

Town of Grimshaw

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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TOWN OF GRIMSHAW

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Management's Responsibility

To the Members of Council:

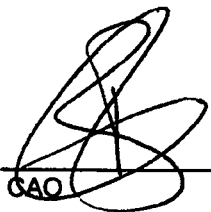
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Town Council is composed entirely of Councilors who are neither management nor employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Council is also responsible for the appointment of the Town's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Town Council and management to discuss their audit findings.

April 13, 2016



CAO



Director of Finance

Mission Statement

Making Grimshaw the greatest place to live by providing a quality service to our community in a courteous, timely, efficient and cost effective manner.

Independent Auditors' Report

To the Mayor and Council of
The Town of Grimshaw

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Grimshaw, 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.

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 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 auditors' judgement, 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.

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

Opinion

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

Peace River, Alberta
April 13, 2016



Chartered Professional Accountants

**TOWN OF GRIMSHAW
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 \$	2014 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	<u>4,150,247</u>	<u>4,138,810</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	243,564	126,465
Trade and other receivables	490,419	407,725
Other financial assets	<u>4,232</u>	<u>6,535</u>
	<u>4,888,462</u>	<u>4,679,535</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	323,087	336,096
Deposit liabilities	3,803	3,803
Deferred revenue (Note 5)	-	-
Long term debt (Note 6)	-	-
	<u>326,890</u>	<u>339,899</u>
NET FINANCIAL ASSETS	<u>4,561,572</u>	<u>4,339,636</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	23,604,511	23,183,176
Prepaid expenses	<u>103,504</u>	<u>108,748</u>
	<u>23,708,015</u>	<u>23,291,924</u>
ACCUMULATED SURPLUS (Note 9)	<u>28,269,587</u>	<u>27,631,560</u>

Commitments and contingencies - See Note 13

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

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

	Budget \$	2015 \$	2014 \$
REVENUE			
Net municipal property taxes (Schedule 3)	2,168,473	2,243,593	2,065,783
User fees and sale of goods	1,981,260	1,920,817	1,882,328
Government transfers for operating (Schedule 4)	65,000	155,925	230,880
Investment income	65,000	76,768	77,661
Penalties and costs on taxes	88,200	91,089	86,042
Gain on disposal of capital assets	-	37,256	5,828
Other revenues	514,602	585,360	362,856
Total revenues	4,882,535	5,110,808	4,711,378
EXPENSES			
Operating			
Legislative	76,462	67,696	80,923
Administration	814,146	796,245	780,308
Fire and bylaws enforcement	215,650	229,581	222,482
Roads, streets, walks and lighting	811,343	1,196,422	1,088,744
Water and wastewater	341,675	663,382	652,799
Waste management	266,488	277,770	247,334
Subdivision land development	283,362	270,729	248,940
Recreation, parks and culture	1,432,268	1,755,594	1,670,817
Land held for resale	-	-	-
Total Expenses	4,241,394	5,257,419	4,992,347
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	641,141	(146,611)	(280,969)
OTHER			
Government transfers for capital (Schedule 4)	-	784,638	1,588,293
EXCESS OF REVENUE OVER EXPENSES	641,141	638,027	1,307,324
ACCUMULATED SURPLUS, BEGINNING OF YEAR	27,631,560	27,631,560	26,324,236
ACCUMULATED SURPLUS, END OF YEAR	28,272,701	28,269,587	27,631,560

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget \$	2015 \$	2014 \$
	<u> </u>	<u> </u>	<u> </u>
EXCESS OF REVENUES OVER EXPENSES	641,141	638,027	1,307,324
Acquisition of tangible capital assets	-	(1,566,056)	(2,099,327)
Proceeds on disposal of tangible capital assets	-	51,605	5,828
Amortization of tangible capital assets	-	1,130,372	1,074,288
(Gain) on sale of tangible capital assets	-	(37,256)	(5,828)
	<u> </u>	<u> </u>	<u> </u>
	-	(421,335)	(1,025,039)
Acquisition of prepaid assets	-	(103,504)	(108,748)
Use of prepaid assets	-	108,748	93,897
	<u> </u>	<u> </u>	<u> </u>
	-	5,244	(14,851)
INCREASE IN NET FINANCIAL ASSETS	641,141	221,936	267,434
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,339,636	4,339,636	4,072,202
NET FINANCIAL ASSETS, END OF YEAR	<u>4,980,777</u>	<u>4,561,572</u>	<u>4,339,636</u>

