

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2016

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2016

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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, 2016, 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, 2016 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
April 20, 2017

Chartered Professional Accountants

Village of Alix
Consolidated Statement of Financial Position

| December 31 | 2016 | 2015 |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash and cash equivalents (Note 1) | \$ 1,049,249 | \$ 545,696 |
| Taxes receivable (Note 2) | 204,811 | 174,898 |
| Accounts receivable | 93,675 | 123,161 |
| Grants receivable | - | 285,192 |
| | <u>1,347,735</u> | <u>1,128,947</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 198,068 | 191,071 |
| Employee benefit obligation (Note 3) | 34,600 | 36,605 |
| Deposit liabilities | 815 | 1,715 |
| Deferred revenue (Note 4) | 497,408 | 222,427 |
| Long-term debt (Note 5) | 2,069,111 | 2,162,317 |
| | <u>2,800,002</u> | <u>2,614,135</u> |
| Net debt | <u>(1,452,267)</u> | <u>(1,485,188)</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 6) | 9,662,950 | 10,016,120 |
| Inventory for consumption | 26,917 | 36,714 |
| Prepaid expenses | 11,766 | 16,833 |
| | <u>9,701,633</u> | <u>10,069,667</u> |
| Accumulated surplus (Note 8) | <u>\$ 8,249,366</u> | <u>\$ 8,584,479</u> |
| Debt covenants (Note 15) | | |
| Contingencies (Note 16) | | |

Village of Alix
Consolidated Statement of Operations

| For the year ended December 31 | Budget 2016 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|
| Revenue | | | |
| Net municipal taxes (Note 10) | \$ 1,408,230 | \$ 1,408,622 | \$ 1,371,821 |
| Government transfers for operating (Note 11) | 55,790 | 74,014 | 69,597 |
| Sales and user fees | 808,209 | 764,979 | 815,984 |
| Sales and user fees - Moonwalkers Facility | 276,300 | 127,104 | 198,719 |
| Franchises and concessions | 227,474 | 232,211 | 215,795 |
| Investment income | 5,000 | 4,481 | 4,370 |
| Penalties and costs on taxes | 55,000 | 53,426 | 59,571 |
| Fines and licenses | 19,900 | 18,578 | 18,707 |
| Rental | 100 | 30 | 200 |
| Gain on disposal of assets | - | - | 3,615 |
| | <u>2,856,003</u> | <u>2,683,445</u> | <u>2,758,379</u> |
| Expenses (Note 12) | | | |
| Legislative | 56,908 | 54,452 | 51,411 |
| Administration | 467,040 | 487,538 | 504,109 |
| Protective services | 156,356 | 153,786 | 161,943 |
| Transportation services | 790,150 | 643,553 | 763,868 |
| Water and wastewater | 589,688 | 622,262 | 594,440 |
| Waste management | 156,959 | 160,212 | 146,589 |
| Planning and development | 63,784 | 46,093 | 61,381 |
| Recreation and parks | 481,229 | 470,867 | 465,733 |
| Activity Centre | 410,759 | 313,697 | 404,463 |
| FCSS and Cemetery | 43,037 | 66,098 | 56,431 |
| | <u>3,215,910</u> | <u>3,018,558</u> | <u>3,210,368</u> |
| Excess (deficiency) of revenue over expenditures - before other | (359,907) | (335,113) | (451,989) |
| Other | | | |
| Government transfers for capital (Note 11) | 170,000 | - | 304,525 |
| Excess of revenue over expenditures | <u>(189,907)</u> | <u>(335,113)</u> | <u>(147,464)</u> |
| Accumulated surplus, beginning of year | <u>8,584,479</u> | <u>8,584,479</u> | <u>8,731,943</u> |
| Accumulated surplus, end of year | <u>\$ 8,394,572</u> | <u>\$ 8,249,366</u> | <u>\$ 8,584,479</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 2016 | 2016 | 2015 |
|---|-----------------------|-----------------------|-----------------------|
| Excess of revenue over expenditures | \$ (189,907) | \$ (335,113) | \$ (147,464) |
| Acquisition of tangible capital assets | (310,445) | (23,260) | (1,060,789) |
| Amortization of tangible capital assets | 376,428 | 376,430 | 375,562 |
| Gain on sale of tangible capital assets | - | - | (3,615) |
| Proceeds on sale of tangible capital assets | - | - | 3,615 |
| | (123,924) | 18,057 | (832,691) |
| Change in prepaid expenses | - | 5,067 | 7,558 |
| Change in inventory for consumption | - | 9,797 | 12,874 |
| Net change in net debt | (123,924) | 32,921 | (812,259) |
| Net debt, beginning of year | (1,485,188) | (1,485,188) | (672,929) |
| Net debt, end of year | \$ (1,609,112) | \$ (1,452,267) | \$ (1,485,188) |

