

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

AUDITOR'S REPORT

To the Mayor and Council of the Village of Lougheed:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Lougheed, 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 Lougheed 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

July 21, 2016

Certified General Accountant

VILLAGE OF LOUGHEED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015

	<u>2015</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash (Note 2)	372,767	629,143
Taxes and grants in place of taxes (Note 3)	132,695	77,009
Trade and other receivables	68,628	50,877
Receivable from other governments	211,286	106,446
Inventory held for resale	65,890	65,890
	<u>851,266</u>	<u>929,365</u>
LIABILITIES		
Accounts payable and accrued liabilities	33,276	42,864
Deferred revenue (Note 5)	241,319	310,290
Long term debt (Note 6)	53,555	60,309
	<u>328,150</u>	<u>413,463</u>
NET FINANCIAL ASSETS	<u>523,116</u>	<u>515,902</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	2,586,609	2,467,431
Prepaid expenses	15,376	1,334
	<u>2,601,985</u>	<u>2,468,765</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>3,125,101</u>	<u>2,984,667</u>

VILLAGE OF LOUGHEED

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

	Budget (unaudited)	2015	2015
REVENUE			
Net municipal property taxes (Schedule 3)	322,377	321,199	342,391
User fees and sales of goods	178,515	174,467	173,368
Penalties and costs on taxes	22,000	24,138	24,358
Licenses and permits	600	909	581
Franchise and concession contracts	22,000	22,605	23,785
Investment income	100	250	263
Rentals	10,000	11,184	10,758
Government transfers for operating	56,323	62,328	55,433
Other	7,285	5,035	1,198
	<u>619,200</u>	<u>622,115</u>	<u>632,135</u>
EXPENSES			
Legislative	26,244	16,490	22,712
Administration	139,116	165,728	129,164
Protective services	39,350	28,138	31,586
Transportation	141,914	97,287	125,159
Water supply and distribution	147,973	164,521	98,068
Wastewater treatment and disposal	38,674	82,632	30,776
Waste management	42,804	41,054	40,692
Public health and welfare	10,513	8,180	5,974
Planning and development	1,934	17,972	8,451
Recreation	12,541	21,221	6,341
Culture	7,537	9,122	6,277
Amortization	-	110,642	110,448
Loss (gain) on disposal of assets	-	(3,929)	(686)
	<u>608,600</u>	<u>759,058</u>	<u>614,962</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	10,600	(136,943)	17,173
OTHER			
Government transfers for capital (Schedule 4)	-	277,377	210,246
EXCESS OF REVENUE OVER EXPENSES	10,600	140,434	227,419
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,984,667</u>	<u>2,984,667</u>	<u>2,757,248</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>2,995,267</u></u>	<u><u>3,125,101</u></u>	<u><u>2,984,667</u></u>

VILLAGE OF LOUGHEED

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

	Budget (unaudited)	2015	2015
EXCESS OF REVENUE OVER EXPENSES	<u>10,600</u>	<u>140,434</u>	<u>227,419</u>
Acquisition of tangible capital assets	-	(263,324)	(203,582)
Proceeds on disposal of tangible capital assets	-	37,433	31,897
Amortization of tangible capital assets	-	110,642	110,448
Loss on sale of tangible capital assets	-	(3,929)	(686)
	<u>-</u>	<u>(119,178)</u>	<u>(61,923)</u>
Net (increase) decrease of prepaid assets	<u>-</u>	<u>(14,042)</u>	<u>(1,334)</u>
INCREASE IN NET FINANCIAL ASSETS	10,600	7,214	164,162
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>515,902</u>	<u>515,902</u>	<u>351,740</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>526,502</u></u>	<u><u>523,116</u></u>	<u><u>515,902</u></u>

