



**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

**TOWN OF IRRICANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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A Limited Liability Partnership of Three Professional Corporations that are in the practice of accountancy
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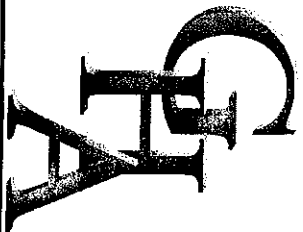
TOWN OF IRRICANA

DECEMBER 31, 2014

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**GREGORY,
HARRIMAN
& ASSOCIATES LLP**

INDEPENDENT AUDITORS' REPORT

To the Members of Council for the
Town of Irricana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Irricana, which comprise the statement of financial position as at December 31, 2014 and the 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 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.

Auditors' 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 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 of material

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 auditors' 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 controls. 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 consolidated financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Irricana 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.

Strathmore, Alberta
April 20, 2015


Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

| | 2014 | 2013 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash (Note 2) | \$ 1,492,321 | \$ 1,190,122 |
| Taxes and grants in place of taxes receivables (Note 3) | 206,205 | 205,194 |
| Trade and other receivables (Note 4) | 221,398 | 180,847 |
| Land for resale inventory | 515,200 | - |
| | <u>2,435,124</u> | <u>1,576,163</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 5) | 287,015 | 139,127 |
| Deposit liabilities (Note 6) | 8,900 | 9,400 |
| Other liabilities (Note 7) | 55,296 | 51,957 |
| Deferred revenue (Note 8) | 921,547 | 784,985 |
| Long term debt and debentures (Note 9, 10) | 859,530 | 359,943 |
| | <u>2,132,288</u> | <u>1,345,412</u> |
| NET FINANCIAL ASSETS | <u>302,836</u> | <u>230,751</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) (Note 11, 12) | 10,454,758 | 10,393,705 |
| Inventory for consumption | 16,409 | 15,513 |
| Prepaid expenses (Note 13) | 6,579 | 2,890 |
| | <u>10,477,746</u> | <u>10,412,108</u> |
| ACCUMULATED SURPLUS (Schedule 1) (Note 14) | <u>\$ 10,780,582</u> | <u>\$ 10,642,859</u> |
| COMMITMENTS (Note 16) | | |
| CONTINGENCIES (Note 17) | | |

Approved by: _____ Mayor _____ Chief Administrative Officer

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <i>Budget (Unaudited)</i> | 2014 | 2013 |
|---|-------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Net municipal taxes (Schedule 3) | \$ 1,099,398 | \$ 1,081,321 | \$ 1,034,927 |
| User fees and sale of goods | 550,105 | 505,800 | 488,946 |
| Government transfers for operating (Schedule 4) | 84,477 | 126,557 | 111,513 |
| Penalties and costs of taxes | 82,242 | 76,424 | 94,223 |
| Licenses and permits | 15,525 | 16,862 | 16,191 |
| Fines | - | 175 | 200 |
| Franchise | 20,000 | 26,500 | 24,082 |
| Interest and investment income | 2,000 | 11,714 | 1,882 |
| Rentals | 78,875 | 108,019 | 70,579 |
| Other revenue | 16,000 | 15,453 | 14,460 |
| Gain on disposal of tangible capital assets | - | 15,995 | - |
| TOTAL REVENUE | <u>1,948,622</u> | <u>1,984,820</u> | <u>1,857,003</u> |
| EXPENSES (Schedule 5) | | | |
| Legislative | 65,200 | 52,848 | 38,595 |
| Administration | 502,340 | 576,344 | 450,683 |
| Protective services | 112,058 | 104,369 | 101,787 |
| Roads, streets, walks and lighting | 237,865 | 447,755 | 367,554 |
| Water and wastewater | 496,268 | 512,094 | 535,145 |
| Waste management | 73,382 | 81,488 | 78,002 |
| Public health and welfare | 40,706 | 41,628 | 37,160 |
| Subdivision land development | 70,827 | 43,409 | 35,517 |
| Recreation, parks and culture | 242,770 | 404,203 | 279,766 |
| TOTAL EXPENSES | <u>1,841,416</u> | <u>2,264,138</u> | <u>1,924,209</u> |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER | 107,206 | (279,318) | (67,206) |
| OTHER | | | |
| Contributed assets | - | - | - |
| Government transfers for capital (Schedule 4) | - | 417,041 | 1,415,294 |
| | - | 417,041 | 1,415,294 |
| EXCESS OF REVENUE OVER EXPENSES | <u>107,206</u> | <u>137,723</u> | <u>1,348,088</u> |
| ACCUMULATED SURPLUS, beginning of the year | 10,642,859 | 10,642,859 | 9,294,771 |
| ACCUMULATED SURPLUS, end of year | <u>\$ 10,750,065</u> | <u>\$ 10,780,582</u> | <u>\$ 10,642,859</u> |

