

VILLAGE OF THORSBY
Financial Statements
For The Year Ended December 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Thorsby

We have audited the accompanying financial statements of the Village of Thorsby, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Village of Thorsby as at December 31, 2015 and the results of its operations, the changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
March 22, 2016



Hawkings Epp Dumont LLP
Chartered Accountants

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Village of Thorsby
Thorsby, Alberta

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

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

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

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Village Council to express an opinion on the Village's financial statements.

Thorsby, Alberta
March 22, 2016

Mrs. Christine Burke
Chief Administrative Officer

**VILLAGE OF THORSBY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 1,508,320	\$ 556,054
Receivables (Note 2)	556,909	1,290,186
	2,065,229	1,846,240
LIABILITIES		
Accounts payable and accrued liabilities	312,004	222,078
Deposit liabilities	1,650	2,156
Deferred revenue (Note 3)	10,493	11,493
Long-term debt (Note 4)	1,049,321	1,121,200
	1,373,468	1,356,927
NET FINANCIAL ASSETS	691,761	489,313
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	15,060,743	15,245,064
Inventory for consumption	-	39
Prepaid expenses	22,629	13,121
	15,083,372	15,258,224
ACCUMULATED SURPLUS (Note 6)	\$ 15,775,133	\$ 15,747,537
Contingencies (Note 8)		

ON BEHALF OF THE VILLAGE COUNCIL:

_____ Mayor

_____ Councillor

VILLAGE OF THORSBY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 (Budget) (Note 19)	2015 (Actual)	2014 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,344,003	\$ 1,330,983	\$ 1,287,134
Sales and user charges (Schedule 4)	881,860	970,869	862,877
Government transfers for operating (Schedule 3)	408,397	335,789	368,851
Franchise and concession contracts (Note 9)	180,000	198,796	182,843
Rentals	93,000	108,936	100,646
Licenses and permits	20,000	31,490	26,052
Penalties and costs on taxes	36,219	18,690	28,657
Other	1,500	5,984	3,159
Fines	2,000	5,568	1,646
Interest	3,820	5,450	4,442
	<u>2,970,799</u>	<u>3,012,555</u>	<u>2,866,307</u>
EXPENSES			
Roads, streets, walks and lighting	612,506	612,789	565,787
Parks and recreation	615,226	584,567	588,978
Water supply and distribution	424,477	551,462	525,537
General administration	547,594	499,074	625,513
Council and other legislative	82,620	82,279	72,080
Waste management	77,910	71,857	76,746
Culture: libraries, museums and halls	70,766	73,574	80,357
Family and community support	51,230	62,817	32,521
Fire and disaster services	44,835	39,267	71,231
Waste water treatment and disposal	26,313	37,668	25,252
Bylaws enforcement	32,200	31,088	30,874
Land use planning, zoning and development	4,600	6,625	5,558
Amortization of tangible capital assets	-	534,075	529,740
	<u>2,590,277</u>	<u>3,187,142</u>	<u>3,230,174</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>380,522</u>	<u>(174,587)</u>	<u>(363,867)</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	416,407	220,010	19,774
Gain (loss) on disposal of tangible capital assets	-	(17,827)	20,005
	<u>416,407</u>	<u>202,183</u>	<u>39,779</u>
ANNUAL SURPLUS (DEFICIT)	<u>796,929</u>	<u>27,596</u>	<u>(324,088)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>15,747,537</u>	<u>15,747,537</u>	<u>16,071,625</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 6)	<u>\$ 16,544,466</u>	<u>\$ 15,775,133</u>	<u>\$ 15,747,537</u>

VILLAGE OF THORSBY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 (Budget) (Note 19)	2015 (Actual)	2014 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 796,929	\$ 27,596	\$ (324,088)
Acquisition of tangible capital assets	(1,102,280)	(369,580)	(190,400)
Amortization of tangible capital assets	-	534,075	529,740
Proceeds on disposal of tangible capital assets	-	2,000	318,241
Loss (gain) on sale of tangible capital assets	-	17,827	(20,005)
	<u>(305,351)</u>	<u>211,918</u>	<u>313,488</u>
Use of supplies inventory	-	39	37
Use (acquisition) of prepaid expenses	-	(9,509)	1,333
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(305,351)</u>	<u>202,448</u>	<u>314,858</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>489,313</u>	<u>489,313</u>	<u>174,455</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 183,962</u>	<u>\$ 691,761</u>	<u>\$ 489,313</u>

