

**VILLAGE OF IRMA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Brian King Professional Corporation  
Certified General Accountant**



**INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council of the Village of Irma:**

*Report on the Consolidated Financial Statements*

I have audited the accompanying consolidated financial statements of the Village of Irma, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change 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 Consolidated Financial Statements*

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

*Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Irma as at December 31, 2015, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

M.D. of Wainwright

March 21, 2016

A handwritten signature in black ink, appearing to be "M. D. of Wainwright", written over a horizontal line.

Certified General Accountant

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash and term deposits (Note 2)	<b>1,687,582</b>	747,355
Taxes and grants in place of taxes (Note 3)	<b>31,442</b>	24,633
Local improvement receivable	<b>12,000</b>	16,000
Trade and other receivables	<b>69,666</b>	61,359
Due from other governments	<b>8,415</b>	54,967
Inventory held for resale	<b>375,130</b>	388,873
Other financial assets	<b>9,578</b>	9,306
	<u><b>2,193,813</b></u>	<u>1,302,493</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>42,345</b>	56,745
Deposits held in trust	-	1,918
Deferred revenue (Note 5)	<b>1,011,712</b>	250,506
Long term debt (Note 6)	<b>249,307</b>	287,307
	<u><b>1,303,364</b></u>	<u>596,476</u>
<b>NET FINANCIAL ASSETS</b>	<u><b>890,449</b></u>	<u>706,017</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<b>4,257,682</b>	4,331,710
Prepaid expenses	<b>3,374</b>	3,293
	<u><b>4,261,056</b></u>	<u>4,335,003</u>
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<u><b>5,151,505</b></u>	<u>5,041,020</u>

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	429,764	429,219	433,540
User fees and sales of goods	271,562	309,009	311,464
Penalties and costs on taxes	6,000	11,813	11,660
Licenses and permits	500	1,175	1,677
Fines	100	2,331	-
Franchise and concession contracts	100,000	107,387	67,291
Investment income	500	4,688	612
Rentals	-	1,700	50
Government transfers for operating	149,420	306,727	279,793
Other	4,600	118,341	7,697
Gain on disposal of assets	-	1,000	-
	<u>962,446</u>	<u>1,293,390</u>	<u>1,113,784</u>
<b>EXPENSES</b>			
Legislative	56,380	50,853	48,863
Administration	180,435	170,937	140,993
Protective services	103,749	161,090	72,989
Transportation	169,750	144,125	134,526
Water supply and distribution	125,700	119,348	98,662
Wastewater treatment and disposal	65,400	41,748	135,402
Waste management	61,800	57,463	53,676
Public health and welfare	7,928	13,083	6,235
Planning and development	11,304	36,455	12,745
Recreation	69,500	236,412	224,445
Culture	4,500	4,285	4,140
Amortization	-	213,064	205,369
	<u>856,446</u>	<u>1,248,863</u>	<u>1,138,045</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	106,000	44,527	(24,261)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	71,258	65,958	134,293
<b>EXCESS OF REVENUE OVER EXPENSES</b>	177,258	110,485	110,032
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	5,041,020	5,041,020	4,930,988
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>5,218,278</u>	<u>5,151,505</u>	<u>5,041,020</u>

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>177,258</u>	<u>110,485</u>	<u>110,032</u>
Acquisition of tangible capital assets	(124,258)	(139,036)	(132,709)
Proceeds on disposal of tangible capital assets	-	1,000	-
Amortization of tangible capital assets	-	213,064	205,369
Loss (gain) on sale of tangible capital assets	<u>-</u>	<u>(1,000)</u>	<u>-</u>
	<u>(124,258)</u>	<u>74,028</u>	<u>72,660</u>
Net (increase) decrease of prepaid assets	<u>-</u>	<u>(81)</u>	<u>(81)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	53,000	184,432	182,611
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>706,017</u>	<u>706,017</u>	<u>523,406</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>759,017</u></u>	<u><u>890,449</u></u>	<u><u>706,017</u></u>