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budget (Unaudited) | 2014 | 2013 |
|---|-----------------------|-------------------|---------------------|
| EXCESS OF REVENUE OVER EXPENSES | \$ 107,206 | \$ 137,723 | \$ 1,348,088 |
| Acquisition of tangible capital assets (Schedule 2) | (3,000) | (475,801) | (1,452,832) |
| Proceeds on disposal of tangible capital assets | - | 25,000 | - |
| Amortization of tangible capital assets (Schedule 2) | - | 405,744 | 381,972 |
| Gain on disposal of tangible capital assets | - | (15,995) | - |
| (Increase) decrease in inventory for consumption | (3,000) | (61,052) | (1,070,860) |
| (Increase) decrease in prepaid expenses | - | (899) | 944 |
| | - | (3,687) | 1,883 |
| | - | (4,586) | 2,827 |
| INCREASE (DECREASE) IN NET ASSETS (DEBT) | 104,206 | 72,085 | 280,055 |
| NET FINANCIAL ASSETS (DEBT), beginning of year | - | 230,751 | (49,304) |
| NET FINANCIAL ASSETS, end of year | \$ 104,206 | \$ 302,836 | \$ 230,751 |

The accompanying notes form an integral part of these financial statements.
 Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | 2014 | 2013 |
|--|------------|--------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess of revenue over expenses | \$ 137,723 | \$ 1,348,088 |
| Non-cash items included in shortfall of revenue over expenses: | | |
| Amortization of tangible capital assets | 405,744 | 381,972 |
| Gain on disposal of tangible capital assets | (15,995) | - |
| Non-cash charges to operations (net change) | | |
| (Increase) decrease in taxes and grants in place receivables | (1,011) | 120,335 |
| (Increase) decrease in trade and other receivables | (40,551) | 77,029 |
| Decrease (increase) in prepaid expenses and deposits | (3,689) | 1,883 |
| Decrease (increase) in inventory for consumption | (899) | 944 |
| Increase (decrease) in accounts payable and accrued liabilities | 147,388 | (4,699) |
| Increase (decrease) in other liabilities | 3,339 | (3,885) |
| Increase (decrease) in deferred revenue | 136,562 | (648,711) |
| Cash provided by operating transactions | 768,611 | 1,272,956 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (475,801) | (1,452,832) |
| Disposal of tangible capital assets | 25,000 | - |
| Cash applied to capital transactions | (450,801) | (1,452,832) |
| INVESTING | | |
| Decrease (increase) in inventory held for resale | (515,200) | - |
| Decrease (increase) in restricted cash or cash equivalents | (136,561) | 648,713 |
| Cash provided by (applied to) investing transactions | (651,761) | 648,713 |
| FINANCING | | |
| Long term debt issued | 515,200 | - |
| Long term debt repaid | (15,612) | (44,096) |
| Cash provided by (applied to) financing transactions | 499,588 | (44,096) |
| NET CASH INCREASE (DECREASE), during the year | 165,637 | 424,741 |
| CASH, beginning of year | 405,137 | (19,604) |
| CASH, end of year (Note 2) | \$ 570,774 | \$ 405,137 |
| Cash and cash equivalents is made up of: | | |
| Cash (Note 2) | 1,492,321 | 1,190,122 |
| Less: restricted portion of cash and temporary investments (Note 2) | (921,547) | (784,985) |
| | \$ 570,774 | \$ 405,137 |

