

**Village of Alix**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2014**

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**Consolidated Financial Statements**  
**For the year ended December 31, 2014**

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## Independent Auditors' Report

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### 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, 2014, and the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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, 2014 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.

Lacombe, Alberta  
May 6, 2015

*BDO Canada LLP*

Chartered Accountants

**Village of Alix**  
**Consolidated Statement of Financial Position**

December 31	2014	2013
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 842,632	\$ 672,205
Taxes receivable (Note 2)	189,692	241,687
Accounts receivable	105,665	126,956
	1,137,989	1,040,848
<b>Liabilities</b>		
Accounts payable and accrued liabilities	63,226	175,021
Employee benefit obligation (Note 3)	24,487	24,679
Deposit liabilities	5,235	12,006
Deferred revenue (Note 4)	191,760	30,142
Long-term debt (Note 5)	1,526,210	1,069,539
	1,810,918	1,311,387
<b>Net debt</b>	<b>(672,929)</b>	<b>(270,539)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	9,330,893	8,959,504
Inventory for consumption	49,588	62,450
Prepaid expenses	24,391	17,335
	9,404,872	9,039,289
<b>Accumulated surplus (Note 8)</b>	<b>\$ 8,731,943</b>	<b>\$ 8,768,750</b>
<p>Debenture debt limits (Note 15)</p> <p>Contingencies (Note 16)</p>		

**Village of Alix**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2014	2014	2013
<b>Revenue</b>			
Net municipal taxes (Note 10)	\$ 1,346,668	\$ 1,346,399	\$ 1,249,156
Government transfers for operating (Note 11)	51,133	67,255	75,935
Sales and user fees	738,324	772,504	780,994
Sales and user fees - Moonwalkers Facility	528,180	275,875	50,215
Franchises and concessions	167,000	195,681	166,220
Investment income	10,000	5,351	8,671
Penalties and costs on taxes	35,000	65,989	63,702
Fines and licenses	29,900	24,861	38,305
Rental	100	640	29
Contributed assets	-	-	73,206
Gain on disposal of assets	-	39,575	-
	2,906,305	2,794,130	2,506,433
<b>Expenses (Note 12)</b>			
Legislative	51,498	48,750	45,280
Administration	477,683	453,536	472,616
Protective services	147,944	146,933	133,748
Transportation services	705,717	696,714	733,200
Water and wastewater	580,943	533,883	582,529
Waste management	131,455	128,218	140,247
Planning and development	73,450	52,960	55,949
Recreation and parks	432,983	393,345	390,289
Activity Centre	512,883	447,557	177,254
FCSS and Cemetery	35,654	57,451	48,915
	3,150,210	2,959,347	2,780,027
<b>Excess (deficiency) of revenue over expenditures - before other</b>	(243,905)	(165,217)	(273,594)
<b>Other</b>			
Government transfers for capital (Note 11)	220,142	128,410	323,813
<b>Excess of revenue over expenditures</b>	(23,763)	(36,807)	50,219
<b>Accumulated surplus, beginning of year</b>	8,768,750	8,768,750	8,718,531
<b>Accumulated surplus, end of year</b>	\$ 8,744,987	\$ 8,731,943	\$ 8,768,750

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 Financial Assets (Debt)**

<b>For the year ended December 31</b>	<b>Budget 2014</b>	<b>2014</b>	<b>2013</b>
Excess of revenue over expenditures	\$ (23,763)\$	(36,807) \$	50,219
Acquisition of tangible capital assets	(906,000)	(722,828)	(756,618)
Amortization of tangible capital assets	340,783	340,782	353,113
Gain on sale of tangible capital assets	-	(39,575)	-
Loss on disposal of tangible capital assets	-	-	8,600
Proceeds on sale of tangible capital assets	-	50,232	-
	(588,980)	(408,196)	(344,686)
Change in prepaid expenses	-	(7,056)	(4,659)
Change in inventory for consumption	-	12,862	1,463
<b>Net change in net debt</b>	<b>(588,980)</b>	<b>(402,390)</b>	<b>(347,882)</b>
<b>Net financial assets (debt), beginning of year</b>	<b>(270,539)</b>	<b>(270,539)</b>	<b>77,343</b>
<b>Net debt, end of year</b>	<b>\$ (859,519)\$</b>	<b>(672,929) \$</b>	<b>(270,539)</b>