Village of Alix
Consolidated Statement of Cash Flows

| For the year ended December 31 | 2016 | 2015 |
|---|-------------------|--------------------|
| Operating transactions | | |
| Excess of revenue over expenditures | \$ (335,113) | \$ (147,464) |
| Items not involving cash | | |
| Amortization | 376,430 | 375,562 |
| Gain on disposal of tangible capital assets | - | (3,615) |
| Changes in non-cash operating balances | | |
| Taxes receivable | (29,913) | 14,794 |
| Accounts receivable | 29,486 | (17,496) |
| Grants receivable | 285,192 | (285,192) |
| Prepaid expenses | 5,067 | 7,558 |
| Accounts payable and accrued liabilities | 6,997 | 127,845 |
| Inventory for consumption | 9,797 | 12,874 |
| Employee benefit obligation | (2,005) | 12,118 |
| Deposit liabilities | (900) | (3,520) |
| Deferred revenue | 274,981 | 30,667 |
| | <u>620,019</u> | <u>124,131</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (23,260) | (1,060,789) |
| Proceeds on sale of tangible capital assets | - | 3,615 |
| | <u>(23,260)</u> | <u>(1,057,174)</u> |
| Investing transactions | | |
| Restricted cash balances | <u>(270,355)</u> | <u>(26,869)</u> |
| Financing transactions | | |
| Proceeds from issuance of long-term debt | - | 700,000 |
| Repayment of long-term debt | (93,206) | (63,893) |
| | <u>(93,206)</u> | <u>636,107</u> |
| Net change in cash and cash equivalents | 233,198 | (323,805) |
| Cash and cash equivalents, beginning of year | 287,407 | 611,212 |
| Cash and cash equivalents, end of year | \$ 520,605 | \$ 287,407 |
| Cash and cash equivalents is comprised of: | | |
| Cash and cash equivalents | \$ 1,049,249 | \$ 545,696 |
| Less: restricted (Note 1) | (528,644) | (258,289) |
| | <u>\$ 520,605</u> | <u>\$ 287,407</u> |

Village of Alix
Summary of Significant Accounting Policies

December 31, 2016

**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 Chartered Professional Accountants of Canada.

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, 2016

**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, 2016

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, 2016

1. Cash and Cash Equivalents

| | 2016 | 2015 |
|-----------------------|---------------------|-------------------|
| Current account | \$ 1,043,558 | \$ 540,045 |
| Temporary Investments | 5,691 | 5,651 |
| | <u>\$ 1,049,249</u> | <u>\$ 545,696</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, 2016 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:

| | 2016 | 2015 |
|--------------------------------------|-------------------|-------------------|
| Municipal Sustainability Initiative | \$ 369,187 | \$ 144,006 |
| Basic Municipal Transportation grant | 99,600 | 49,800 |
| Federal Gas Tax | 28,621 | 28,621 |
| Alix Public Library Cash | 31,236 | 35,862 |
| | <u>\$ 528,644</u> | <u>\$ 258,289</u> |

2. Taxes Receivable

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Current taxes and grants in place of taxes | \$ 139,736 | \$ 156,305 |
| Arrears taxes | 65,075 | 18,593 |
| | <u>\$ 204,811</u> | <u>\$ 174,898</u> |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