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014
SCHEDULE 1**

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2014 | 2013 |
|---|-------------------------|-----------------------|--------------------------------------|----------------------|----------------------|
| BALANCE, BEGINNING OF YEAR | \$ 279,378 | \$ 329,719 | \$ 10,033,762 | \$ 10,642,859 | \$ 9,294,771 |
| Excess of revenue over expenses | 137,723 | - | - | 137,723 | 1,348,088 |
| Unrestricted funds designated for future use | (30,000) | 30,000 | - | - | - |
| Restricted funds used for operations | - | - | - | - | - |
| Restricted funds used for tangible capital assets | - | - | - | - | - |
| Current year funds used for tangible capital assets | (475,801) | - | 475,801 | - | - |
| Disposal of tangible capital assets | 9,005 | - | (9,005) | - | - |
| Annual amortization expense | 405,744 | - | (405,744) | - | - |
| Long term debt repaid | (15,612) | - | 15,612 | - | - |
| Change in accumulated surplus | 31,059 | 30,000 | 76,664 | 137,723 | 1,348,088 |
| BALANCE, END OF YEAR | \$ 310,437 | \$ 359,719 | \$ 10,110,426 | \$ 10,780,582 | \$ 10,642,859 |

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Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014
SCHEDULE 2**

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | 2014 | 2013 |
|---|-------------------|-------------------|---------------------|-----------------------|-------------------------|------------------|----------------------|----------------------|
| COST: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | \$ 618,395 | \$ 311,323 | \$ 3,924,035 | \$ 11,418,945 | \$ 530,343 | \$ 111,620 | \$ 16,914,661 | \$ 15,461,828 |
| Acquisition of tangible capital assets | - | - | 2,528 | 325,641 | 113,872 | 33,760 | 475,801 | 1,423,598 |
| Construction-in-progress | - | - | - | - | - | - | - | 29,234 |
| Disposal of tangible capital assets | - | - | - | - | (36,021) | - | (36,021) | - |
| BALANCE, END OF YEAR | 618,395 | 311,323 | 3,926,563 | 11,744,586 | 608,194 | 145,380 | 17,354,441 | 16,914,660 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 141,650 | 1,666,590 | 4,423,960 | 241,124 | 47,631 | 6,520,955 | 6,138,983 |
| Annual amortization | - | 17,378 | 88,970 | 219,459 | 70,721 | 9,216 | 405,744 | 381,972 |
| Accumulated amortization on disposals | - | - | - | - | (27,016) | - | (27,016) | - |
| BALANCE, END OF YEAR | - | 159,028 | 1,755,560 | 4,643,419 | 284,829 | 56,847 | 6,899,683 | 6,520,955 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 618,395 | \$ 152,295 | \$ 2,171,003 | \$ 7,101,167 | \$ 323,365 | \$ 88,533 | \$ 10,454,758 | \$ 10,393,705 |
| 2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 618,395 | \$ 187,211 | \$ 1,840,968 | \$ 6,333,503 | \$ 271,252 | \$ 71,516 | \$ 9,322,845 | |

The accompanying notes form an integral part of these financial statements.
Gregory, Harriman & Associates LLP