**VILLAGE OF THORSBY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 27,596	\$ (324,088)
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	534,075	529,740
Loss (gain) on disposal of tangible capital assets	17,827	(20,005)
	<u>579,498</u>	<u>185,647</u>
Changes in non-cash working capital balances related to operations:		
Receivables	733,277	(57,142)
Accounts payable and accrued liabilities	89,926	(127,152)
Deferred revenue	(1,000)	(5,659)
Deposit liabilities	(506)	(110)
Inventory for consumption	39	37
Prepaid expenses	(9,509)	1,333
	<u>812,227</u>	<u>(188,693)</u>
	<u>1,391,725</u>	<u>(3,046)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(369,580)	(190,400)
Proceeds on sale of tangible capital assets	2,000	318,241
	<u>(367,580)</u>	<u>127,841</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(98,879)	(326,571)
Proceeds from long-term debt	27,000	-
	<u>(71,879)</u>	<u>(326,571)</u>
INCREASE (DECREASE) IN CASH DURING YEAR	952,266	(201,776)
CASH, BEGINNING OF YEAR	556,054	757,830
CASH, END OF YEAR	\$ 1,508,320	\$ 556,054

VILLAGE OF THORSBY
SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS *(Schedule 1)*
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 14,159,243	\$ 14,480,031
Acquisition of tangible capital assets	369,580	190,400
Amortization of tangible capital assets	(534,075)	(529,740)
Repayment of capital long-term debt	88,954	316,788
Proceeds from capital long-term debt	(27,000)	-
Net book value of tangible capital assets disposed of	(19,826)	(298,236)
BALANCE, END OF YEAR	\$ 14,036,876	\$ 14,159,243
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	\$ 15,060,743	\$ 15,245,064
Capital long-term debt	(1,023,867)	(1,085,821)
	\$ 14,036,876	\$ 14,159,243

VILLAGE OF THORSBY
SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015

(Schedule 2)

	2015 (Budget) (Note 19)	2015 (Actual)	2014 (Actual)
TAXATION			
Real property taxes	\$ 1,503,227	\$ 1,490,207	\$ 1,451,825
Linear property taxes	61,530	61,530	60,423
Government grants in lieu of property taxes	20,094	20,094	19,698
	1,584,851	1,571,831	1,531,946
REQUISITIONS			
Alberta School Foundation Fund	239,183	239,183	242,991
Leduc Foundation	1,665	1,665	1,821
	240,848	240,848	244,812
NET MUNICIPAL PROPERTY TAXES	\$ 1,344,003	\$ 1,330,983	\$ 1,287,134

VILLAGE OF THORSBY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015

(Schedule 3)

	2015 (Budget) (Note 19)	2015 (Actual)	2014 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 344,767	\$ 272,159	\$ 321,426
Provincial government	63,630	63,630	47,425
	<u>408,397</u>	<u>335,789</u>	<u>368,851</u>
TRANSFERS FOR CAPITAL			
Provincial government	356,439	160,000	-
Local governments	59,968	36,279	19,774
Federal government	-	23,731	-
	<u>416,407</u>	<u>220,010</u>	<u>19,774</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 824,804</u>	<u>\$ 555,799</u>	<u>\$ 388,625</u>

**VILLAGE OF THORSBY
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Schedule 4)

	General Administration	Culture, Parks and Recreation	Protective Services	Roads, Streets, Walks, Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 450,837	\$ 190,007	\$ 64,605	\$ 625,534	\$ -	\$ -	\$ 1,330,983
Sales and user charges	7,489	78,801	-	-	857,864	26,715	970,869
Government transfers	27,630	281,397	-	-	-	26,762	335,789
All other	12,118	-	5,750	5,684	-	242,426	265,978
Rentals	1,000	107,936	-	-	-	-	108,936
	<u>499,074</u>	<u>658,141</u>	<u>70,355</u>	<u>631,218</u>	<u>857,864</u>	<u>295,903</u>	<u>3,012,555</u>
EXPENSES							
Salaries, wages and benefits	221,192	319,890	-	285,919	67,133	104,484	998,618
Contracted and general services	248,562	82,267	70,355	178,119	242,871	47,237	869,411
Repairs and maintenance	26,498	100,141	-	46,007	184,639	-	357,285
Utilities	7,582	87,516	-	95,862	90,802	-	281,762
Insurance	2,952	45,163	-	6,874	31,631	-	86,620
Interest on long-term debt	437	3,173	-	8	43,911	-	47,529
Transfers to local boards	-	19,991	-	-	-	-	19,991
Recovery of allowances	(8,149)	-	-	-	-	-	(8,149)
	<u>\$ 499,074</u>	<u>\$ 658,141</u>	<u>\$ 70,355</u>	<u>\$ 612,789</u>	<u>\$ 660,987</u>	<u>\$ 151,721</u>	<u>\$ 2,653,067</u>
NET REVENUE, BEFORE AMORTIZATION	-	-	-	18,429	196,877	144,182	359,488
Amortization	5,163	132,917	6,031	122,999	266,965	-	534,075
NET REVENUE (DEFICIT)	<u>\$ (5,163)</u>	<u>\$ (132,917)</u>	<u>\$ (6,031)</u>	<u>\$ (104,570)</u>	<u>\$ (70,088)</u>	<u>\$ 144,182</u>	<u>\$ (174,587)</u>