3. Employee Benefit Obligation

| | 2016 | 2015 |
|----------------------|-----------|-----------|
| Accrued vacation pay | \$ 34,600 | \$ 36,605 |

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 | \$ 144,006 | 244,844 | (19,663) | \$ 369,187 |
| Basic Municipal Transportation Grant | 49,800 | 49,800 | - | 99,600 |
| Federal Gas Tax | 28,621 | - | - | 28,621 |
| FCSS | - | 23,677 | (23,677) | - |
| Other | - | 17,385 | (17,385) | - |
| | \$ 222,427 | 335,706 | (60,725) | \$ 497,408 |

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, 2016

5. Long-Term Debt

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

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Alberta Capital Finance Authority Debentures, interest at 2.72% to 4.89% per year, due 2030 through 2035. | \$ 2,069,111 | \$ 2,162,317 |

Principal and interest payments are due as follows:

| | Principal Repayments | Interest Payments | Total |
|------------|-------------------------|----------------------|---------------------|
| 2017 | \$ 96,601 | \$ 72,254 | \$ 168,855 |
| 2018 | 100,126 | 68,729 | 168,855 |
| 2019 | 103,785 | 65,070 | 168,855 |
| 2020 | 107,586 | 61,269 | 168,855 |
| 2021 | 111,532 | 57,323 | 168,855 |
| Thereafter | 1,549,481 | 338,133 | 1,887,614 |
| | \$ 2,069,111 | \$ 662,778 | \$ 2,731,889 |

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, 2016

6. Tangible Capital Assets

| | | | | | | | | 2016 |
|---|------------|----------------------|--------------|--------------------------|-------------------------------|------------|---------------------|---------------|
| | Land | Land Improvements | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | Work in Progress | Total |
| Cost, beginning of year | \$ 414,676 | \$ 355,763 | \$ 1,356,617 | \$ 11,081,958 | \$ 714,719 | \$ 786,267 | \$ - | \$ 14,710,000 |
| Additions | - | - | - | 8,200 | 15,060 | - | - | 23,260 |
| Change in work in progress | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Cost, end of year | \$ 414,676 | \$ 355,763 | \$ 1,356,617 | \$ 11,090,158 | \$ 729,779 | \$ 786,267 | \$ - | \$ 14,733,260 |
| Accumulated amortization, beginning of year | \$ - | \$ 189,316 | \$ 420,598 | \$ 3,328,298 | \$ 351,840 | \$ 403,828 | \$ - | \$ 4,693,880 |
| Amortization | - | 19,003 | 26,109 | 236,610 | 58,262 | 36,446 | - | 376,430 |
| Disposals | - | - | - | - | - | - | - | - |
| Accumulated amortization, end of year | \$ - | \$ 208,319 | \$ 446,707 | \$ 3,564,908 | \$ 410,102 | \$ 440,274 | \$ - | \$ 5,070,310 |
| Net carrying amount, end of year | \$ 414,676 | \$ 147,444 | \$ 909,910 | \$ 7,525,250 | \$ 319,677 | \$ 345,993 | \$ - | \$ 9,662,950 |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

6. Tangible Capital Assets (continued)

| | | | | | | | | 2015 |
|---|--------------|--------------|--------------|---------------|------------|------------|------------|---------------|
| | Land | Land | Buildings | Engineered | Machinery | Vehicles | Work in | Total |
| | Improvements | Improvements | | Structures | and | | Progress | |
| 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 | \$ 414,676 | \$ 355,763 | \$ 1,356,617 | \$ 11,081,958 | \$ 714,719 | \$ 786,267 | \$ - | \$ 14,710,000 |
| 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 | \$ - | \$ 189,316 | \$ 420,598 | \$ 3,328,298 | \$ 351,840 | \$ 403,828 | \$ - | \$ 4,693,880 |
| Net carrying amount, end of year | \$ 414,676 | \$ 166,447 | \$ 936,019 | \$ 7,753,660 | \$ 362,879 | \$ 382,439 | \$ - | \$ 10,016,120 |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