**Village of Alix**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2014</b>	<b>2013</b>
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ (36,807)	\$ 50,219
Items not involving cash		
Amortization	340,782	353,113
Gain on disposal of tangible capital assets	(39,575)	-
Loss on disposal of tangible capital assets	-	8,600
Changes in non-cash operating balances		
Taxes receivable	51,995	(24,573)
Accounts receivable	21,291	27,750
Grants receivable	-	143,194
Prepaid expenses	(7,056)	(4,659)
Accounts payable and accrued liabilities	(111,795)	(29,159)
Inventory for consumption	12,862	1,463
Employee benefit obligation	(192)	1,425
Deposit liabilities	(6,771)	(2,086)
Deferred revenue	161,618	(113,542)
	<u>386,352</u>	<u>411,745</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(722,828)	(756,618)
Proceeds on sale of tangible capital assets	50,232	-
	<u>(672,596)</u>	<u>(756,618)</u>
<b>Investing transactions</b>		
Restricted cash balances	<u>(156,031)</u>	112,460
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	500,000	-
Repayment of long-term debt	(43,329)	(41,494)
	<u>456,671</u>	<u>(41,494)</u>
<b>Net change in cash and cash equivalents</b>	<b>14,396</b>	<b>(273,907)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>596,816</b>	<b>870,723</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 611,212</b>	<b>\$ 596,816</b>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 842,632	\$ 672,205
Less: restricted (Note 1)	(231,420)	(75,389)
	<u>\$ 611,212</u>	<u>\$ 596,816</u>

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**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2014**

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**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



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**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2014**

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**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.

**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.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

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**1. Cash and Cash Equivalents**

	2014	2013
Current account	\$ 837,031	\$ 666,725
Temporary Investments	5,601	5,480
	<u>\$ 842,632</u>	<u>\$ 672,205</u>

The Village has an authorized overdraft available to a maximum of \$300,000 bearing interest at bank prime (currently 3%). 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:

	2014	2013
Municipal Sustainability Initiative	\$ 181,614	\$ -
Basic Municipal Transportation grant	-	-
Federal Gas Tax	10,146	30,142
Alix Public Library Cash	39,660	45,247
	<u>\$ 231,420</u>	<u>\$ 75,389</u>

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**2. Taxes Receivable**

	2014	2013
Current taxes and grants in place of taxes	\$ 184,624	\$ 215,234
Arrears taxes	5,068	26,453
	<u>\$ 189,692</u>	<u>\$ 241,687</u>

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

**3. Employee Benefit Obligation**

	2014	2013
Accrued vacation pay	\$ 24,487	\$ 24,679

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
MSI Capital	\$ -	244,427	(62,813)	\$ 181,614
BMTG	-	49,800	(49,800)	-
Federal Gas Tax	30,142	-	(19,996)	10,146
	\$ 30,142	294,227	(132,609)	\$ 191,760

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, 2014**

**5. Long-Term Debt**

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

	2014	2013
Alberta Capital Finance Authority Debentures, interest at 2.96% to 4.89% per year, due 2030 through 2034.	<b>\$ 1,526,210</b>	<b>\$ 1,069,539</b>

Principal and interest payments are due as follows:

	Principal Repayments	Interest Payments	Total
2015	\$ 63,893	\$ 59,360	\$ 123,253
2016	66,450	56,803	123,253
2017	69,112	54,141	123,253
2018	71,885	51,369	123,254
2019	74,771	48,482	123,253
Thereafter	1,180,099	315,590	1,495,689
	<b>\$ 1,526,210</b>	<b>\$ 585,745</b>	<b>\$ 2,111,955</b>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.96% to 4.89% per annum and matures in periods 2030 through 2034. The weighted average annual interest rate is 3.93% for 2014 (4.40% for 2013). Debenture debt is issued on the credit and security of the Village at Large.