TOWN OF IRRICANA
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2014
SCHEDULE 3

| | Budget (Unaudited) | 2014 | 2013 |
|-------------------------------------|-----------------------|---------------------|---------------------|
| TAXATION | | | |
| Real property taxes | \$ 1,083,559 | \$ 1,065,485 | \$ 981,183 |
| Linear property taxes | 15,840 | 15,840 | 56,186 |
| Property tax bylaws | 299,292 | 299,289 | 305,091 |
| | <u>1,398,691</u> | <u>1,380,614</u> | <u>1,342,460</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 268,033 | 268,033 | 275,128 |
| Calgary Separate School District #1 | 26,282 | 26,282 | 28,358 |
| Rocky View Seniors Foundation Fund | 4,978 | 4,978 | 4,047 |
| | <u>299,293</u> | <u>299,293</u> | <u>307,533</u> |
| NET MUNICIPAL TAXES | <u>\$ 1,099,398</u> | <u>\$ 1,081,321</u> | <u>\$ 1,034,927</u> |

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 Gregory, Harriman & Associates LLP

TOWN OF IRRICANA
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2014
SCHEDULE 4

| | <i>Budget (Unaudited)</i> | 2014 | 2013 |
|-----------------------------------|-------------------------------|-------------------|---------------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial Government | \$ 83,477 | \$ 122,757 | \$ 110,113 |
| Federal Government | - | - | - |
| Other Local Governments | 1,000 | 3,800 | 1,400 |
| | <u>84,477</u> | <u>126,557</u> | <u>111,513</u> |
| TRANSFERS FOR CAPITAL | | | |
| Provincial Government | - | 417,041 | 1,415,294 |
| Federal Government | - | - | - |
| | <u>-</u> | <u>417,041</u> | <u>1,415,294</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>\$ 84,477</u> | <u>\$ 543,598</u> | <u>\$ 1,526,807</u> |

The accompanying notes form an integral part of these financial statements.
 Gregory, Harriman & Associates LLP

TOWN OF IRRICANA
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014
SCHEDULE 5

| | <i>Budget (Unaudited)</i> | 2014 | 2013 |
|--|-------------------------------|---------------------|---------------------|
| CONSOLIDATED EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits (Note 15) | \$ 625,810 | \$ 682,315 | \$ 481,268 |
| Contracted and general services | 497,673 | 495,859 | 434,644 |
| Materials, goods, supplies and utilities | 568,507 | 517,344 | 478,601 |
| Provision for allowances | 500 | (781) | 4,368 |
| Transfers to local boards and agencies | 117,614 | 126,261 | 110,903 |
| Bank charges and short term interest | 3,415 | 4,477 | 3,316 |
| Interest on long term debt | 21,147 | 23,788 | 22,925 |
| Other expenditures | 6,750 | 9,131 | 6,212 |
| Amortization of tangible capital assets | - | 405,744 | 381,972 |
| | <u>\$ 1,841,416</u> | <u>\$ 2,264,138</u> | <u>\$ 1,924,209</u> |

The accompanying notes form an integral part of these financial statements.
 Gregory, Harriman & Associates LLP

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

The Town of Irricana ("The Town") is a Municipality in the Province of Alberta. These consolidated financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Town of Irricana are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, change in fund balances and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Town 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.

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.

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 amount 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) 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) Land for Resale Inventory

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.

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tax Revenue

Tax revenue 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.

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 that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

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 revenue over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

j) 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 |
|-----------------------------|-------|
| Land improvements | 15-20 |
| Buildings | 25-50 |
| Engineered structures | 20-30 |
| Roads and sidewalks | 75 |
| Storm sewers | 45-75 |
| Water distribution system | 45-75 |
| Wastewater treatment system | 5-20 |
| Machinery and equipment | 10 |
| Vehicles | 10 |

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) Inventory for Consumption

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.

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

2. CASH

| | <u>2014</u> | <u>2013</u> |
|-------------------------|---------------------|---------------------|
| Petty cash | 300 | 300 |
| Chequing accounts | 694,500 | (1,686) |
| T-Bill savings accounts | 797,521 | 1,191,508 |
| | <u>\$ 1,492,321</u> | <u>\$ 1,190,122</u> |

The T-Bill savings accounts are earning interest at 0.60% per annum.