7. Equity in Tangible Capital Assets

| | 2016 | 2015 |
|--------------------------|---------------|---------------|
| Tangible capital assets | \$ 14,733,260 | \$ 14,710,000 |
| Accumulated amortization | (5,070,310) | (4,693,880) |
| Debenture debt | (2,069,111) | (2,162,317) |
| | \$ 7,593,839 | \$ 7,853,803 |

8. Accumulated Surplus

| | 2016 | 2015 |
|------------------------------------|--------------|--------------|
| Equity in tangible capital assets | \$ 7,593,839 | \$ 7,853,803 |
| Unrestricted surplus | 205,233 | 121,504 |
| Activity Centre deficit | (459,422) | (323,746) |
| Unrestricted surplus (deficit) | (254,189) | (202,242) |
| | 7,339,650 | 7,651,561 |
| Restricted surplus | | |
| General | 195,437 | 210,438 |
| Fire | 48,841 | 48,841 |
| Roads, streets, walks and lighting | 140,994 | 147,584 |
| Water | 212,001 | 213,612 |
| Wastewater | 11,880 | 11,880 |
| 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 |
| | 909,716 | 932,918 |
| | \$ 8,249,366 | \$ 8,584,479 |

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, 2016

9. Change in Accumulated Surplus

| | Budget | Unrestricted surplus | Restricted surplus | Equity in tangible capital assets | 2016 | 2015 |
|---|--------------|----------------------|--------------------|-----------------------------------|--------------|--------------|
| Balance, beginning of year | \$ (202,242) | \$ (202,242) | \$ 932,918 | \$ 7,853,803 | \$ 8,584,479 | \$ 8,731,943 |
| Excess of revenue over expenses | (189,907) | (335,113) | - | - | (335,113) | (147,464) |
| Net operating transfers to (from) restricted surplus | 68,555 | - | - | - | - | - |
| Transfer of Activity Centre deficit to unrestricted surplus | - | - | - | - | - | - |
| Debenture principal payments | (93,207) | (93,206) | - | 93,206 | - | - |
| Capital transfers from restricted surplus | 140,445 | 23,202 | (23,202) | - | - | - |
| Acquisition of capital | (310,445) | (23,260) | - | 23,260 | - | - |
| Disposals and write-down of assets | - | - | - | - | - | - |
| Amortization | 376,430 | 376,430 | - | (376,430) | - | - |
| Debt proceeds | - | - | - | - | - | - |
| Change in accumulated surplus | \$ (8,129) | \$ (51,947) | \$ (23,202) | \$ (259,964) | \$ (335,113) | \$ (147,464) |
| Balance, end of year | \$ (210,371) | \$ (254,189) | \$ 909,716 | \$ 7,593,839 | \$ 8,249,366 | \$ 8,584,479 |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

10. Taxation - Net

| | Budget 2016 | 2016 | 2015 |
|--|---------------------|---------------------|---------------------|
| Real property | \$ 1,128,133 | \$ 1,129,833 | \$ 1,093,262 |
| Machinery and equipment | 472,957 | 471,271 | 469,208 |
| Linear property | 26,636 | 26,548 | 27,591 |
| Government grants in place of property taxes | 2,155 | 2,148 | 6,469 |
| | <u>1,629,881</u> | <u>1,629,800</u> | <u>1,596,530</u> |
| Requisitions | | | |
| Alberta School Foundation Fund | 212,411 | 212,411 | 215,633 |
| Lacombe Foundation | 7,495 | 6,933 | 7,308 |
| Ambulance | 1,745 | 1,834 | 1,768 |
| | <u>221,651</u> | <u>221,178</u> | <u>224,709</u> |
| Available for general municipal purposes | <u>\$ 1,408,230</u> | <u>\$ 1,408,622</u> | <u>\$ 1,371,821</u> |

