEBT LIMITS

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

	2017	2016
Total debt limit	**$ 55,317,164**	$ 54,178,562
Total debt	**(20,249,512)**	(10,653,999)
Total debt limits available	**$ 35,067,652**	$ 43,524,563
Service on debt limit	**$ 9,219,527**	$ 9,029,760
Service on debt	**(1,813,565)**	(1,589,956)
Service on debt limit available	**$ 7,405,962**	$ 7,439,804

18. CONTRACTUAL OBLIGATIONS

The Town has agreed to enter into an agreement for the collection and hauling of garbage, compost and recyclable materials, having a term of five years commencing April 1, 2016 and expiring March 31, 2019. The estimated cost of these services for 2018 is approximately $1,574,050

19. SEGMENTED INFORMATION

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

(a) General Government

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

(b) Protective Services

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

(c) Transportation

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

(CONT'D)

19. SEGMENTED INFORMATION (CONT'D)

(d) Recreation and Culture

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

(e) Utilities

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

(f) Development

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

(g) Family and Community Support Services

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

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

20. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, receivables, investments, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

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

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

21. BUDGET FIGURES

The budget figures presented in these consolidated financial statements are based upon the 2017 operating and capital budgets approved by Council.

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

REVENUE AND TRANSFERS	
Approved operating budget	$ 47,579,078
Approved capital budget	48,871,339
Debenture proceeds	(15,921,201)
Requisitions	(7,326,805)
Transfers from reserves	(8,727,892)
	64,474,519
EXPENSES AND TRANSFERS	
Approved operating budget	54,214,361
Approved capital budget	48,604,988
Long-term debt repayment	(1,418,905)
Requisitions	(7,326,805)
Capital expenditures	(47,923,988)
Transfers to reserves	(5,308,002)
	40,841,649
ANNUAL SURPLUS	**$ 23,632,870**

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.