VILLAGE OF THORSBY
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

(Schedule 4)

	General Administration	Culture, Parks and Recreation	Protective Services	Roads, Streets, Walks, Lighting	Utilities	All Other	Total
REVENUE							
Taxation	\$ 557,395	\$ 222,973	\$ 82,292	\$ 424,474	\$ -	\$ -	\$ 1,287,134
Sales and user charges	6,963	63,055	2,326	-	790,533	-	862,877
Government transfers	47,924	283,660	12,267	-	-	25,000	368,851
All other	12,233	-	5,220	2,724	-	226,622	246,799
Rentals	1,000	99,646	-	-	-	-	100,646
	<u>625,515</u>	<u>669,334</u>	<u>102,105</u>	<u>427,198</u>	<u>790,533</u>	<u>251,622</u>	<u>2,866,307</u>
EXPENSES							
Salaries, wages and benefits	\$ 332,332	\$ 312,153	\$ 6,768	\$ 277,421	\$ 111,150	\$ 82,302	\$ 1,122,126
Contracted and general services	254,999	92,163	74,157	160,662	249,387	27,857	859,225
Utilities	9,454	118,546	-	83,615	104,385	-	316,000
Repairs and maintenance	10,816	103,831	3,510	39,176	85,931	-	243,264
Insurance	11,690	39,150	8,221	4,698	28,734	-	92,493
Interest on long-term debt	581	3,491	9,449	215	47,947	-	61,683
Provision for allowances	5,643	-	-	-	-	-	5,643
	<u>625,515</u>	<u>669,334</u>	<u>102,105</u>	<u>565,787</u>	<u>627,534</u>	<u>110,159</u>	<u>2,700,434</u>
NET REVENUE (DEFICIT), BEFORE AMORTIZATION	-	-	-	(138,589)	162,999	141,463	165,873
Amortization	7,643	132,346	6,031	116,755	266,965	-	529,740
NET REVENUE (DEFICIT)	<u>\$ (7,643)</u>	<u>\$ (132,346)</u>	<u>\$ (6,031)</u>	<u>\$ (255,344)</u>	<u>\$ (103,966)</u>	<u>\$ 141,463</u>	<u>\$ (363,867)</u>

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

1. ACCOUNTING POLICIES

The financial statements of the Village of Thorsby (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to the Mayor and Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

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

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

Government transfers, are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of Estimates

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

(d) Land Held for Resale

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

(e) Cash

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

(continues)

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

1. ACCOUNTING POLICIES (continued)

(f) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality and are recognized as revenue in the year in which the local improvement project is completed.

(g) Inventory for Consumption

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

(h) Tangible Capital Assets

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

Buildings	10 - 50 years
Engineered structures:	
Roadways	20 years
Wastewater systems	40 - 100 years
Water systems	40 - 100 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years

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

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

(i) Over-levy and Under-levy

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

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

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

(j) Non-Financial Assets

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

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

2. RECEIVABLES

	2015	2014
Other governments	\$ 277,607	\$ 1,162,145
Property taxes	116,045	92,067
Utilities	73,881	77,877
Other	68,844	40,884
Goods and Services Tax	29,371	8,166
	565,748	1,381,139
Less: allowance for doubtful accounts	(8,839)	(90,953)
	\$ 556,909	\$ 1,290,186

3. DEFERRED REVENUE

Deferred revenue consists of funds received which relate to expenditures of future periods.