# VILLAGE OF IRMA

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	110,485	110,032
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	213,064	205,369
Loss (gain) on disposal of tangible capital assets	(1,000)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(6,809)	19,109
Decrease (increase) in local improvement receivable	4,000	(16,000)
Decrease (increase) in trade and other receivables	(8,307)	(1,017)
Decrease (increase) in due from other governments	46,552	(51,370)
Decrease (increase) in inventory held for resale	13,743	(232,111)
Decrease (increase) in prepaid expenses	(81)	(81)
Decrease (increase) in other financial assets	(272)	(372)
Increase (decrease) in accounts payable and accrued liabilities	(14,400)	10,791
Increase (decrease) in deposits held in trust	(1,918)	(1,918)
Increase (decrease) in deferred revenue	761,206	162,456
	<u>1,116,263</u>	<u>204,888</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(139,036)	(132,709)
Sale of tangible capital assets	1,000	-
	<u>(138,036)</u>	<u>(132,709)</u>
<b>FINANCING</b>		
Long-term debt issued	-	235,307
Long-term debt repaid	(38,000)	(93,269)
	<u>(38,000)</u>	<u>142,038</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>940,227</b>	<b>214,217</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>747,355</b></u>	<u><b>533,138</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>1,687,582</b></u></u>	<u><u><b>747,355</b></u></u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash on hand	200	200
Cash in bank	1,138,639	726,165
Term deposits	548,743	20,990
	<u><u><b>1,687,582</b></u></u>	<u><u><b>747,355</b></u></u>



# VILLAGE OF IRMA

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
<b>BALANCE, BEGINNING OF YEAR</b>	<u>480,304</u>	<u>301,006</u>	<u>4,259,710</u>	<u>5,041,020</u>	<u>4,930,988</u>
Excess of revenues over expenses	110,485	-	-	110,485	110,032
Unrestricted funds designated for future use	(16,204)	16,204	-	-	-
Current year funds used for tangible capital assets	(139,036)	-	139,036	-	-
Annual amortization expense	213,064	-	(213,064)	-	-
Net change in long term debt	(18,000)	-	18,000	-	-
Change in accumulated surplus	<u>150,309</u>	<u>16,204</u>	<u>(56,028)</u>	<u>110,485</u>	<u>110,032</u>
<b>BALANCE, END OF YEAR</b>	<u>630,613</u>	<u>317,210</u>	<u>4,203,682</u>	<u>5,151,505</u>	<u>5,041,020</u>

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2015	2014
<b>COST:</b>								
Balance - beginning of year	154,322	6,940	1,102,670	4,994,771	338,359	180,434	<b>6,777,496</b>	6,644,787
Acquisition of tangible capital assets	-	-	-	-	60,983	55,517	<b>116,500</b>	132,709
Construction in progress	-	-	-	22,536	-	-	<b>22,536</b>	-
Balance - end of year	154,322	6,940	1,102,670	5,017,307	399,342	235,951	<b>6,916,532</b>	6,777,496
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	3,933	237,692	1,976,675	141,903	85,583	<b>2,445,786</b>	2,240,417
Annual amortization	-	462	22,635	149,198	29,317	11,452	<b>213,064</b>	205,369
Balance - end of year	-	4,395	260,327	2,125,873	171,220	97,035	<b>2,658,850</b>	2,445,786
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>154,322</b>	<b>2,545</b>	<b>842,343</b>	<b>2,891,434</b>	<b>228,122</b>	<b>138,916</b>	<b>4,257,682</b>	<b>4,331,710</b>
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	154,322	3,007	864,978	3,018,096	196,456	94,851	4,331,710	



# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 3)

	Budget (Unaudited)	2015	2014
<b>TAXATION</b>			
Real property taxes	534,179	<b>533,635</b>	510,854
Linear property taxes	13,689	<b>13,689</b>	15,876
Government grants in place of property taxes	1,024	<b>1,024</b>	4,373
Local improvement taxes	-	-	20,000
	<u>548,892</u>	<u><b>548,348</b></u>	<u>551,103</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	112,812	<b>112,813</b>	111,376
Battle River Foundation	6,316	<b>6,316</b>	6,187
	<u>119,128</u>	<u><b>119,129</b></u>	<u>117,563</u>
<b>NET MUNICIPAL TAXES</b>	<u>429,764</u>	<u><b>429,219</b></u>	<u>433,540</u>

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 4)

	Budget (Unaudited)	2015	2014
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	-	2,499	-
Provincial Government	59,747	44,513	37,346
Local Governments	89,673	259,715	242,447
	<u>149,420</u>	<u>306,727</u>	<u>279,793</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	22,536	-
Provincial Government	71,258	43,422	134,293
	<u>71,258</u>	<u>65,958</u>	<u>134,293</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>220,678</u>	<u>372,685</u>	<u>414,086</u>

# VILLAGE OF IRMA

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 5)

	Budget (Unaudited)	2015	2014
<b>Expenditures</b>			
Salaries, wages and benefits	340,620	<b>313,251</b>	300,160
Contracted and general services	304,599	<b>266,331</b>	295,288
Purchases from other governments	3,000	<b>4,111</b>	459
Materials, goods and utilities	123,410	<b>141,529</b>	101,622
Provision for allowances	-	<b>991</b>	6,715
Transfers to other governments	-	<b>59,969</b>	-
Transfers to local boards and agencies	65,367	<b>233,333</b>	214,528
Transfers to individuals and agencies	7,000	<b>7,000</b>	8,500
Bank charges and short term interest	500	<b>190</b>	180
Interest on operating long term debt	-	<b>6,012</b>	1,102
Interest on capital long term debt	10,000	<b>1,714</b>	2,385
Other expenditures	1,950	<b>1,368</b>	1,737
Amortization of tangible capital assets	-	<b>213,064</b>	205,369
	<u>856,446</u>	<u><b>1,248,863</b></u>	<u>1,138,045</u>

