

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2015

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2015

	Contents
Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Debt	4
Consolidated Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 - 7
Notes to the Consolidated Financial Statements	9 - 26



Tel: 403 342 2500
Fax: 403 346 3070
www.bdo.ca

BDO Canada LLP
Millennium Centre
600, 4909 49 Street
Red Deer AB T4N 1V1 Canada

Independent Auditors' Report

To the Members of Council Village of Alix

We have audited the accompanying consolidated financial statements of the Village of Alix, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net 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 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 Village of Alix as at December 31, 2015 and the results of its operations, change in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta
May 4, 2016

BDO Canada LLP

Chartered Professional Accountants

Village of Alix
Consolidated Statement of Financial Position

December 31	2015	2014
Financial assets		
Cash and cash equivalents (Note 1)	\$ 545,696	\$ 842,632
Taxes receivable (Note 2)	174,898	189,692
Accounts receivable	123,161	105,665
Grants receivable	285,192	-
	<u>1,128,947</u>	<u>1,137,989</u>
Liabilities		
Accounts payable and accrued liabilities	191,071	63,226
Employee benefit obligation (Note 3)	36,605	24,487
Deposit liabilities	1,715	5,235
Deferred revenue (Note 4)	222,427	191,760
Long-term debt (Note 5)	2,162,317	1,526,210
	<u>2,614,135</u>	<u>1,810,918</u>
Net debt	<u>(1,485,188)</u>	<u>(672,929)</u>
Non-financial assets		
Tangible capital assets (Note 6)	10,016,120	9,330,893
Inventory for consumption	36,714	49,588
Prepaid expenses	16,833	24,391
	<u>10,069,667</u>	<u>9,404,872</u>
Accumulated surplus (Note 8)	<u>\$ 8,584,479</u>	<u>\$ 8,731,943</u>
Debtore debt limits (Note 15)		
Contingencies (Note 16)		

Village of Alix
Consolidated Statement of Operations

For the year ended December 31	Budget 2015	2015	2014
Revenue			
Net municipal taxes (Note 10)	\$ 1,389,719	\$ 1,371,821	\$ 1,346,399
Government transfers for operating (Note 11)	61,660	69,597	67,255
Sales and user fees	802,733	815,984	772,504
Sales and user fees - Moonwalkers Facility	318,560	198,719	275,875
Franchises and concessions	227,474	215,795	195,681
Investment income	5,000	4,370	5,351
Penalties and costs on taxes	55,000	59,571	65,989
Fines and licenses	29,900	18,707	24,861
Rental	100	200	640
Gain on disposal of assets	-	3,615	39,575
	<u>2,890,146</u>	<u>2,758,379</u>	<u>2,794,130</u>
Expenses (Note 12)			
Legislative	58,360	51,411	48,750
Administration	480,357	504,109	453,536
Protective services	152,695	161,943	146,933
Transportation services	758,326	763,868	696,714
Water and wastewater	571,871	594,440	533,883
Waste management	156,807	146,589	128,218
Planning and development	87,770	61,381	52,960
Recreation and parks	464,760	465,733	393,345
Activity Centre	427,338	404,463	447,557
FCSS and Cemetery	37,577	56,431	57,451
	<u>3,195,861</u>	<u>3,210,368</u>	<u>2,959,347</u>
Excess (deficiency) of revenue over expenditures - before other	(305,715)	(451,989)	(165,217)
Other			
Government transfers for capital (Note 11)	273,000	304,525	128,410
Excess of revenue over expenditures	<u>(32,715)</u>	<u>(147,464)</u>	<u>(36,807)</u>
Accumulated surplus, beginning of year	<u>8,731,943</u>	<u>8,731,943</u>	<u>8,768,750</u>
Accumulated surplus, end of year	<u>\$ 8,699,228</u>	<u>\$ 8,584,479</u>	<u>\$ 8,731,943</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Village of Alix
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2015	2015	2014
Excess of revenue over expenditures	\$ (32,715)	\$ (147,464)	\$ (36,807)
Acquisition of tangible capital assets	(1,331,865)	(1,060,789)	(722,828)
Amortization of tangible capital assets	375,562	375,562	340,782
Gain on sale of tangible capital assets	-	(3,615)	(39,575)
Proceeds on sale of tangible capital assets	-	3,615	50,232
	(989,018)	(832,691)	(408,196)
Change in prepaid expenses	-	7,558	(7,056)
Change in inventory for consumption	-	12,874	12,862
Net change in net debt	(989,018)	(812,259)	(402,390)
Net debt, beginning of year	(672,929)	(672,929)	(270,539)
Net debt, end of year	\$ (1,661,947)	\$ (1,485,188)	\$ (672,929)

