

TOWN OF IRRICANA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

TOWN OF IRRICANA

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL TOWN OF IRRICANA

We have audited the accompanying consolidated financial statements of Town of Irricana, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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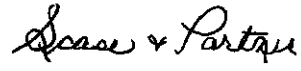
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Irricana as at December 31, 2015, the results of its operations, changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of the Town of Irricana for the year ended December 31, 2014 were audited by another firm who expressed an unmodified opinion on those consolidated financial statements as of April 20, 2015

July 7, 2016
Calgary, Alberta


Professional Accountants

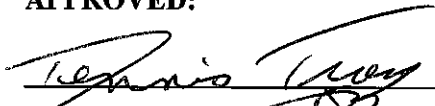

TOWN OF IRRICANA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,284,837	\$ 1,492,321
Receivables:		
Taxes and grants in lieu receivable (Note 3)	248,603	206,204
Trade and other receivables	173,802	131,199
Due from other governments	80,685	90,199
Land held for resale	577,366	515,200
	<u>2,365,293</u>	<u>2,435,123</u>
LIABILITIES		
Accounts payable and accrued liabilities	358,492	287,016
Deposit liabilities	75,250	64,196
Deferred revenue (Note 8)	782,111	921,546
Long term debt (Note 7)	843,002	859,531
	<u>2,058,855</u>	<u>2,132,289</u>
NET FINANCIAL ASSETS	<u>306,438</u>	<u>302,834</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	10,765,936	10,454,758
Prepaid expenses (Note 4)	746	6,579
Inventory	16,412	16,412
	<u>10,783,094</u>	<u>10,477,749</u>
ACCUMULATED SURPLUS (Schedule 1, Note 8)	<u>\$11,089,532</u>	<u>\$10,780,583</u>

APPROVED:

 Mayor
 Councilor

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET (Unaudited)	2015	2014
REVENUE			
Net municipal taxes (Schedule 3)	\$ 1,083,434	\$ 1,084,226	\$ 1,081,321
User fees and sales	592,924	530,779	504,100
Penalties and costs of taxes	79,700	86,514	76,424
Government transfers (Schedule 4)	75,295	30,512	126,557
Fines	500	567	175
Franchise and concession contracts	26,500	26,039	26,500
Investment income	11,000	9,495	11,714
Rentals	103,300	16,597	109,719
Licences and permits	13,410	26,245	16,862
Other	14,510	99,517	15,453
Net gain on sale of capital assets			15,995
	2,000,573	1,910,491	1,984,820
EXPENSES			
Legislative	60,600	48,863	50,226
Administration	518,924	575,726	578,967
Fire	92,738	96,090	87,949
Ambulance/ Disaster	8,750	794	7,010
Bylaws enforcement	10,710	16,085	9,410
Common service	179,177	211,087	242,566
Roads, streets, walks, lighting	233,086	248,000	205,189
Water supply and distribution	547,690	564,402	456,584
Wastewater treatment and disposal	69,524	83,684	55,510
Waste management	162,000	61,064	81,488
Family and community support	37,674	24,522	41,628
Cemetery	525	664	-
Land use, planning, zoning and development	16,806	-	-
Subdivision land development	25,164	35,819	43,409
Parks and recreation	284,504	157,518	241,869
Culture	124,047	126,958	162,334
	2,371,919	2,251,276	2,264,139
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(371,346)	(340,785)	(279,319)
OTHER			
Government transfers for capital (Schedule 4)	666,500	649,734	417,041
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	295,154	308,949	137,722
ACCUMULATED SURPLUS, beginning of year	10,750,065	10,780,582	10,642,860
ACCUMULATED SURPLUS, end of year	\$11,045,219	\$11,089,531	\$10,780,582

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET (Unaudited)	2015	2014
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 295,154	\$ 308,949	\$ 137,722
Acquisition of tangible capital assets	(755,500)	(742,016)	(475,801)
Proceeds on disposal of tangible capital assets	-	-	25,000
Amortization of tangible capital assets	405,742	430,837	405,744
(Gain) loss on sale of tangible capital assets	-	-	(15,995)
	(349,758)	(311,179)	(61,052)
Acquisition of supplies inventories	-	-	(16,412)
Acquisition of prepaid assets	-	(746)	(6,579)
Use of supplies inventories	-	-	15,513
Use of prepaid assets	-	6,579	2,890
	-	5,833	(4,588)
(INCREASE) DECREASE IN NET DEBT	(54,604)	3,603	72,082
NET FINANCIAL ASSETS, beginning of year	104,206	302,833	230,751
NET FINANCIAL ASSETS, end of year	\$ 49,602	\$ 306,436	\$ 302,833