Included in savings is a restricted amount of \$921,547 (2013 - \$784,985) received from Alberta Government grants that are held exclusively for approved projects (Note 9).

The Town has an authorized overdraft limit of \$490,000 and is payable on demand with an interest rate of 3%. \$490,000 is unused at year end.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| Current taxes and grants in place of taxes | 185,218 | 138,804 |
| Arrears taxes | 20,987 | 66,390 |
| | <u>\$ 206,205</u> | <u>\$ 205,194</u> |

4. TRADE AND OTHER RECEIVABLES

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------|-------------------|-------------------|
| Water and sewer receivables | 101,483 | 86,428 |
| Goods and Services Tax receivable | 90,199 | 85,363 |
| Other | 29,716 | 9,056 |
| | <u>\$ 221,398</u> | <u>\$ 180,847</u> |

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2014</u> | <u>2013</u> |
|--------------------------|-------------------|-------------------|
| Trade accounts payable | 158,269 | 106,121 |
| Accrued liabilities | 76,318 | 20,000 |
| Payroll Liabilities | 49,568 | 10,457 |
| Accrued interest payable | 2,860 | 2,549 |
| | <u>\$ 287,015</u> | <u>\$ 139,127</u> |

6. DEPOSIT LIABILITIES

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|-----------------|-----------------|
| Development bonds payable | 7,500 | 8,000 |
| Builders' water and sewer bonds | 1,500 | 1,500 |
| Utility deposits payable | (100) | (100) |
| | <u>\$ 8,900</u> | <u>\$ 9,400</u> |

7. OTHER LIABILITIES

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|------------------|------------------|
| Prepaid property taxes and utilities | 54,301 | 51,927 |
| Prepaid fees and licenses | 995 | 30 |
| | <u>\$ 55,296</u> | <u>\$ 51,957</u> |

8. DEFERRED REVENUE

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| Municipal Sustainability Initiative - Capital | 623,060 | 260,578 |
| Streets Improvement Funding/Basic Municipal Transportation | 252,522 | 182,802 |
| Alberta Community Partnership Grant | 30,000 | - |
| Alberta Municipal Infrastructure Program | 15,965 | 341,605 |
| | <u>\$ 921,547</u> | <u>\$ 784,985</u> |

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

8. DEFERRED REVENUE (continued)

Municipal Sustainability Initiative - Capital

This grant represents funds received through the Alberta Municipal Sponsorship Program. The use of these funds is restricted to eligible projects, as approved under the funding agreement. The balance represents the unexpended portion of a capital grant received in 2014.

Streets Improvement Funding/Basic Municipal Transportation

This grant provides financial assistance to support municipalities in developing and maintaining their capital transportation infrastructure requirements. The balance represents funds received in 2012 - 2014. These funds are to be utilized for 2015 projects.

Alberta Municipal Infrastructure Program

This is a five year funding program from the Province of Alberta to assist municipalities in developing their infrastructure. The use of these funds is restricted to eligible projects, as approved under the funding agreement. The balance represents the unexpended portion of capital grants received in 2005 - 2012. These funds must be used completely by December 31, 2015.

Alberta Community Partnership Grant

This is a federally-funded program who's objective is to improve the viability and long-term sustainability of municipalities by providing support for regional collaboration and capacity building activities. The balance represents funds received in 2014. All of the unexpended funds held in deferred revenue are supported by T-bill savings (Note 2).