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

	<u>2015</u>	<u>2015</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	140,434	227,419
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	110,642	110,448
Loss on disposal of tangible capital assets	(3,929)	(686)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(55,686)	3,167
Decrease (increase) in trade and other receivables	(17,751)	(8,574)
Decrease (increase) in receivable from other governments	(104,840)	(98,809)
Decrease (increase) in inventory held for resale	-	(16,447)
Decrease (increase) in prepaid expenses	(14,042)	(1,334)
Increase (decrease) in accounts payable and accrued liabilities	(9,588)	(64,789)
Increase (decrease) in deferred revenue	(68,971)	808
	<u>(23,731)</u>	<u>151,203</u>
CAPITAL		
Acquisition of tangible capital assets	(263,324)	(203,582)
Sale of tangible capital assets	37,433	31,897
	<u>(225,891)</u>	<u>(171,685)</u>
FINANCING		
Long-term debt repaid	(6,754)	(15,497)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(256,376)	(35,979)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	629,143	665,122
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>372,767</u>	<u>629,143</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	50	50
Cash in bank	372,717	629,093
	<u>372,767</u>	<u>629,143</u>

VILLAGE OF LOUGHEED

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	2015
BALANCE, BEGINNING OF YEAR	524,300	53,245	2,407,122	2,984,667	2,757,248
Excess of revenues over expenses	140,434	-	-	140,434	227,419
Restricted funds used for operations	4,330	(4,330)	-	-	-
Current year funds used for tangible capital assets	(263,324)	-	263,324	-	-
Disposal of tangible capital assets	33,503	-	(33,503)	-	-
Annual amortization expense	110,642	-	(110,642)	-	-
Long term debt repaid	(6,754)	-	6,754	-	-
	<u>18,831</u>	<u>(4,330)</u>	<u>125,933</u>	<u>140,434</u>	<u>227,419</u>
BALANCE, END OF YEAR	<u><u>543,131</u></u>	<u><u>48,915</u></u>	<u><u>2,533,055</u></u>	<u><u>3,125,101</u></u>	<u><u>2,984,667</u></u>

VILLAGE OF LOUGHEED

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	2015
COST:								
Balance - beginning of year	37,010	26,000	209,061	3,540,263	410,522	204,684	4,427,540	4,263,812
Acquisition of tangible capital assets	-	-	-	66,889	47,578	-	114,467	177,582
Construction in progress	-	-	-	148,857	-	-	148,857	26,000
Disposal of tangible capital assets	-	-	-	-	35,267	20,630	55,897	39,854
Balance - end of year	37,010	26,000	209,061	3,756,009	422,833	184,054	4,634,967	4,427,540
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	-	101,351	1,537,404	189,301	132,053	1,960,109	1,858,304
Annual amortization	-	-	4,464	78,095	20,883	7,200	110,642	110,448
Accumulated amortization on disposals	-	-	-	-	1,763	20,630	22,393	8,643
Balance - end of year	-	-	105,815	1,615,499	208,421	118,623	2,048,358	1,960,109
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	37,010	26,000	103,246	2,140,510	214,412	65,431	2,586,609	2,467,431
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	37,010	-	107,710	2,002,859	221,221	72,631	2,441,431	

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

	Budget (Unaudited)	2015	2015
TAXATION			
Real property taxes	350,360	353,069	364,602
Linear property taxes	17,965	17,592	19,490
Government grants in place of property taxes	3,514	-	6,614
	<u>371,839</u>	<u>370,661</u>	<u>390,706</u>
REQUISITIONS			
Alberta School Foundation	45,493	45,493	44,381
Flagstaff Regional Housing Group	3,969	3,969	3,934
	<u>49,462</u>	<u>49,462</u>	<u>48,315</u>
NET MUNICIPAL TAXES	<u>322,377</u>	<u>321,199</u>	<u>342,391</u>

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

	Budget (Unaudited)	2015	2015
TRANSFERS FOR OPERATING			
Provincial Government	43,323	42,400	44,023
Local Governments	13,000	19,928	11,410
	<u>56,323</u>	<u>62,328</u>	<u>55,433</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	51,095	89,413
Provincial Government	-	226,282	120,833
	<u>-</u>	<u>277,377</u>	<u>210,246</u>
TOTAL GOVERNMENT TRANSFERS	<u>56,323</u>	<u>339,705</u>	<u>265,679</u>