Village of Alix  
Notes to Consolidated Financial Statements

December 31, 2014

6. Tangible Capital Assets

								2014
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
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
Change in work in progress	-	-	-	-	-	-	-	-
Disposals	(708)	-	(4,211)	-	(13,210)	(45,807)	-	(63,936)
Cost, end of year	<u>\$ 414,676</u>	<u>\$ 341,681</u>	<u>\$ 1,300,883</u>	<u>\$ 9,357,988</u>	<u>\$ 759,863</u>	<u>\$ 644,616</u>	<u>\$ 880,766</u>	<u>\$ 13,700,473</u>
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	<u>\$ -</u>	<u>\$ 170,587</u>	<u>\$ 395,248</u>	<u>\$ 3,096,159</u>	<u>\$ 346,337</u>	<u>\$ 361,249</u>	<u>\$ -</u>	<u>\$ 4,369,580</u>
Net carrying amount, end of year	<u>\$ 414,676</u>	<u>\$ 171,094</u>	<u>\$ 905,635</u>	<u>\$ 6,261,829</u>	<u>\$ 413,526</u>	<u>\$ 283,367</u>	<u>\$ 880,766</u>	<u>\$ 9,330,893</u>

Village of Alix  
Notes to Consolidated Financial Statements

December 31, 2014

6. Tangible Capital Assets (continued)

								2013
	Land	Land	Buildings	Engineered	Machinery	Vehicles	Work in	Total
	Improvements	Improvements		Structures	and		Progress	
					Equipment			
Cost, beginning of year	\$ 415,384	\$ 341,681	\$ 1,133,372	\$ 9,120,409	\$ 563,313	\$ 627,577	\$ 91,827	\$ 12,293,563
Additions	-	-	148,089	151,170	182,933	13,600	260,826	756,618
Disposals	-	-	-	-	-	(8,600)	-	(8,600)
Cost, end of year	\$ 415,384	\$ 341,681	\$ 1,281,461	\$ 9,271,579	\$ 746,246	\$ 632,577	\$ 352,653	\$ 13,041,581
Accumulated amortization, beginning of year	\$ -	\$ 133,679	\$ 347,560	\$ 2,647,823	\$ 259,994	\$ 339,908	\$ -	\$ 3,728,964
Amortization	-	18,454	24,012	236,522	44,331	29,794	-	353,113
Accumulated amortization, end of year	\$ -	\$ 152,133	\$ 371,572	\$ 2,884,345	\$ 304,325	\$ 369,702	\$ -	\$ 4,082,077
Net carrying amount, end of year	\$ 415,384	\$ 189,548	\$ 909,889	\$ 6,387,234	\$ 441,921	\$ 262,875	\$ 352,653	\$ 8,959,504

**Village of Alix**  
Notes to Consolidated Financial Statements

**December 31, 2014**

**7. Equity in Tangible Capital Assets**

	2014	2013
Tangible capital assets	\$ 13,700,473	\$ 13,041,581
Accumulated amortization	(4,369,580)	(4,082,077)
Debenture debt	(1,526,210)	(1,069,539)
	\$ 7,804,683	\$ 7,889,965

**8. Accumulated Surplus**

	2014	2013
Equity in tangible capital assets	\$ 7,804,683	\$ 7,889,965
Unrestricted surplus	124,131	123,090
	7,928,814	8,013,055
Restricted surplus		
General	143,683	171,068
Activity Centre	(176,604)	(37,882)
Fire	54,591	54,591
First Response	4,700	4,700
Roads, streets, walks and lighting	218,958	44,576
Storm sewer	-	1,000
Water	213,612	188,608
Wastewater	43,626	-
Cemetery	12,000	12,000
Arena	250,034	250,034
Parks and playgrounds	3,000	3,000
Community halls	31,529	60,000
Library	4,000	4,000
	803,129	755,695
	\$ 8,731,943	\$ 8,768,750