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

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

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 308,949	\$ 137,722
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	430,837	405,744
(Gain) loss on disposal of tangible capital assets	-	(15,995)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(42,399)	(1,010)
Decrease (increase) in due from other governments	9,515	(4,836)
Decrease (increase) in inventory	-	(899)
Decrease (increase) in land held for resale	(62,166)	(515,200)
Decrease (increase) in trade and other receivables	(42,603)	(35,716)
Decrease (increase) in prepaid expenses	5,833	(3,689)
Increase (decrease) in accounts payable and accrued liabilities	71,477	147,388
Increase (decrease) in deposit liabilities	11,054	3,339
Increase (decrease) in deferred revenue	(139,435)	136,562
CASH PROVIDED BY OPERATING TRANSACTIONS	551,062	253,410
CAPITAL		
Acquisition of capital assets	(742,016)	(475,801)
Sale of tangible capital assets	-	25,000
CASH APPLIED TO CAPITAL TRANSACTIONS	(742,016)	(450,801)
FINANCING		
Long-term debt issued	-	515,200
Long-term debt repaid	(16,529)	(15,612)
CASH APPLIED TO FINANCING TRANSACTIONS	(16,529)	499,588
CHANGE IN CASH AND CASH EQUIVALENTS	(207,483)	302,197
CASH AND CASH EQUIVALENTS, beginning of year	1,492,319	1,190,122
CASH AND CASH EQUIVALENTS, end of year	\$ 1,284,836	\$ 1,492,319
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 1,284,837	\$ 1,492,321
Less: restricted portion of cash and temporary investments	(1,291,059)	(1,345,461)
	\$ (6,222)	\$ 146,860
INTEREST PAID ON LONG-TERM DEBT	35,568	23,789

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

CONSOLIDATED 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
BALANCE, beginning of year	\$ 310,437	\$ 359,719	\$10,110,426	\$10,780,582	\$10,642,859
Excess (deficiency) of revenues over expenses	308,949	-	-	308,949	137,722
Unrestricted funds designated for future use	(149,751)	149,751	-	-	-
Restricted funds used for operations	5,000	(5,000)	-	-	-
Restricted funds used for tangible capital assets	-	(70,772)	70,772	-	-
Current year funds used for tangible capital assets	(671,243)	-	671,243	-	-
Annual amortization expense	430,837	-	(430,837)	-	-
Long term debt repaid	(16,529)	-	16,529	-	-
Change in accumulated surplus and equity	(92,737)	73,979	327,707	308,949	137,722
BALANCE, end of year	\$ 217,700	\$ 433,698	\$10,438,133	\$11,089,531	\$10,780,581

TOWN OF IRRICANA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 2

SCHEDULE 2

	LAND	LAND IMPROVEMENT	ENGINEERED STRUCTURES					VEHICLES	2015	2014
			ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT				
COST:										
BALANCE, beginning of year	\$ 618,395	\$ 311,322	\$ 3,926,563	\$ 4,186,811	\$ 4,466,125	\$ 3,091,649	\$ 608,194	\$ 145,380	\$ 17,354,439	\$ 16,914,661
Acquisition of tangible capital	-	-	105,810	115,305	5,720	-	80,414	54,687	361,936	475,801
Construction -in-progress	32,380	2,467	345,233	-	-	-	-	-	380,080	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
Write-down of tangible assets	-	-	-	-	-	-	-	-	-	(36,021)
BALANCE, end of year	650,775	313,789	4,377,606	4,302,116	4,471,845	3,091,649	688,608	200,067	18,096,455	17,354,441
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	159,028	1,755,559	2,504,729	1,108,136	1,030,554	284,829	56,847	6,899,682	6,520,955
Annual amortization	-	16,384	90,886	129,260	59,586	41,222	79,861	13,639	430,838	405,744
Accumulated amorti on disposals	-	-	-	-	-	-	-	-	-	(27,016)
BALANCE, end of year	-	175,412	1,846,445	2,633,989	1,167,722	1,071,776	364,690	70,486	7,330,520	6,899,683
NET BOOK VALUE OF										
TANGIBLE CAPITAL ASSETS \$	650,775	\$ 138,377	\$ 2,531,161	\$ 1,668,127	\$ 3,304,123	\$ 2,019,873	\$ 323,918	\$ 129,581	\$ 10,765,935	\$ 10,454,758
2014 NET BOOK VALUE OF										
TANGIBLE CAPITAL ASSETS \$	618,395	\$ 152,294	\$ 2,171,004	\$ 1,682,082	\$ 3,357,989	\$ 2,061,095	\$ 323,365	\$ 88,533	\$ 10,454,757	