Village of Alix
Consolidated Statement of Cash Flows

For the year ended December 31	2015	2014
Operating transactions		
Excess of revenue over expenditures	\$ (147,464)	\$ (36,807)
Items not involving cash		
Amortization	375,562	340,782
Gain on disposal of tangible capital assets	(3,615)	(39,575)
Changes in non-cash operating balances		
Taxes receivable	14,794	51,995
Accounts receivable	(17,496)	21,291
Grants receivable	(285,192)	-
Prepaid expenses	7,558	(7,056)
Accounts payable and accrued liabilities	127,845	(111,795)
Inventory for consumption	12,874	12,862
Employee benefit obligation	12,118	(192)
Deposit liabilities	(3,520)	(6,771)
Deferred revenue	30,667	161,618
	<u>124,131</u>	<u>386,352</u>
Capital transactions		
Acquisition of tangible capital assets	(1,060,789)	(722,828)
Proceeds on sale of tangible capital assets	3,615	50,232
	<u>(1,057,174)</u>	<u>(672,596)</u>
Investing transactions		
Restricted cash balances	<u>(26,869)</u>	<u>(156,031)</u>
Financing transactions		
Proceeds from issuance of long-term debt	700,000	500,000
Repayment of long-term debt	(63,893)	(43,329)
	<u>636,107</u>	<u>456,671</u>
Net change in cash and cash equivalents	(323,805)	14,396
Cash and cash equivalents, beginning of year	611,212	596,816
Cash and cash equivalents, end of year	\$ 287,407	\$ 611,212
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 545,696	\$ 842,632
Less: restricted (Note 1)	(258,289)	(231,420)
	<u>\$ 287,407</u>	<u>\$ 611,212</u>

Village of Alix
Summary of Significant Accounting Policies

December 31, 2015

**Management's
Responsibility for the
Financial Statements**

The consolidated financial statements of the Village are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Consolidation

The financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Village.

The Village has consolidated the Alix Public Library.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life, less residual value, of the tangible capital asset commencing once the asset is available for productive use. One half the amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition. Estimated useful lives of the various asset classes are as follows:

Land improvements	15 to 30 years
Buildings	50 years
Engineered Structures	10 to 75 years
Machinery, equipment and furnishings	5 to 20 years
Vehicles	10 to 25 years

**Excess Collections and
Under-levies**

Excess collections 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 excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections

Village of Alix
Summary of Significant Accounting Policies

December 31, 2015

**Collection of Taxes on
Behalf of Other Taxation
Authorities**

The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the Village collects taxation revenue on behalf of are:
Alberta School Foundation Fund
Lacombe Foundation

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
Sales of service and other revenue is recognized on an accrual basis.

**Liability for
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

Village of Alix
Summary of Significant Accounting Policies

December 31, 2015

Use of Estimates

The preparation of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

1. Cash and Cash Equivalents

	2015	2014
Current account	\$ 540,045	\$ 837,031
Temporary Investments	5,651	5,601
	<u>\$ 545,696</u>	<u>\$ 842,632</u>

The Village has an authorized overdraft available to a maximum of \$300,000 bearing interest at bank prime (prime rate as at December 31, 2015 was 2.70%). Collateral is provided by a General Security Agreement. No amounts have been drawn upon at year-end

Cash and temporary investments include the following internally and externally restricted amounts:

	2015	2014
Municipal Sustainability Initiative	\$ 144,006	\$ 181,614
Basic Municipal Transportation grant	49,800	-
Federal Gas Tax	28,621	10,146
Alix Public Library Cash	35,862	39,660
	<u>\$ 258,289</u>	<u>\$ 231,420</u>

2. Taxes Receivable

	2015	2014
Current taxes and grants in place of taxes	\$ 156,305	\$ 177,963
Arrears taxes	18,593	11,729
	<u>\$ 174,898</u>	<u>\$ 189,692</u>

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

3. Employee Benefit Obligation

	2015	2014
Accrued vacation pay	\$ 36,605	\$ 24,487

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Sick Leave Benefits

The Village provides paid sick leave at a rate of 1.5 days per month. Sick leave can accumulate from year to year to a total of 120 work days. Sick leave is not paid out upon termination.

4. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
Municipal Sustainability Initiative	\$ 181,614	235,392	(273,000)	\$ 144,006
Basic Municipal Transportation Grant	-	49,800	-	49,800
Federal Gas Tax	10,146	50,000	(31,525)	28,621
	\$ 191,760	335,192	(304,525)	\$ 222,427

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Village is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

5. Long-Term Debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	2015	2014
Alberta Capital Finance Authority Debentures, interest at 2.72% to 4.89% per year, due 2030 through 2035.	\$ 2,162,317	\$ 1,526,210

Principal and interest payments are due as follows:

	Principal Repayments	Interest Payments	Total
2016	\$ 93,207	\$ 75,649	\$ 168,856
2017	96,601	72,254	168,855
2018	100,126	68,730	168,856
2019	103,785	65,070	168,855
2020	107,586	61,270	168,856
Thereafter	1,661,012	395,457	2,056,469
	\$ 2,162,317	\$ 738,430	\$ 2,900,747

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.72% to 4.89% per annum and matures in periods 2030 through 2035. Debenture debt is issued on the credit and security of the Village at large.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

6. Tangible Capital Assets

								2015
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 414,676	\$ 341,681	\$ 1,300,883	\$ 9,357,988	\$ 759,863	\$ 644,616	\$ 880,766	\$ 13,700,473
Additions		14,082	55,734	843,204	6,118	141,651	-	1,060,789
Change in work in progress	-	-	-	880,766	-	-	(880,766)	-
Disposals	-	-	-	-	(51,262)	-	-	(51,262)
Cost, end of year	<u>\$ 414,676</u>	<u>\$ 355,763</u>	<u>\$ 1,356,617</u>	<u>\$ 11,081,958</u>	<u>\$ 714,719</u>	<u>\$ 786,267</u>	<u>\$ -</u>	<u>\$ 14,710,000</u>
Accumulated amortization, beginning of year	\$ -	\$ 170,587	\$ 395,248	\$ 3,096,159	\$ 346,337	\$ 361,249	\$ -	\$ 4,369,580
Amortization	-	18,729	25,350	232,139	56,765	42,579	-	375,562
Disposals	-	-	-	-	(51,262)	-	-	(51,262)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 189,316</u>	<u>\$ 420,598</u>	<u>\$ 3,328,298</u>	<u>\$ 351,840</u>	<u>\$ 403,828</u>	<u>\$ -</u>	<u>\$ 4,693,880</u>
Net carrying amount, end of year	<u>\$ 414,676</u>	<u>\$ 166,447</u>	<u>\$ 936,019</u>	<u>\$ 7,753,660</u>	<u>\$ 362,879</u>	<u>\$ 382,439</u>	<u>\$ -</u>	<u>\$ 10,016,120</u>

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

6. Tangible Capital Assets (continued)

								2014
	Land	Land	Buildings	Engineered	Machinery	Vehicles	Work in	Total
	Improvements	Improvements		Structures	and		Progress	
					Equipment			
Cost, beginning of year	\$ 415,384	\$ 341,681	\$ 1,281,461	\$ 9,271,579	\$ 746,246	\$ 632,577	\$ 352,653	\$ 13,041,581
Additions	-	-	23,633	86,409	26,827	57,846	528,113	722,828
Disposals	(708)	-	(4,211)	-	(13,210)	(45,807)	-	(63,936)
Cost, end of year	\$ 414,676	\$ 341,681	\$ 1,300,883	\$ 9,357,988	\$ 759,863	\$ 644,616	\$ 880,766	\$ 13,700,473
Accumulated amortization, beginning of year	\$ -	\$ 152,133	\$ 371,572	\$ 2,884,345	\$ 304,325	\$ 369,702	\$ -	\$ 4,082,077
Amortization	-	18,454	24,009	211,814	53,901	32,604	-	340,782
Disposals	-	-	(333)	-	(11,889)	(41,057)	-	(53,279)
Accumulated amortization, end of year	\$ -	\$ 170,587	\$ 395,248	\$ 3,096,159	\$ 346,337	\$ 361,249	\$ -	\$ 4,369,580
Net carrying amount, end of year	\$ 414,676	\$ 171,094	\$ 905,635	\$ 6,261,829	\$ 413,526	\$ 283,367	\$ 880,766	\$ 9,330,893