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, 2014

**9. Change in Accumulated Surplus**

	Budget	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2014	2013
Balance, beginning of year	\$ 123,090	\$ 123,090	\$ 755,695	\$ 7,889,965	\$ 8,768,750	\$ 8,718,531
Excess of revenue over expenses	(23,763)	(36,807)	-	-	(36,807)	50,219
Net operating transfers to (from) restricted surplus	(25,000)	(32,945)	32,945	-	-	-
Debenture principal payments	(51,879)	(43,329)	-	43,329	-	-
Capital transfers from restricted surplus	165,858	(14,489)	14,489	-	-	-
Acquisition of capital	(906,000)	(722,828)	-	722,828	-	-
Disposals and write-down of assets	-	10,657	-	(10,657)	-	-
Amortization	340,782	340,782	-	(340,782)	-	-
Debt proceeds	500,000	500,000	-	(500,000)	-	-
Change in accumulated surplus	\$ (2)	\$ 1,041	\$ 47,434	\$ (85,282)	\$ (36,807)	\$ 50,219
Balance, end of year	\$ 123,088	\$ 124,131	\$ 803,129	\$ 7,804,683	\$ 8,731,943	\$ 8,768,750



**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

**10. Taxation - Net**

	Budget 2014	2014	2013
Real property	\$ 1,076,725	\$ 1,076,412	\$ 1,049,782
Machinery and equipment	465,388	465,389	402,614
Linear property	26,777	26,777	28,206
Government grants in place of property taxes	8,345	8,345	7,805
	<u>1,577,235</u>	<u>1,576,923</u>	<u>1,488,407</u>
Requisitions			
Alberta School Foundation Fund	221,327	221,327	230,011
Lacombe Foundation	7,495	7,495	7,495
Ambulance	1,745	1,702	1,745
	<u>230,567</u>	<u>230,524</u>	<u>239,251</u>
Available for general municipal purposes	<u>\$ 1,346,668</u>	<u>\$ 1,346,399</u>	<u>\$ 1,249,156</u>

**11. Government Transfers**

	Budget 2014	2014	2013
Operating			
Provincial government	41,557	49,157	60,032
Other local government	9,576	18,098	15,903
	<u>\$ 51,133</u>	<u>\$ 67,255</u>	<u>\$ 75,935</u>
Capital			
Provincial government	\$ 220,142	\$ 128,410	\$ 323,813
Total government transfers	<u>\$ 271,275</u>	<u>\$ 195,665</u>	<u>\$ 399,748</u>

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

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**12. Expenses by Object**

	Budget 2014	2014	2013
Salaries and wages	\$ 980,974	\$ 988,410	\$ 829,903
Contracted and general services	1,019,469	894,288	831,432
Materials, goods and utilities	649,425	595,303	609,877
Transfer to local agencies	103,280	90,979	94,066
Bank charges and short term interest	400	1,356	144
Interest on long-term debt	55,880	46,629	51,334
Amortization	340,782	340,782	353,114
Write-down/ loss on tangible capital assets	-	-	8,600
Other expenditures	-	1,600	1,557
	<u>\$ 3,150,210</u>	<u>\$ 2,959,347</u>	<u>\$ 2,780,027</u>

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December 31, 2014

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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 10.43% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$150,164. Employees of the Village are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 13.47% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$150,164.

Contributions for the year were:

	2014	2013
Employer contributions	\$ 59,488	\$ 53,573
Employee contributions	64,825	48,852
	<u>\$ 124,313</u>	<u>\$ 102,425</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, 2013 indicates a deficit of \$4.862 billion for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

**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 2014	Total 2013
Mayor Peterson	\$ 9,710	\$ -	\$ 9,710	\$ 9,408
Councillor Fehr	7,099	-	7,099	5,700
Councillor Perry	-	-	-	25
Councillor Christenson	5,400	-	5,400	5,115
Councillor Berreth	-	-	-	3,800
Councillor Nelson	6,754	-	6,754	2,215
Councillor Widmann	4,885	-	4,885	815
Chief Administrative Officer - Lyle Wack	-	-	-	95,179
Chief Administrative Officer - Bonnie Cretzman	97,989	21,711	119,700	44,291

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:

	2014	2013
Total debt limit	\$ 4,191,195	\$ 3,649,839
Total debt	1,526,210	1,069,539
Total debt limit available	<u>2,664,985</u>	<u>2,580,300</u>
Debt servicing limit	698,533	608,307
Debt servicing	<u>123,253</u>	<u>89,958</u>
Total debt servicing limit available	<u>575,280</u>	<u>518,349</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, 2014**

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**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.