TOWN OF IRRICANA

CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 3

	BUDGET (Unaudited)	2015	2014
TAXATION			
Real property taxes	\$ 1,312,613	\$ 1,312,613	\$ 1,307,611
Linear property taxes	15,897	15,897	15,840
Business taxes	58,627	58,626	57,163
	<u>1,387,137</u>	<u>1,387,136</u>	<u>1,380,614</u>
REQUISITIONS			
Alberta School Foundation Fund	271,274	271,687	268,033
Calgary Separate School District #1	27,488	26,282	26,282
Rocky View Seniors Foundation Fund	4,941	4,941	4,978
	<u>303,703</u>	<u>302,910</u>	<u>299,293</u>
NET MUNICIPAL TAXES	\$ 1,083,434	\$ 1,084,226	\$ 1,081,321

TOWN OF IRRICANA

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 4

	BUDGET (Unaudited)	2015	2014
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 73,795	\$ 28,512	\$ 122,757
Other Local Governments	1,500	2,000	3,800
	75,295	30,512	126,557
TRANSFERS FOR CAPITAL:			
Provincial Government	666,500	608,086	417,041
Other Local Governments	-	41,648	-
	666,500	649,734	417,041
TOTAL GOVERNMENT TRANSFERS	\$ 741,795	\$ 680,246	\$ 543,598

TOWN OF IRRICANA

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 5

	BUDGET (Unaudited)	2015	2014
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 636,989	\$ 512,091	\$ 682,315
Contracted and general services	544,225	624,655	495,859
Materials, goods and utilities	631,835	487,357	517,344
Provision for allowances	-	18,898	(781)
Transfers to local boards and agencies	106,292	108,905	126,261
Bank charges and short-term interest	11,150	18,294	4,477
Interest on long-term debt	35,685	35,568	23,789
Other expenses	-	14,671	9,131
Amortization of tangible capital assets	405,742	430,837	405,744
	\$ 2,371,918	2,251,276	\$ 2,264,139

TOWN OF IRRICANA

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2015 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 1,084,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,084,225
Government transfers	30,512	-	187,121	-	462,613	-	-	680,246
User fees and sales of goods	436	-	-	180	3,360	526,403	400	530,779
Investment income	9,495	-	-	-	-	-	-	9,495
Contributed assets	-	-	-	-	-	-	-	-
Other revenues	155,622	9,582	17,013	10,975	18,397	43,889	-	255,478
	1,280,290	9,582	204,134	11,155	484,370	570,292	400	2,560,223
EXPENSES								
Contract / general services	278,445	21,395	56,963	18,448	46,375	203,028	-	624,654
Salaries and wages	267,752	-	149,570	1,875	43,584	49,310	-	512,091
Goods and supplies	24,570	8,371	67,834	40	56,351	329,524	664	487,354
Transfers to local boards	-	76,706	-	-	32,199	-	-	108,905
Long-term debt interest	-	-	-	15,456	-	20,112	-	35,568
Other expenses	40,778	-	10,986	-	-	100	-	51,864
	611,545	106,472	285,353	35,819	178,509	602,074	664	1,820,436
NET REVENUE BEFORE AMORTIZATION	668,745	(96,890)	(81,219)	(24,664)	305,861	(31,782)	(264)	739,787
Amortization Expense	37,566	6,496	173,733	-	105,967	107,075	-	430,837
NET REVENUE	\$ 631,179	\$ (103,386)	\$ (254,952)	\$ (24,664)	\$ 199,894	\$ (138,857)	\$ (264)	\$ 308,950

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Irricana are the representations of management prepared in accordance with Canadian accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Public Accountants of Canada. Significant aspects of the accounting policies adopted by the town 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 town and are therefore, accountable to the town Council for the administration of their financial affairs and resources. They include the following:

Irricana Family & Community Support Services

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

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

(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

(c) Government Transfers

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Government Transfers, continued

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.

(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) 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, provided the Consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

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

Land Improvements	15-20 years
Buildings	25-50 years
Engineered Structures	
Water System	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-20 years

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 assets if 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the operating fund while transfers to and/or from capital reserves are shown as an adjustment to respective fund.

(g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for local governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues 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.

(h) Taxes and Grants in Lieu Receivable

Current taxes and grants in lieu receivable consist of current tax levies that remain outstanding at December 31.

(i) Fund Accounting

Management funds consists of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Capital fund debt principal and interest payments are recorded as operating fund expenditures. Proceeds from sales of land held for resale are recorded as operating fund revenues.

(j) Inventories

Inventories of material and supplies that are held for consumption are valued at the lower of cost and replacement cost.