VILLAGE OF LOUGHEED

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

	Budget (Unaudited)	2015	2015
Expenditures			
Salaries, wages and benefits	215,674	194,936	115,737
Contracted and general services	267,459	338,765	219,337
Purchases from other governments	-	-	70,000
Materials, goods and utilities	112,875	91,147	85,728
Provision for allowances	-	12,290	2,326
Transfers to local boards and agencies	7,692	9,308	7,616
Bank charges and short term interest	200	876	306
Interest on capital long term debt	4,700	3,503	4,150
Amortization of tangible capital assets	-	110,642	110,448
Loss on disposal of tangible capital assets	-	(3,929)	(686)
	<u>608,600</u>	<u>759,058</u>	<u>614,962</u>

VILLAGE OF LOUGHEED

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
REVENUE								
Net municipal property taxes (Schedule 2)	321,199	-	-	-	-	-	-	321,199
User fees and sales of goods	417	2,790	-	162,014	400	5,181	3,665	174,467
Penalties and costs on taxes	22,415	-	-	1,723	-	-	-	24,138
Licenses and permits	250	260	-	-	-	399	-	909
Franchise and concession contracts	22,605	-	-	-	-	-	-	22,605
Investment income	250	-	-	-	-	-	-	250
Rentals	11,184	-	-	-	-	-	-	11,184
Government transfers	42,400	19,928	-	-	-	-	-	62,328
Other	3,850	-	-	-	1,165	-	20	5,035
	<u>424,570</u>	<u>22,978</u>	<u>-</u>	<u>163,737</u>	<u>1,565</u>	<u>5,580</u>	<u>3,685</u>	<u>622,115</u>
EXPENSES								
Salaries, wages and benefits	108,420	8,699	23,160	42,448	4,369	-	7,840	194,936
Contracted and general services	51,088	14,460	30,627	211,136	665	16,825	13,964	338,765
Materials, goods and utilities	9,544	3,403	41,548	33,128	-	-	3,524	91,147
Provision for allowances	12,290	-	-	-	-	-	-	12,290
Transfers to local boards and agencies	-	-	-	-	3,146	1,147	5,015	9,308
Bank charges and short term interest	876	-	-	-	-	-	-	876
Interest on capital long term debt	-	1,551	1,952	-	-	-	-	3,503
	<u>182,218</u>	<u>28,138</u>	<u>97,287</u>	<u>288,207</u>	<u>8,180</u>	<u>17,972</u>	<u>30,343</u>	<u>652,345</u>
NET REVENUE, BEFORE AMORTIZATION	<u>242,352</u>	<u>(5,160)</u>	<u>(97,287)</u>	<u>(124,470)</u>	<u>(6,615)</u>	<u>(12,392)</u>	<u>(26,658)</u>	<u>(30,230)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	4,240	9,457	50,288	46,657	-	-	-	110,642
Loss (gain) on disposal of tangible capital asset	-	-	(3,929)	-	-	-	-	(3,929)
	<u>4,240</u>	<u>9,457</u>	<u>46,359</u>	<u>46,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,713</u>
NET REVENUE	<u>238,112</u>	<u>(14,617)</u>	<u>(143,646)</u>	<u>(171,127)</u>	<u>(6,615)</u>	<u>(12,392)</u>	<u>(26,658)</u>	<u>(136,943)</u>

VILLAGE OF LOUGHEED

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Lougheed 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 Institute of Chartered 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 LOUGHEED

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

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) 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.

VILLAGE OF LOUGHEED

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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	25-50
Engineered structures - other	25
Engineered structures - water system	30-75
Engineered structures - wastewater system	50-75
Machinery and equipment	7-20
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 LOUGHEED

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

2. CASH AND TERM DEPOSITS

	<u>2015</u>	<u>2015</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 5)	82,913	310,031
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	48,915	53,245
Total restricted cash and term deposits	<u>131,828</u>	<u>363,276</u>
Total unrestricted cash and term deposits	<u>240,939</u>	<u>265,867</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2015</u>	<u>2015</u>
Current taxes and grants in place of taxes	82,902	40,244
Arrears taxes	67,399	43,937
	150,301	84,181
Less: allowance for doubtful accounts	17,606	7,172
	<u>132,695</u>	<u>77,009</u>