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**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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Village of Alix  
Notes to Consolidated Financial Statements

December 31, 2014

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18. Budget

The budget adopted by Council on March 19, 2014, 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 financial assets (Debt) represent the budget adopted by Council on March 19, 2014, with adjustments as follows:

	<u>2014</u>
Operating budget deficit	\$ (2)
Add:	
Debenture principal payments	51,879
Net operating transfers to accumulated surplus	25,000
Deduct:	
Amortization expense included in budgeted numbers	(340,782)
Capital budget deficit	-
Add:	
Capital expenditures	906,000
Budgeted transfers from accumulated surplus	(165,858)
Less:	
Debenture proceeds	<u>(500,000)</u>
Budgeted combined deficit	<u>\$ (23,763)</u>

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**December 31, 2014**

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## **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.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

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**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.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2014

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
<b>Revenue</b>									
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>
<b>Expenses</b>									
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 interests	-	-	-	-	-	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>
<b>Net surplus (deficit)</b>	<u>\$ (103,859)</u>	<u>\$ (578,713)</u>	<u>\$ 25,344</u>	<u>\$ 16,461</u>	<u>\$ (48,941)</u>	<u>\$ (498,784)</u>	<u>\$ (24,186)</u>	<u>\$ 1,175,871</u>	<u>\$ (36,807)</u>

**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2014

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	2013 Total
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,249,156	\$ 1,249,156
Government transfers for operating	-	-	-	-	-	19,126	28,859	27,950	75,935
Government transfers for capital	-	323,813	-	-	-	-	-	-	323,813
Sales and user fees	22,080	5,445	552,628	136,126	1,010	86,301	2,611	25,008	831,209
Franchises and concessions	-	-	-	-	-	-	-	166,220	166,220
Investment income	-	-	-	-	-	-	-	8,671	8,671
Penalties and costs on taxes	-	-	-	-	-	-	-	63,702	63,702
Rentals	-	-	-	-	-	-	-	29	29
Fines and licenses	34,385	-	-	-	-	-	-	3,920	38,305
Contributed assets	-	-	-	-	-	73,206	-	-	73,206
Gain on disposal of assets	-	-	-	-	-	-	-	-	-
	<u>56,465</u>	<u>329,258</u>	<u>552,628</u>	<u>136,126</u>	<u>1,010</u>	<u>178,633</u>	<u>31,470</u>	<u>1,544,656</u>	<u>2,830,246</u>
<b>Expenses</b>									
Salaries and wages	2,600	116,386	131,184	40,723	-	222,035	-	316,975	829,903
Contracted and general services	84,473	211,049	99,032	98,311	51,822	143,092	23,072	120,581	831,432
Materials, goods and utilities	24,301	174,527	238,117	1,213	4,127	112,756	908	53,928	609,877
Transfer to local agencies	6,360	-	-	-	-	63,042	24,664	-	94,066
Bank charges and short- term interest	-	-	-	-	-	-	-	144	144
Interest on long-term debt	-	35,685	15,649	-	-	-	-	-	51,334
Amortization	16,014	195,553	96,991	-	-	18,019	270	26,267	353,114
Write-down/ loss on capital assets	-	-	-	-	-	8,600	-	-	8,600
Other	-	-	1,557	-	-	-	-	-	1,557
	<u>133,748</u>	<u>733,200</u>	<u>582,530</u>	<u>140,247</u>	<u>55,949</u>	<u>567,544</u>	<u>48,914</u>	<u>517,895</u>	<u>2,780,027</u>
<b>Net surplus (deficit)</b>	<b>\$ (77,283)</b>	<b>\$ (403,942)</b>	<b>\$ (29,902)</b>	<b>\$ (4,121)</b>	<b>\$ (54,939)</b>	<b>\$ (388,911)</b>	<b>\$ (17,444)</b>	<b>\$ 1,026,761</b>	<b>\$ 50,219</b>

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2014

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20. Approval of Financial Statements

Council and Management approved these financial statements.

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