	2015	2014
Provincial government conditional transfers	\$ 6,493	\$ 6,493
Rec Plex naming rights	4,000	5,000
	\$ 10,493	\$ 11,493

4. LONG-TERM DEBT

	2015	2014
Tax-supported debentures	\$ 1,049,321	\$ 1,121,200

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 112,432	\$ 45,090	\$ 157,522
2017	117,388	40,134	157,522
2018	117,436	34,883	152,319
2019	108,560	29,445	138,005
2020	114,252	23,753	138,005
To maturity	479,253	55,771	535,024
	\$ 1,049,321	\$ 229,076	\$ 1,278,397

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 0.708% to 9.625% per annum. Maturity occurs in periods from 2018 through to 2026. Debenture debt is issued on the credit and security of the Village of Thorsby.

Total cash payments for interest on long-term debt in 2015 amounted to \$49,531 (2014 - \$57,491).

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

5. TANGIBLE CAPITAL ASSETS

	2015 Net Book Value	2014 Net Book Value
Engineered structures		
Water systems	\$ 8,793,512	\$ 9,029,182
Roadways	1,427,015	1,277,449
Wastewater systems	775,031	802,610
	10,995,558	11,109,241
Buildings	2,670,255	2,733,098
Land	581,323	581,323
Machinery, equipment, and furnishings	772,136	801,884
Vehicles	41,471	19,518
	\$ 15,060,743	\$ 15,245,064

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 6,280,898	\$ 239,632	-	\$ -	\$ 6,520,530
Water systems	11,948,056	-	-	-	11,948,056
Wastewater systems	1,717,157	-	-	-	1,717,157
	19,946,111	239,632	-	-	20,185,743
Buildings	5,205,574	60,545	32,550	-	5,233,569
Machinery, equipment, and furnishings	1,369,245	39,403	-	-	1,408,648
Land	581,323	-	-	-	581,323
Vehicles	98,109	30,000	19,254	-	108,855
	\$ 27,200,362	\$ 369,580	\$ 51,804	\$ -	\$ 27,518,138

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 5,003,449	\$ 90,066	-	\$ -	\$ 5,093,515
Water systems	2,918,874	235,670	-	-	3,154,544
Wastewater systems	914,547	27,579	-	-	942,126
	8,836,870	353,315	-	-	9,190,185
Buildings	2,472,476	105,486	14,648	-	2,563,314
Machinery, equipment, and furnishings	567,361	69,151	-	-	636,512
Vehicles	78,591	6,123	17,330	-	67,384
	\$ 11,955,298	\$ 534,075	\$ 31,978	\$ -	\$ 12,457,395

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

6. ACCUMULATED SURPLUS

	2015	2014
Unrestricted surplus	\$ 695,694	\$ 1,128,690
Operating reserves (Note 7)	164,337	26,563
Capital reserves (Note 7)	878,226	433,041
Equity in tangible capital assets (Schedule 1)	14,036,876	14,159,243
	\$ 15,775,133	\$ 15,747,537

7. RESTRICTED SURPLUS

	2015	2014
Operating Reserves		
Administration contingency	\$ 100,774	\$ -
Water contingency	51,563	26,563
Snow removal reserve	12,000	-
	\$ 164,337	\$ 26,563
Capital Reserves		
Roads & sidewalk replacement reserve	\$ 306,653	\$ -
Water	153,049	122,229
Fire	115,068	115,068
Recreation	107,968	16,000
Sewer	89,804	98,424
Infrastructure power reserve	77,695	63,731
Equipment	17,189	12,189
General administration	10,800	5,400
	\$ 878,226	\$ 433,041

8. CONTINGENCIES

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

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

9. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2015 (Budget) <i>(Note 19)</i>	2015 (Actual)	2014 (Actual)
Fortis Alberta	\$ 129,780	\$ 143,332	\$ 127,462
ATCO Gas	50,220	55,464	55,381
	\$ 180,000	\$ 198,796	\$ 182,843

10. BANK INDEBTEDNESS

The Village has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime rate. At December 31, 2015, the balance owing was \$Nil (2014 - \$Nil).

11. ASSET RETIREMENT OBLIGATION

In 2004, the Village gave a portion of land to Leduc County for construction of the Thorsby and District Fire Hall. The Thorsby public works building also sits on this land. The Village entered into an agreement with Leduc County for the right to use the public works building and immediately adjoining land for a period of 15 years, after which the agreement can be renegotiated. If the Village ceases to use the building during this time, it will be responsible for all demolition and site restoration.

It is the intent of the Mayor and Council of the Village to continue this agreement in perpetuity. Therefore, the amount of any asset retirement obligation is not readily determinable at this time, and no amounts have been accrued in these financial statements. Any additional information which will enable a determination of the retirement obligation will be disclosed as it becomes available.