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015****1. SIGNIFICANT ACCOUNTING POLICIES, continued****(k) Tax Revenues**

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

(l) Requisition Over-levies and Under-levies

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and shows as an "other" operating expenditure. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as an "other" asset and reflected as "other" operating revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections to under-levies of the prior year. Amounts previously accrued for excess collections are included in "other" operating expenditures.

(m) Interest on Long Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and there is an accrual for long-term debt interest payable at the end of the year.

(n) Certain balances may not add due to formula rounding.**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2015</u>	<u>2014</u>
Cash	\$ 569,284	\$ 694,800
Temporary investments	<u>715,548</u>	<u>797,521</u>
	<u>\$ 1,284,832</u>	<u>\$ 1,492,321</u>

Temporary investments are investments with maturities in the normal operating cycle of the municipality. Non-current investments are term deposits and other funds with maturities greater than the normal operating cycle.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

2. CASH AND TEMPORARY INVESTMENTS continued

	<u>2015</u>	<u>2014</u>
Restricted cash, temporary and long term investments		
Restricted reserves	\$ 433,698	\$ 359,719
Deferred revenue	782,111	921,546
Deposits and other	<u>75,250</u>	<u>64,196</u>
	<u>\$ 1,291,059</u>	<u>\$ 1,345,461</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2015</u>	<u>2014</u>
Current taxes and grants in place of taxes	\$ 158,796	\$ 185,218
Arrears taxes	<u>89,808</u>	<u>20,987</u>
	248,604	206,205
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 248,604</u>	<u>\$ 206,205</u>

4. PREPAID EXPENSES

	<u>2015</u>	<u>2014</u>
Prepaid general services	\$ <u>746</u>	\$ <u>6,579</u>

5. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	<u>2015</u>	<u>2014</u>
Land	\$ 650,775	\$ 618,395
Land Improvements	138,378	152,294
Buildings	2,531,161	2,171,004
Engineered Structures		
Roadway system	1,668,127	1,682,082
Water distribution system	3,304,123	3,357,990
Wastewater treatment system	2,019,873	2,061,095
Machinery, equipment and furnishings	323,918	323,365
Vehicles	<u>129,581</u>	<u>88,533</u>
	<u>\$10,765,936</u>	<u>\$10,454,758</u>

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

8. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
MSI capital	\$ 482,244	\$ 623,060
SIP/BMTG	252,564	252,522
Alberta community partnership	8,778	30,000
AMIP	-	15,965
FGTF	26,979	-
FCSS	<u>11,546</u>	<u>-</u>
	<u>\$ 782,111</u>	<u>\$ 921,547</u>

9. SALARY AND BENEFITS DISCLOSURE

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

	<u>2015</u>			<u>2014</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Valerie Squires	\$ 7,200	\$ -	\$ 7,200	\$ 11,647
Dennis Tracz	4,800	-	4,800	6,750
Kim Schmaltz	4,800	-	4,800	7,200
Loraleigh Peterson	4,800	-	4,800	6,500
Laura Thiessen	4,338	-	4,338	7,379
Alvin Melton CAO	-	-	-	103,806
Robert Paette CAO	-	-	-	38,519
Geoffery Stephenson CAO	43,538	-	43,538	20,799
Robert Jorgensen CAO	49,546	1,341	50,887	14,222

- (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.
- (3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concession loans, travel allowances, car allowances and club memberships.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

10. 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 Town of Irricana be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 2,862,737	\$ 2,977,230
Total debt	<u>(843,002)</u>	<u>(859,531)</u>
Amount of debt limit (exceeded) unused	\$ <u>2,019,735</u>	\$ <u>2,117,699</u>
	<u>2015</u>	<u>2014</u>
Debt servicing limit	\$ 477,123	\$ 496,205
Debt servicing	<u>(52,257)</u>	<u>(52,214)</u>
Amount of debt servicing limit (exceeded) unused	\$ <u>424,866</u>	\$ <u>443,991</u>

The debt limit is calculated as 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 that 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.

11. RESERVES

	<u>2015</u>	<u>2014</u>
Operating	\$ 33,477	\$ 13,477
General equipment replacement	6,931	22,051
Street operating	3,000	3,000
Water	159,758	162,006
Sewer system	55,978	60,978
Transfer site	10,960	960
Cemetery	8,200	200
Subdivision	18,963	13,963
Economic development	45,571	22,223
Recreation	36,000	26,516
Campground	36,000	26,292
Community hall	13,861	8,052
FCSS	<u>5,000</u>	<u>-</u>
Total Reserves	\$ <u>433,699</u>	\$ <u>359,718</u>

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2015 are the responsibility of the management of the Town of Irricana.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimated and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Town's assets are properly accounted for and adequately safeguarded.


The elected Council of the Town of Irricana is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partners Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town. Scase & Partners Professional Accountants has full and free access to Council.



Mayor



Date