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

7. Equity in Tangible Capital Assets

	2015	2014
Tangible capital assets	\$ 14,710,000	\$ 13,700,473
Accumulated amortization	(4,693,880)	(4,369,580)
Debenture debt	(2,162,317)	(1,526,210)
	\$ 7,853,803	\$ 7,804,683

8. Accumulated Surplus

	2015	2014
Equity in tangible capital assets	\$ 7,853,803	\$ 7,804,683
Unrestricted surplus	121,504	124,131
Activity Centre deficit	(323,746)	-
Unrestricted surplus (deficit)	(202,242)	124,131
	7,651,561	7,928,814
Restricted surplus		
General	210,438	143,683
Activity Centre	-	(176,604)
Fire	48,841	54,591
First Response	-	4,700
Roads, streets, walks and lighting	147,584	218,958
Water	213,612	213,612
Wastewater	11,880	43,626
Cemetery	12,000	12,000
Arena	250,034	250,034
Parks and playgrounds	3,000	3,000
Community halls	31,529	31,529
Library	4,000	4,000
	932,918	803,129
	\$ 8,584,479	\$ 8,731,943

The investment in tangible capital assets represents amounts already spent and invested in infrastructure. Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

9. Change in Accumulated Surplus

	Budget	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ 124,131	\$ 124,131	\$ 803,129	\$ 7,804,683	\$ 8,731,943	\$ 8,768,750
Excess of revenue over expenses	(32,715)	(147,464)	-	-	(147,464)	(36,807)
Net operating transfers to (from) restricted surplus	(47,000)	(56,304)	56,304	-	-	-
Transfer of Activity Centre deficit to unrestricted surplus		(176,605)	176,605	-	-	-
Debenture principal payments	(74,727)	(63,893)	-	63,893	-	-
Capital transfers from restricted surplus	358,865	103,120	(103,120)	-	-	-
Acquisition of capital	(1,331,865)	(1,060,789)	-	1,060,789	-	-
Disposals and write-down of assets	-	-	-	-	-	-
Amortization	375,562	375,562	-	(375,562)	-	-
Debt proceeds	700,000	700,000	-	(700,000)	-	-
Change in accumulated surplus	\$ (51,880)	\$ (326,373)	\$ 129,789	\$ 49,120	\$ (147,464)	\$ (36,807)
Balance, end of year	\$ 72,251	\$ (202,242)	\$ 932,918	\$ 7,853,803	\$ 8,584,479	\$ 8,731,943

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

10. Taxation - Net

	Budget 2015	2015	2014
Real property	\$ 1,114,285	\$ 1,093,262	\$ 1,076,412
Machinery and equipment	470,597	469,208	465,389
Linear property	27,591	27,591	26,777
Government grants in place of property taxes	2,119	6,469	8,345
	<u>1,614,592</u>	<u>1,596,530</u>	<u>1,576,923</u>
Requisitions			
Alberta School Foundation Fund	215,633	215,633	221,327
Lacombe Foundation	7,495	7,308	7,495
Ambulance	1,745	1,768	1,702
	<u>224,873</u>	<u>224,709</u>	<u>230,524</u>
Available for general municipal purposes	<u>\$ 1,389,719</u>	<u>\$ 1,371,821</u>	<u>\$ 1,346,399</u>

11. Government Transfers

	Budget 2015	2015	2014
Operating			
Provincial government	52,560	54,373	49,157
Other local government	9,100	15,224	18,098
	<u>\$ 61,660</u>	<u>\$ 69,597</u>	<u>\$ 67,255</u>
Capital			
Provincial government	\$ 273,000	\$ 304,525	\$ 128,410
Total government transfers	<u>\$ 334,660</u>	<u>\$ 374,122</u>	<u>\$ 195,665</u>

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

12. Expenses by Object

	Budget 2015	2015	2014
Salaries and wages	\$ 982,089	\$ 1,078,155	\$ 988,410
Contracted and general services	1,017,275	989,130	894,288
Materials, goods and utilities	671,457	623,812	595,303
Transfer to local agencies	75,889	77,560	90,979
Bank charges and short term interest	1,400	962	1,356
Interest on long-term debt	72,190	65,188	46,629
Amortization	375,561	375,561	340,782
Other expenditures	-	-	1,600
	<u>\$ 3,195,861</u>	<u>\$ 3,210,368</u>	<u>\$ 2,959,347</u>

December 31, 2015

13. Municipal Employees Pension Plans

Local Authorities Pension Plan

Certain employees of the Village are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 200,000 people and over 400 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Village is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$157,025. Employees of the Village are required to make current service contributions of 11.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$157,025.