9. LONG TERM DEBT AND DEBENTURES

Tax supported debentures
Mortgage payable

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | 344,330 | 359,943 |
| | 515,200 | - |
| | <u>\$ 859,530</u> | <u>\$ 359,943</u> |

Principal and interest repayments are due as follows:

| | Principal | Interest | Total |
|------------|-------------------|-------------------|---------------------|
| 2015 | 16,529 | 35,685 | 52,214 |
| 2016 | 17,500 | 34,756 | 52,256 |
| 2017 | 533,728 | 29,790 | 563,518 |
| 2018 | 19,617 | 17,142 | 36,759 |
| 2019 | 20,769 | 15,989 | 36,758 |
| Thereafter | 251,387 | 79,441 | 330,828 |
| | <u>\$ 859,530</u> | <u>\$ 212,803</u> | <u>\$ 1,072,333</u> |

Debenture debt is repayable to Alberta Capital Finance Authority, and bears interest at 5.875% per annum before Provincial subsidy, and matures in 2028. Debenture debt is issued on the credit and security of the Town of Irricana at large.

The mortgage is repayable to Mountain View Credit Union, in monthly interest only payments at the fixed rate of 3.00% for the first 36 months. At the maturity date of September 30, 2017, blended payments of principal and interest will be determined by the term and interest rate selected at the time of renewal.

The Town's total cash payments for interest on long term debt and debentures in 2014 was \$23,788 (2013 - \$26,736).

10. DEBT LIMITS

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

| | 2014 | 2013 |
|---------------------------------------|---------------------|---------------------|
| Total debt limit | 2,977,230 | 2,785,505 |
| Total debt (Note 9) | 859,530 | 359,943 |
| Amount of unused debt limit | <u>\$ 2,117,700</u> | <u>\$ 2,425,562</u> |
| Debt servicing limit | 496,205 | 464,251 |
| Debt servicing | 52,214 | 38,445 |
| Amount of unused debt servicing limit | <u>\$ 443,991</u> | <u>\$ 425,806</u> |

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
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10. DEBT LIMITS (continued)

The debt limit is calculated at 1.5 times revenue of the municipality, as defined in Alberta Regulation 255/00, and the debt servicing 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 alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. TANGIBLE CAPITAL ASSETS

| | 2014 | 2013 |
|--------------------------------------|----------------------|----------------------|
| Land | | |
| Land improvements | 618,395 | 618,395 |
| Buildings | 152,294 | 169,672 |
| Engineered structures | 2,171,004 | 2,257,445 |
| Roads and sidewalks | | |
| Storm sewers | 1,682,082 | 1,496,952 |
| Water distribution system | 118,304 | 120,036 |
| Wastewater treatment system | 3,357,990 | 3,395,716 |
| Machinery, equipment and furnishings | 1,942,791 | 1,982,281 |
| Vehicles | 323,365 | 289,219 |
| | 88,533 | 63,989 |
| | <u>\$ 10,454,758</u> | <u>\$ 10,393,705</u> |

The Town of Irricana owns 13 original murals painted on the side of various buildings in the town. The artworks were donated to the town and have significant cultural and historical value in perpetuity. The artworks, valued at \$3,600, are not recorded as tangible capital assets in the financial statements and are not amortized.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2014 | 2013 |
|---------------------------------------|----------------------|----------------------|
| Tangible capital assets (Schedule 2) | 17,354,441 | 16,914,660 |
| Accumulated amortization (Schedule 2) | (6,899,683) | (6,520,955) |
| Long term debt (Note 9) | (344,330) | (359,943) |
| | <u>\$ 10,110,428</u> | <u>\$ 10,033,762</u> |

13. PREPAID EXPENSES

| | 2014 | 2013 |
|-------|-----------------|-----------------|
| Other | 6,579 | 2,890 |
| | <u>\$ 6,579</u> | <u>\$ 2,890</u> |