# VILLAGE OF IRMA

## SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	429,219	-	-	-	-	-	-	429,219
User fees and sales of goods	1,947	28,200	1,777	248,590	3,600	24,895	-	309,009
Penalties and costs on taxes	6,864	-	-	4,949	-	-	-	11,813
Licenses and permits	700	300	-	-	-	175	-	1,175
Fines	2,331	-	-	-	-	-	-	2,331
Franchise and concession contracts	107,387	-	-	-	-	-	-	107,387
Investment income	4,688	-	-	-	-	-	-	4,688
Rentals	50	-	-	-	-	1,650	-	1,700
Government transfers	39,747	53,673	1,097	4,669	-	-	207,541	306,727
Other	833	104,569	-	-	12,005	-	934	118,341
	<u>593,766</u>	<u>186,742</u>	<u>2,874</u>	<u>258,208</u>	<u>15,605</u>	<u>26,720</u>	<u>208,475</u>	<u>1,292,390</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	94,817	22,640	65,153	119,899	2,000	-	8,742	313,251
Contracted and general services	118,395	44,061	19,312	75,458	6,564	-	2,541	266,331
Purchases from other governments	-	4,111	-	-	-	-	-	4,111
Materials, goods and utilities	8,307	26,986	52,769	27,185	691	23,443	2,148	141,529
Provision for allowances	-	-	-	991	-	-	-	991
Transfers to other governments	-	59,969	-	-	-	-	-	59,969
Transfers to local boards and agencies	-	2,239	-	-	3,828	-	227,266	233,333
Transfers to individuals and agencies	-	-	-	-	-	7,000	-	7,000
Bank charges and short term interest	190	-	-	-	-	-	-	190
Interest on operating long term debt	-	-	-	-	-	6,012	-	6,012
Interest on capital long term debt	-	-	1,714	-	-	-	-	1,714
Other expenditures	81	1,084	-	203	-	-	-	1,368
	<u>221,790</u>	<u>161,090</u>	<u>138,948</u>	<u>223,736</u>	<u>13,083</u>	<u>36,455</u>	<u>240,697</u>	<u>1,035,799</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>371,976</u>	<u>25,652</u>	<u>(136,074)</u>	<u>34,472</u>	<u>2,522</u>	<u>(9,735)</u>	<u>(32,222)</u>	<u>256,591</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	848	35,197	132,130	43,338	697	-	854	213,064
<b>NET REVENUE</b>	<u>371,128</u>	<u>(9,545)</u>	<u>(267,204)</u>	<u>(8,866)</u>	<u>1,825</u>	<u>(9,735)</u>	<u>(33,076)</u>	<u>44,527</u>

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Irma are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

#### **a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### **b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditure 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) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### e) Requisition 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.

#### f) Inventories 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 levelling 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.

#### g) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **h) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

#### **i) 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.

#### **i. 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:

	YEARS
Buildings	50
Engineered structures - other	20-50
Engineered structures - water system	30-75
Engineered structures - wastewater system	50
Land improvements	15
Machinery and equipment	7-15
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### **ii. Contributions of Tangible Capital Assets**

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

#### **iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### **iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### **v. Cultural and Historical Tangible Capital Assets**

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



# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 2. CASH AND TERM DEPOSITS

	<u>2015</u>	<u>2014</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)	1,011,712	200,506
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	317,210	301,006
Total restricted cash and term deposits	<u>1,328,922</u>	<u>501,512</u>
Total un-restricted cash and term deposits	<u>358,660</u>	<u>245,843</u>

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2015</u>	<u>2014</u>
Prepaid property taxes	(3,993)	(4,421)
Current taxes and grants in place of taxes	17,937	12,380
Arrears taxes	2,498	1,674
Property held by the village as a result of tax forfeiture	21,541	21,541
	<u>37,983</u>	<u>31,174</u>
Less: allowance for doubtful accounts	6,541	6,541
	<u>31,442</u>	<u>24,633</u>

### 4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of \$150,000 bearing interest at prime, secured by all assets of the village at large.