11. Government Transfers

| | Budget 2016 | 2016 | 2015 |
|----------------------------|-------------------|------------------|-------------------|
| Operating | | | |
| Provincial government | 46,990 | 54,038 | 54,373 |
| Other local government | 8,800 | 19,976 | 15,224 |
| | <u>\$ 55,790</u> | <u>\$ 74,014</u> | <u>\$ 69,597</u> |
| Capital | | | |
| Provincial government | \$ 170,000 | \$ - | \$ 304,525 |
| Total government transfers | <u>\$ 225,790</u> | <u>\$ 74,014</u> | <u>\$ 374,122</u> |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

12. Expenses by Object

| | Budget 2016 | 2016 | 2015 |
|--------------------------------------|---------------------|---------------------|---------------------|
| Salaries and wages | \$ 1,054,802 | \$ 1,050,463 | \$ 1,078,154 |
| Contracted and general services | 992,835 | 858,676 | 989,130 |
| Materials, goods and utilities | 623,481 | 576,494 | 623,812 |
| Transfer to local agencies | 91,317 | 80,136 | 77,560 |
| Bank charges and short term interest | 1,400 | 1,149 | 962 |
| Interest on long-term debt | 75,649 | 75,210 | 65,188 |
| Amortization | 376,430 | 376,430 | 375,562 |
| | <u>\$ 3,215,914</u> | <u>\$ 3,018,558</u> | <u>\$ 3,210,368</u> |

December 31, 2016

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:

| | 2016 | 2015 |
|------------------------|-------------------|-------------------|
| Employer contributions | \$ 72,840 | \$ 76,928 |
| Employee contributions | 66,743 | 70,560 |
| | <u>\$ 139,583</u> | <u>\$ 147,488</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, 2015 indicates a deficit of 923 million for basic pension benefits (2014 - \$2.455 Billion). The actuary does not attribute portions of the unfunded liability to individual employers.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

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 2016 | Total 2015 |
|--|----------|--------------------------|---------------|---------------|
| Mayor Nelson | \$ 8,354 | \$ - | \$ 8,354 | \$ 7,631 |
| Deputy Mayor Peterson | 4,615 | - | 4,615 | 7,310 |
| Councillor Fehr | 7,350 | - | 7,350 | 7,560 |
| Councillor Christensen | 6,165 | - | 6,165 | 5,565 |
| Councillor Widmann | 6,250 | - | 6,250 | 5,795 |
| Chief Administrative Officer - Troy Jenkins | 61,629 | 10,740 | 72,369 | - |
| Chief Administrative Officer - Tanya Meston | 34,408 | 8,694 | 43,102 | 30,399 |

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:

| | 2016 | 2015 |
|--------------------------------------|------------------|------------------|
| Total debt limit | \$ 4,025,168 | \$ 4,137,569 |
| Total debt | 2,069,111 | 2,162,317 |
| Total debt limit available | <u>1,956,057</u> | <u>1,975,252</u> |
| Debt servicing limit | 670,861 | 689,595 |
| Debt servicing | <u>168,856</u> | <u>168,856</u> |
| Total debt servicing limit available | <u>502,005</u> | <u>520,739</u> |

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, 2016

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%.

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Notes to Consolidated Financial Statements

December 31, 2016

18. Budget

The budget adopted by Council on May 4, 2016, 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 4, 2016, with adjustments as follows:

| | <u>2016</u> |
|---|---------------------|
| Operating budget deficit | \$ (8,131) |
| Add: | |
| Debenture principal payments | 93,207 |
| Net operating transfers to accumulated surplus | (68,555) |
| Deduct: | |
| Amortization expense included in budgeted numbers | <u>(376,428)</u> |
| Excess (deficiency) of revenue over expenditures before other | <u>\$ (359,907)</u> |
| | |
| Capital budget deficit | - |
| Add: | |
| Capital expenditures | 310,445 |
| Budgeted transfers from accumulated surplus | (140,445) |
| Less: | |
| Budgeted capital surplus | <u>\$ 170,000</u> |
| Budgeted combined deficit | <u>\$ (189,907)</u> |