Contributions for the year were:

	2015	2014
Employer contributions	\$ 76,928	\$ 64,825
Employee contributions	70,560	59,488
	<u>\$ 147,488</u>	<u>\$ 124,313</u>

As this is a multi-employer pension plan, these contributions are the Village's pension benefit expense. No pension liability for this type of plan is included in the Village's financial statements. The most recent valuation as at December 31, 2014 indicates a deficit of \$2.455 billion for basic pension benefits (2013 - \$4.862 Billion). The actuary does not attribute portions of the unfunded liability to individual employers.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

14. Salary and Benefits Disclosure

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

	Salary	Benefits & Allowances	Total 2015	Total 2014
Mayor Nelson	\$ 7,631	\$ -	\$ 7,631	\$ 6,754
Deputy Mayor Peterson	7,310	-	7,310	9,710
Councillor Fehr	7,560	-	7,560	7,099
Councillor Christensen	5,565	-	5,565	5,400
Councillor Widmann	5,795	-	5,795	4,885
Chief Administrative Officer - Tanya Meston	24,476	5,923	30,399	-
Chief Administrative Officer - Bonnie Cretzman	91,134	20,637	111,771	119,700

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

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, dental coverage, and vision coverage.

15. Debt Limits

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

	2015	2014
Total debt limit	\$ 4,137,569	\$ 4,191,195
Total debt	2,162,317	1,526,210
Total debt limit available	1,975,252	2,664,985
Debt servicing limit	689,595	698,533
Debt servicing	168,856	123,253
Total debt servicing limit available	520,739	575,280

The debt limit is calculated at 1.5 times revenue of the Village (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which 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 interpreted as a whole.

December 31, 2015

16. Contingencies

The Village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership the Village could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for in the year the losses are determined.

The Village is a member of the Lacombe Regional Waste Services Commission, the Highway 12/21 Regional Water Commission, and the Alberta Urban Municipalities Association. Under the terms of the membership the Village could become liable for its proportionate share of any losses incurred by these organizations. Any liability incurred would be accounted for as a current transaction in the year of settlement.

17. Commitments

The Village has an agreement with Lacombe County to pay 25% of the operating expenditures for the fire department facility of \$35,000 per year.

The Village has entered into a lease agreement for the Alix Activity Centre that began November 2013. The agreement calls for monthly payments of \$11,015 (annual payments of \$132,180). Payments are to continue for 10 years at which time the Village has the option to pay out the remaining mortgage financing on the land and building and acquire title to them upon payment of a \$60,000 fee. The Village also has the option to extend the mortgage financing for an additional 10 years with rent to be based on the Bank of Montreal's mortgage rate for a ten year term plus 1.4%.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

18. Budget

The budget adopted by Council on May 6, 2015, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget anticipated use of surpluses accumulated in previous years to fund current year operation and capital activities. Amortization was not budgeted. The budget expensed all tangible capital expenditures. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by Council on May 6, 2015, with adjustments as follows:

	<u>2015</u>
Operating budget deficit	\$ (51,880)
Add:	
Debenture principal payments	74,727
Net operating transfers to accumulated surplus	47,000
Deduct:	
Amortization expense included in budgeted numbers	(375,562)
Capital budget deficit	-
Add:	
Capital expenditures	1,331,865
Budgeted transfers from accumulated surplus	(358,865)
Less:	
Debenture proceeds	<u>(700,000)</u>
Budgeted capital surplus	<u>\$ 273,000</u>
Budgeted combined deficit	<u>\$ (32,715)</u>

December 31, 2015

19. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Protective Services

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

Transportation Services

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

Water and Wastewater

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater. The Village processes and cleans sewage and ensures the water system meets all Provincial standards.

Waste Management

Waste management provides collection disposal and recycling programs.

Planning and Development

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Parks

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

FCSS and Cemetery

This service area provides and administers community support programs.