4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of \$110,000 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>2015</u>
Municipal Sustainability Initiative - capital	242,155	294,265
Federal Gas Tax	(3,336)	(2,241)
Basic Municipal Transportation Grant	-	15,766
Other deferred revenue	2,500	2,500
	<u>241,319</u>	<u>310,290</u>

VILLAGE OF LOUGHEED

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

6. LONG TERM DEBT

	<u>2015</u>	<u>2015</u>
Alberta Capital Finance Authority	<u>53,555</u>	<u>60,309</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	7,174	3,287	10,461
2017	7,621	2,841	10,462
2018	8,095	2,367	10,462
2019	8,598	1,863	10,461
2020	9,133	1,328	10,461
Thereafter	<u>12,934</u>	<u>1,954</u>	<u>14,888</u>
	<u>53,555</u>	<u>13,640</u>	<u>67,195</u>

Debenture debt repayable to the Alberta Capital Finance Authority bears interest between 5.875% and 6.375% and matures between 2020 and 2024 and is secured by the credit and security of the village at large.

The village's total cash payments for interest on long term debt in 2015 were \$3,707 (2014 - \$4,628).

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 Lougheed be disclosed as follows:

	<u>2015</u>	<u>2015</u>
Total debt limit	<u>933,173</u>	<u>948,203</u>
Total debt	<u>53,555</u>	<u>75,806</u>
Surplus debt limit	<u>879,618</u>	<u>872,397</u>
Debt servicing limit	<u>155,529</u>	<u>158,034</u>
Debt servicing	<u>10,461</u>	<u>10,461</u>
Surplus debt servicing	<u>145,068</u>	<u>147,573</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.

VILLAGE OF LOUGHEED

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

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2015</u>
Tangible capital assets (Schedule 2)	4,634,967	4,427,540
Accumulated amortization (Schedule 2)	(2,048,358)	(1,960,109)
Long-term debt (Note 6)	(53,555)	(60,309)
	<u>2,533,054</u>	<u>2,407,122</u>

9. ACCUMULATED SURPLUS

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

	<u>2015</u>	<u>2015</u>
Unrestricted surplus	<u>543,132</u>	<u>524,300</u>
Restricted surplus		
General	39,384	43,714
Cemetery	7,554	7,554
Recreation	1,977	1,977
	<u>48,915</u>	<u>53,245</u>
Equity in tangible capital assets	<u>2,533,054</u>	<u>2,407,122</u>
	<u>3,125,101</u>	<u>2,984,667</u>

VILLAGE OF LOUGHEED

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

10. SEGMENTED DISCLOSURE

The Village of Lougheed 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)

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			2015
	Salary	Benefits & Allowances	Total	Total
Armer	4,113	-	4,113	2,725
Cameron	2,750	-	2,750	5,500
Losness	-	-	-	3,200
Phoenix	-	-	-	300
Smith	4,100	-	4,100	4,290
Twerdochlib	1,850	-	1,850	3,660
CAO	80,810	6,194	87,004	14,780

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.

VILLAGE OF LOUGHEED

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

12. 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 in 2015 were \$2,524. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2015 were \$2,313.

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

13. 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 Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the town could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

VILLAGE OF LOUGHEED

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

14. 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.

15. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 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	2015
Excess of revenue over expenditures, per financial statements	10,600	140,434	227,419
Adjustments			
Amortization expense	-	110,642	110,448
Loss (gain) on disposal of tangible capital assets	-	(3,929)	(686)
Acquisition of tangible capital assets	(361,000)	(263,324)	(203,582)
Proceeds on disposition of tangible capital assets	-	37,433	31,897
Results of operations - previous methods	(350,400)	21,256	165,496
Net transfers (to) from reserves	5,000	4,330	-
Debenture repaid	(15,600)	(6,754)	(15,497)
Increase (decrease) in unrestricted surplus	(361,000)	18,832	149,999

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.