December 31, 2016

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, 2016

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, 2016

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 | 2016 Total |
|---|------------------------|----------------------------|-------------------------|---------------------|-----------------------------|-------------------------|----------------------|-----------------------|---------------------|
| Revenue | | | | | | | | | |
| Taxation | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,408,622 | \$ 1,408,622 |
| Government transfers for operating | - | - | - | - | - | 17,385 | 36,966 | 19,663 | 74,014 |
| Sales and user fees | 19,764 | 2,700 | 536,312 | 155,304 | 6,000 | 163,694 | 1,065 | 7,244 | 892,083 |
| Franchises and concessions | - | - | - | - | - | - | - | 232,211 | 232,211 |
| Investment income | - | - | - | - | - | - | - | 4,481 | 4,481 |
| Penalties and costs on taxes | - | - | - | - | - | - | - | 53,426 | 53,426 |
| Rentals | - | - | - | - | - | - | - | 30 | 30 |
| Fines and licenses | 15,378 | - | - | - | - | - | - | 3,200 | 18,578 |
| Contributed assets | - | - | - | - | - | - | - | - | - |
| | <u>35,142</u> | <u>2,700</u> | <u>536,312</u> | <u>155,304</u> | <u>6,000</u> | <u>181,079</u> | <u>38,031</u> | <u>1,728,877</u> | <u>2,683,445</u> |
| Expenses | | | | | | | | | |
| Salaries and wages | 3,600 | 246,617 | 106,710 | 36,229 | - | 358,715 | - | 298,592 | 1,050,463 |
| Contracted and general services | 106,837 | 83,308 | 64,945 | 122,903 | 42,015 | 259,265 | 33,120 | 146,283 | 858,676 |
| Materials, goods and utilities | 21,297 | 95,096 | 298,501 | 1,080 | 4,078 | 94,164 | 3,266 | 59,012 | 576,494 |
| Transfer to local agencies | 6,000 | - | - | - | - | 44,540 | 29,596 | - | 80,136 |
| Bank charges and short- term interests | - | - | - | - | - | 968 | - | 181 | 1,149 |
| Interest on long-term debt | - | 31,490 | 43,720 | - | - | - | - | - | 75,210 |
| Amortization | 16,052 | 187,042 | 108,386 | - | - | 26,912 | 116 | 37,922 | 376,430 |
| | <u>153,786</u> | <u>643,553</u> | <u>622,262</u> | <u>160,212</u> | <u>46,093</u> | <u>784,564</u> | <u>66,098</u> | <u>541,990</u> | <u>3,018,558</u> |
| Net surplus (deficit) | \$ (118,644) | \$ (640,853) | \$ (85,950) | \$ (4,908) | \$ (40,093) | \$ (603,485) | \$ (28,067) | \$ 1,186,887 | \$ (335,113) |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,371,821 | \$ 1,371,821 |
| Government transfers for operating | - | - | - | - | - | 16,554 | 30,565 | 22,478 | 69,597 |
| Government transfers for capital | - | 31,525 | 273,000 | - | - | - | - | - | 304,525 |
| Sales and user fees | 19,193 | 22,718 | 539,117 | 149,946 | 25,550 | 254,379 | 1,425 | 2,375 | 1,014,703 |
| 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>812,117</u> | <u>149,946</u> | <u>25,550</u> | <u>270,933</u> | <u>31,990</u> | <u>1,681,937</u> | <u>3,062,904</u> |
| Expenses | | | | | | | | | |
| Salaries and wages | 3,600 | 235,445 | 98,109 | 33,012 | - | 378,119 | - | 329,869 | 1,078,154 |
| 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 interest | - | - | - | - | - | 628 | - | 334 | 962 |
| Interest on long-term debt | - | 30,247 | 34,941 | - | - | - | - | - | 65,188 |
| Amortization | 16,283 | 193,523 | 103,214 | - | - | 24,743 | 193 | 37,606 | 375,562 |
| Other | - | - | - | - | - | - | - | - | - |
| | <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) | \$ 217,676 | \$ 3,357 | \$ (35,831) | \$ (599,263) | \$ (24,441) | \$ 1,126,416 | \$ (147,464) |

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2016

20. Approval of Financial Statements

Council and Management approved these financial statements.