General Government

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

19. Segmented Information (continued)

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

19. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2015 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,371,822	\$ 1,371,822
Government transfers for operating	-	-	-	-	-	16,554	30,564	22,479	69,597
Government transfers for capital	-	31,525	273,000	-	-	-	-	-	304,525
Sales and user fees	19,193	22,718	539,115	149,946	25,550	254,379	1,425	2,375	1,014,701
Franchises and concessions	-	-	-	-	-	-	-	215,795	215,795
Investment income	-	-	-	-	-	-	-	4,370	4,370
Penalties and costs on taxes	-	-	-	-	-	-	-	59,571	59,571
Rentals	-	-	-	-	-	-	-	200	200
Fines and licenses	16,007	-	-	-	-	-	-	2,700	18,707
Contributed assets	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	988	-	-	-	-	-	2,627	3,615
	<u>35,200</u>	<u>55,231</u>	<u>812,115</u>	<u>149,946</u>	<u>25,550</u>	<u>270,933</u>	<u>31,989</u>	<u>1,681,939</u>	<u>3,062,903</u>
Expenses									
Salaries and wages	3,600	235,446	98,109	33,012	-	378,119	-	329,869	1,078,155
Contracted and general services	116,774	171,469	95,681	113,337	50,737	287,771	25,719	127,642	989,130
Materials, goods and utilities	19,286	133,182	262,496	240	10,644	133,519	4,375	60,070	623,812
Transfer to local agencies	6,000	-	-	-	-	45,416	26,144	-	77,560
Bank charges and short- term interests	-	-	-	-	-	628	-	334	962
Interest on long-term debt	-	30,247	34,941	-	-	-	-	-	65,188
Amortization	16,283	193,522	103,214	-	-	24,743	193	37,606	375,561
	<u>161,943</u>	<u>763,866</u>	<u>594,441</u>	<u>146,589</u>	<u>61,381</u>	<u>870,196</u>	<u>56,431</u>	<u>555,521</u>	<u>3,210,368</u>
Net surplus (deficit)	\$ (126,743)	\$ (708,635)	\$ 217,674	\$ 3,357	\$ (35,831)	\$ (599,263)	\$ (24,442)	\$ 1,126,418	\$ (147,465)

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

19. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2014 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,346,399	\$ 1,346,399
Government transfers for operating	-	-	-	-	-	15,864	31,565	19,826	67,255
Government transfers for capital	-	108,414	19,996	-	-	-	-	-	128,410
Sales and user fees	21,088	9,588	539,231	144,679	4,019	326,254	1,700	1,820	1,048,379
Franchises and concessions	-	-	-	-	-	-	-	195,681	195,681
Investment income	-	-	-	-	-	-	-	5,351	5,351
Penalties and costs on taxes	-	-	-	-	-	-	-	65,989	65,989
Rentals	-	-	-	-	-	-	-	640	640
Fines and licenses	21,986	-	-	-	-	-	-	2,875	24,861
Contributed assets	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-	-	-	39,575	39,575
	<u>43,074</u>	<u>118,002</u>	<u>559,227</u>	<u>144,679</u>	<u>4,019</u>	<u>342,118</u>	<u>33,265</u>	<u>1,678,156</u>	<u>2,922,540</u>
Expenses									
Salaries and wages	3,600	230,383	81,083	25,955	-	345,208	-	302,181	988,410
Contracted and general services	96,916	133,473	87,470	102,263	41,465	291,452	27,575	113,674	894,288
Materials, goods and utilities	23,623	132,282	250,923	-	11,495	119,917	4,942	52,121	595,303
Transfer to local agencies	6,090	-	-	-	-	60,225	24,664	-	90,979
Bank charges and short- term interest	-	-	-	-	-	1,074	-	282	1,356
Interest on long-term debt	-	31,559	15,070	-	-	-	-	-	46,629
Amortization	16,704	169,018	97,737	-	-	23,026	270	34,027	340,782
Other	-	-	1,600	-	-	-	-	-	1,600
	<u>146,933</u>	<u>696,715</u>	<u>533,883</u>	<u>128,218</u>	<u>52,960</u>	<u>840,902</u>	<u>57,451</u>	<u>502,285</u>	<u>2,959,347</u>
Net surplus (deficit)	\$ (103,859)	\$ (578,713)	\$ 25,344	\$ 16,461	\$ (48,941)	\$ (498,784)	\$ (24,186)	\$ 1,175,871	\$ (36,807)

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2015

20. Approval of Financial Statements

Council and Management approved these financial statements.