**TOWN OF GRIMSHAW
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 of revenues over expenses	638,027	1,307,324
Gain on sale of capital assets	(37,256)	(5,828)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	1,130,372	1,074,288
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(117,098)	2,243
Decrease (increase) in trade and other receivables	(82,694)	134,440
Decrease (increase) in prepaid expenses	5,244	(14,851)
Decrease (increase) in other financial assets	2,304	(23)
Increase (decrease) in accounts payable and accrued liabilities	(13,011)	(203,050)
Increase (decrease) in deposit liabilities	-	(491)
Increase (decrease) in deferred revenue	-	(796,596)
Cash provided by operating transactions	<u>1,525,888</u>	<u>1,497,456</u>
CAPITAL		
Acquisition of tangible capital assets	(1,566,056)	(2,099,327)
Sale of tangible capital assets	51,605	5,828
Cash applied to capital transactions	<u>(1,514,451)</u>	<u>(2,093,499)</u>
INVESTING		
Decrease (increase) in investments	<u>(200,630)</u>	<u>629,326</u>
FINANCING		
Long-term debt repaid	<u>-</u>	<u>(5,920)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(189,193)	27,363
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>306,947</u>	<u>279,584</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>117,754</u></u>	<u><u>306,947</u></u>

See accompanying notes to the financial statements

	2015 \$	2014 \$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	4,150,247	4,138,810
Less: short-term and long-term investments (Note 2)	(4,032,493)	(3,831,863)
Temporary bank indebtedness	-	-
	<u><u>117,754</u></u>	<u><u>306,947</u></u>

**TOWN OF GRIMSHAW
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE 1**

	2015 \$	2014 \$
BALANCE, BEGINNING OF YEAR	27,631,560	26,324,236
Excess of revenues over expenses	638,027	1,307,324
Unrestricted funds designated for future use	(751,209)	-
Restricted funds used for operations	798,169	-
Current year funds used for tangible capital assets	(1,566,056)	-
Disposal of assets (at nbv)	14,349	-
Annual amortization expense	1,130,372	-
Long term debt repaid	-	-
Change in accumulated surplus	(46,960)	421,335
BALANCE, END OF YEAR	28,269,587	27,631,560
	27,631,560	23,183,176
	638,027	1,307,324
	751,209	-
	(798,169)	-
	-	1,566,056
	-	(14,349)
	-	(1,130,372)
	263,652	421,335
	1,727,539	23,604,511
	2,937,537	27,631,560
	638,027	1,307,324
	28,269,587	27,631,560

TOWN OF GRIMSHAW
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2015 \$	2014 \$
COST:								
BALANCE, BEGINNING OF YEAR	625,919	291,384	16,582,995	42,428,062	1,280,486	972,146	62,180,992	60,105,167
Acquisition of tangible capital assets	-	65,164	125,063	1,297,971	77,858	-	1,566,056	2,099,327
Disposal of tangible capital assets	(6,368)	-	-	-	(141,303)	(23,000)	(170,671)	(23,502)
BALANCE, END OF YEAR	619,551	356,548	16,708,058	43,726,033	1,217,041	949,146	63,576,377	62,180,992
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	73,227	2,587,992	34,818,450	1,046,673	471,474	38,997,816	37,947,030
Annual amortization	-	13,203	330,572	668,610	62,059	55,928	1,130,372	1,074,288
Accumulated amortization on disposals	-	-	-	-	(133,322)	(23,000)	(156,322)	(23,502)
BALANCE, END OF YEAR	-	86,430	2,918,564	35,487,060	975,410	504,402	39,971,866	38,997,816
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	619,551	270,118	13,789,494	8,238,973	241,631	444,744	23,604,511	23,183,176
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	625,919	218,157	13,995,003	7,609,612	233,813	500,672	23,183,176	