14. ACCUMULATED SURPLUS

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

| | 2014 | 2013 |
|---|----------------------|----------------------|
| Unrestricted surplus (deficit) | 310,437 | 279,378 |
| Restricted surplus | | |
| Operating | 13,477 | 13,477 |
| General equipment replacement | 22,051 | 2,051 |
| Street operating | 3,000 | 3,000 |
| Water | 162,006 | 162,006 |
| Sewer system | 60,978 | 60,978 |
| Transfer site | 960 | 960 |
| Cemetery | 200 | 200 |
| Subdivision | 13,961 | 13,963 |
| Economic development | 22,223 | 22,223 |
| Recreation | 26,516 | 21,516 |
| Campground | 26,292 | 21,292 |
| Community Hall | 8,053 | 8,053 |
| Equity in tangible capital assets (Note 12) | 10,110,428 | 10,033,762 |
| | <u>\$ 10,780,582</u> | <u>\$ 10,642,859</u> |

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

15. SALARY AND BENEFITS DISCLOSURE

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

| | Salary ¹ | Benefits and Allowances ² | Total 2014 | Total 2013 |
|-------------------------------------|---------------------|--------------------------------------|-------------------|-------------------|
| Mayor | | | | |
| Lisa Constanini | - | - | - | 7,290 |
| Valerie Squires | 10,800 | 847 | 11,647 | 1,428 |
| Councillors | | | | |
| Dennis Tracz | 6,750 | - | 6,750 | 816 |
| Kim Schmalz | 7,200 | - | 7,200 | 816 |
| Loraleigh Peterson | 6,500 | - | 6,500 | 766 |
| Laura Thiessen | 7,200 | 179 | 7,379 | 816 |
| Wayne Niblow | - | - | - | 2,035 |
| Peter Dunn | - | - | - | 3,947 |
| Larry Martin | - | - | - | 3,637 |
| Joshua Taylor | - | - | - | 3,637 |
| Councillors Total | 27,650 | 179 | 27,829 | 16,470 |
| Chief Administrative Officers | | | | |
| Alvin Melton | 102,001 | 1,805 | 103,806 | 104,016 |
| Robert Paetke | 36,069 | 2,450 | 38,519 | - |
| Geoffrey Stephenson | 20,799 | - | 20,799 | - |
| Robert Jorgensen | 14,222 | - | 14,222 | - |
| Chief Administrative Officers Total | 173,091 | 4,255 | 177,346 | 104,016 |
| | <u>\$ 211,541</u> | <u>\$ 5,281</u> | <u>\$ 216,822</u> | <u>\$ 129,204</u> |

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 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. COMMITMENTS

The Town has numerous agreements and commitments in place which are in the normal course of operations. They would include contracts for bylaw enforcement, collection and disposition of solid waste, account software maintenance, utility contracts, and property tax assessments. These agreements are reviewed regularly and renewed as necessary.

The Town is committed to adhering to the Collective Agreement of CUPE Local Sub37 and agreed to by the Union and the employee members. The Collective Agreement is in effect up to and including December 31, 2017.

The Town is committed to paying the County of Rocky View \$10,000 per annum for operating the Waste Transfer Site.

17. CONTINGENCIES

The Town of Irricana is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the Town 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.

18. RELATED PARTY TRANSACTIONS

The Aqua 7 Regional Water Commission has been identified as a related party. The Town of Irricana has entered into an agreement with the Commission for a supply of water service.

Service fees are based on budgeted operating costs of the Commission. Water purchases are based on actual water consumption during the year. Fees and rates are reviewed by the Commission on an annual basis.

Service fees and water purchases paid to the Commission for 2014 were \$274,257 (2013 - \$257,326).

Amount payable to the Commission at December 31, 2014 is \$22,904 (2013 - \$22,168).

**TOWN OF IRRICANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

19.

FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, taxes and grants in place of taxes receivables, trade and other receivables, accounts payable and accrued liabilities, deposit liabilities, other liabilities, and long term debt and debentures. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

Interest Rate Risk

The Town has fixed interest rates through the debenture financing with Alberta Municipal Affairs. The Town's exposure to interest rate risk is negligible, related only to the market value of these debentures, which are not traded.

Credit Risk

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town 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.

20.

COMPARATIVE FIGURES

The prior year comparative figures have been reclassified where necessary to conform to the current year presentation.

21.

APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.