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

12. DEBT LIMITS

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

	2015	2014
Total debt limit	\$ 4,518,833	\$ 4,299,461
Total debt	1,049,321	1,121,200
Total debt limit remaining	\$ 3,469,512	\$ 3,178,261
Service on debt limit	\$ 753,139	\$ 716,577
Service on debt	157,522	148,410
Total service on debt limit remaining	\$ 595,617	\$ 568,167

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 limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Village. Rather, the financial statements must be interpreted as a whole.

13. CONTRACTUAL OBLIGATIONS

- (a) The Village has entered into an agreement with GFL Environmental Solid Waste Inc. for the collection of waste material commencing October 1, 2015 for a five-year period ending September 30, 2020. The annual estimated cost over the term of the agreement is \$50,000.
- (b) The Village has entered into an agreement with DMJ Environmental Consulting Ltd. for consulting services regarding the operation of the Village's water treatment plant, water distribution, wastewater treatment and wastewater collection systems commencing October 16, 2015 for a three-year period ending October 16, 2018. The annual estimated cost over the term of the agreement is \$100,000.

14. FUNDS HELD IN TRUST

The Village administers the following trusts on behalf of third parties. As related trust assets are not owned by the Village, the trusts have been excluded from these financial statements. The following table provides a summary of the transactions within these trusts during the year. Note that FCSS programs funds were determined to be under the control of the Village in the year and were therefore included in the Village's financial statements.

	Beginning	Receipts	Outlays	Ending
Tax sale surplus	\$ 37,509	\$ -	\$ -	\$ 37,509
FCSS programs	10,825	-	10,825	-
	\$ 48,334	\$ -	\$ 10,825	\$ 37,509

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

15. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Village officials, the Village Administrator and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits (2)	2015	2014
Mayor Barry Rasch	\$ 17,941	\$ 419	\$ 18,360	\$ 15,218
Councillors				
Lloyd Jardine	14,230	-	14,230	13,582
Rick Hart	12,955	254	13,209	14,035
Robert Burnett	12,580	256	12,836	7,698
Ken Beleshko	9,510	-	9,510	7,700
Bill Adams	815	12	827	-
Katherine Ruhr	-	-	-	2,115
Glenn Taylor	-	-	-	2,115
	<u>\$ 68,031</u>	<u>\$ 941</u>	<u>\$ 68,972</u>	<u>\$ 62,463</u>
Chief Administrative Officer	<u>\$ 93,777</u>	<u>\$ 19,724</u>	<u>\$ 113,501</u>	<u>\$ 207,651</u>

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

(2) Benefits and allowances include the employer's share of the employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. The LAPP serves approximately 238,000 people and 423 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

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

Total current service contributions by the Village of Thorsby to the LAPP in 2015 were \$68,414 (2014 - \$80,653). Total current service contributions by the employees of the Village to the LAPP in 2015 were \$62,628 (2014 - \$73,929).

At December 31, 2014, the Plan disclosed an actuarial deficit of \$2.5 billion (2013 - \$4.9 billion).

VILLAGE OF THORSBY
Notes to Financial Statements
For The Year Ended December 31, 2015

17. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

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

The Village is not exposed to interest rate risk on its long-term debt as the interest rate on the debentures is fixed for the term of the debenture.

18. SEGMENTED INFORMATION

The Village provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in *Note 1*. For additional information see the Schedule of Segmented Disclosure (*Schedule 4*).

19. BUDGET FIGURES

Budget figures are presented for information purposes only and are unaudited. The 2015 budget, prepared by the Village, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	2015 Budget	2015 Actual	2014 Actual
Annual surplus (deficit)	\$ 796,929	\$ 27,596	\$ (324,088)
Amortization of tangible capital assets	-	534,075	529,740
Loss (gain) on disposal of tangible capital assets	-	17,827	(20,005)
Purchase of tangible capital assets	(1,102,280)	(369,580)	(190,400)
Repayment of long-term debt	(130,458)	(98,879)	(326,571)
Long-term debt issued	499,341	27,000	-
Net transfers (to) from reserves	(63,532)	(583,259)	(325,569)
	\$ -	\$ (445,220)	\$ (656,893)

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

21. ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2010, the Public Sector Accounting Board issued *PS - 3260 Liability for Contaminated Sites* for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Village adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the Village's financial statements due to this.