### 5. DEFERRED INCOME

Deferred income consists of the following:	<u>2015</u>	<u>2014</u>
Alberta Community Partnership	505,895	-
Municipal Sustainability Initiative - capital	336,672	139,825
Federal Gas Tax	77,464	50,000
MD of Wainwright	75,000	-
Donations for fire truck replacement	-	44,000
Municipal Infrastructure Management System implementation grant	16,681	16,681
	<u>1,011,712</u>	<u>250,506</u>

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 6. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>	
Operating			
Wainwright Credit Union Ltd.	<u>195,307</u>	<u>215,307</u>	
Capital			
Wainwright Credit Union Ltd.	<u>54,000</u>	<u>72,000</u>	
	<u><b>249,307</b></u>	<u><b>287,307</b></u>	
Principal and interest payments are as follows:			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	38,000	6,731	44,731
2017	38,000	5,705	43,705
2018	38,000	4,679	42,679
2019	20,000	3,653	23,653
2020	20,000	3,113	23,113
Thereafter	<u>95,307</u>	<u>7,467</u>	<u>102,774</u>
	<u>249,307</u>	<u>31,348</u>	<u>280,655</u>

Operating debt repayable to the Wainwright Credit Union Ltd. bears interest at Prime and matures in 2018 and is secured by a mortgage on land.

Debt repayable to the Wainwright Credit Union Ltd. bears interest at Prime and matures in 2018 and is secured by the credit and security of the village at large.

The village's total cash payments for interest in 2015 were \$8,136 (2014 - \$3,487).

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 7. 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 Irma be disclosed as follows:

	2015	2014
Total debt limit	<u>1,940,085</u>	<u>1,670,676</u>
Total debt	<u>249,307</u>	<u>287,307</u>
Surplus debt limit	<u>1,690,778</u>	<u>1,383,369</u>
Debt servicing limit	<u>323,348</u>	<u>278,446</u>
Debt servicing	<u>44,731</u>	<u>46,619</u>
Surplus debt servicing	<u>278,617</u>	<u>231,827</u>

The debt limit is calculated at 1.5 times revenue of the municipality (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.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets (Schedule 2)	<u>6,916,532</u>	<u>6,777,496</u>
Accumulated amortization (Schedule 2)	<u>(2,658,850)</u>	<u>(2,445,786)</u>
Long-term debt (Note 6)	<u>(54,000)</u>	<u>(72,000)</u>
	<u>4,203,682</u>	<u>4,259,710</u>

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2015</u>	<u>2014</u>
<b>Unrestricted surplus</b>	<u><b>630,613</b></u>	<u>480,304</u>
<b>Restricted surplus</b>		
Sidewalk replacement	<b>7,701</b>	-
Fire & rescue department	<b>113,660</b>	126,732
Water system	<b>157,427</b>	142,202
Cemetery	<b>38,422</b>	32,072
	<u><b>317,210</b></u>	<u>301,006</u>
<b>Equity in tangible capital assets</b>	<u><b>4,203,682</b></u>	<u>4,259,710</u>
	<u><u><b>5,151,505</b></u></u>	<u><u>5,041,020</u></u>

### 10. SEGMENTED DISCLOSURE

The Village of Irma provides a range of services to its ratepayers. 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.

Refer to the Schedule of Segmented Disclosure (schedule 6)

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 11. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	2015			2014
	Salary	Benefits & Allowances	Total	Total
Coubrough	4,240	1,562	5,802	8,332
Challenger	3,780	1,634	5,414	5,334
Fuder D	9,040	1,885	10,925	8,124
Fuder V	4,180	1,634	5,814	6,718
Green	6,720	1,731	8,451	8,124
CAO	65,000	18,112	83,112	75,408

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments 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.

### 12. CONTINGENCIES

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

The village is a member of the Wainwright Regional Waste to Energy Authority. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the authority. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### 13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the village is not exposed to significant interest or currency risks arising from these financial instruments.

The village is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their fair value.

### 14. LOCAL AUTHORITIES PENSION PLAN

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves 237,612 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 salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP during the year were \$19,242. Total current service contributions by the employees of the village to the Local Authorities Pension Plan during the year were \$17,620.

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 billion.

# VILLAGE OF IRMA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 15. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place previously which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2015	2014
Excess of revenue over expenditures, per financial statements	177,258	110,485	110,032
Adjustments			
Amortization expense	-	213,064	205,369
Loss (gain) on disposal of tangible capital assets	-	(1,000)	-
Acquisition of tangible capital assets	(124,258)	(139,036)	(132,709)
Proceeds on disposition of tangible capital assets	-	1,000	-
Results of operations - previous methods	53,000	184,513	182,692
Net transfers (to) from reserves	(15,000)	(16,204)	(58,401)
Debenture repaid	(38,000)	(18,000)	(73,269)
Increase (decrease) in unrestricted surplus	-	150,309	51,022

### 16. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

### 17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.