**TOWN OF GRIMSHAW
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE 3**

	Budget \$	2015 \$	2014 \$
TAXATION			
Real property taxes	3,093,183	2,889,400	2,653,705
Linear property taxes	-	62,486	60,518
Government grants in place of property taxes	-	74,711	57,546
Local Improvements	-	5,594	9,662
	<u>3,093,183</u>	<u>3,032,191</u>	<u>2,781,431</u>
REQUISITIONS			
Alberta School Foundation Fund	841,855	705,743	660,191
Seniors foundation	82,855	82,855	55,457
	<u>924,710</u>	<u>788,598</u>	<u>715,648</u>
NET MUNICIPAL TAXES	<u>2,168,473</u>	<u>2,243,593</u>	<u>2,065,783</u>

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE 4**

	Budget \$	2015 \$	2014 \$
	<u> </u>	<u> </u>	<u> </u>
TRANSFERS FOR OPERATING:			
Provincial Government	65,000	155,925	230,880
Federal Government	-	-	-
	<u>65,000</u>	<u>155,925</u>	<u>230,880</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	-	784,638	1,588,293
Federal Government	-	-	-
	<u>-</u>	<u>784,638</u>	<u>1,588,293</u>
TOTAL GOVERNMENT TRANSFERS	<u>65,000</u>	<u>940,563</u>	<u>1,819,173</u>

See accompanying notes to the financial statements

**TOWN OF GRIMSHAW
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE 5**

	Budget \$	2015 \$	2014 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	1,875,432	1,733,557	1,767,920
Contracted and general services	1,682,204	1,687,616	1,488,554
Materials, goods, supplies and utilities	527,422	533,668	523,812
Bank charges and short term interest	3,350	4,604	3,218
Interest on capital long-term debt	-	-	340
Amortization of tangible capital assets	-	1,130,372	1,074,288
Other expenses	152,986	167,602	134,215
	<u>4,241,394</u>	<u>5,257,419</u>	<u>4,992,347</u>

See accompanying notes to the financial statements

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

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	2,243,593	-	-	-	-	-	-	2,243,593
Government transfers	-	-	870,440	70,123	-	-	-	940,563
User fees and sales of goods	413,672	98,503	-	-	237,467	1,171,175	-	1,920,817
Gain on sale of capital assets	37,256	-	-	-	-	-	-	37,256
Investment income	76,768	-	-	-	-	-	-	76,768
Penalties and costs on taxes	49,929	18,987	-	-	-	22,173	-	91,089
Other revenues	3,818	4,770	10,786	233,773	315,612	16,601	-	585,360
	2,825,036	122,260	881,226	303,896	553,079	1,209,949	-	5,895,446
EXPENSES								
Contract & general services	272,318	104,184	346,817	46,151	562,550	355,596	-	1,687,616
Salaries & wages	500,885	64,697	377,746	-	605,236	184,993	-	1,733,557
Goods & supplies	43,493	35,389	111,642	2,965	289,211	50,968	-	533,668
Bank charges and interest	4,604	-	-	-	-	-	-	4,604
Long term debt interest	-	-	-	-	-	-	-	-
Other expenses	23,601	512	-	26,057	117,081	352	-	167,603
	844,901	204,782	836,205	75,173	1,574,078	591,909	-	4,127,048
NET REVENUE BEFORE AMORTIZATION	1,980,135	(82,522)	45,021	228,723	(1,020,999)	618,040	-	1,768,399
Amortization expense	(18,596)	(27,847)	(353,063)	-	(376,258)	(354,608)	-	(1,130,372)
NET REVENUE	1,961,539	(110,369)	(308,042)	228,723	(1,397,257)	263,432	-	638,027

**TOWN OF GRIMSHAW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Grimshaw 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 Town of Grimshaw 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 Council for 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 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.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses 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.

**TOWN OF GRIMSHAW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Employee Future Benefits

Certain employees of the Town are members of the Local Authorities Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Town does not recognize its share of any plan surplus or deficit.

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.

h) Requisition Over-levies and Under-Levies

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.

i) Non-Financial Assets

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

**TOWN OF GRIMSHAW
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Land Improvements	10-45
Buildings	25-50
Engineered structures	
Water distribution system	30-75
Wastewater treatment system	35-75
Roadway system	5-40
Machinery, equipment and furnishings	5-20
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. The Town of Grimshaw owns 2 antique trucks. They were purchased in 2008 for a combined cost of \$28,500. The trucks are not recorded as tangible capital assets in the financial statements and are not amortized.

j) Tax Revenue

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

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

TOWN OF GRIMSHAW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

2. CASH AND INVESTMENTS

	2015	2014
	\$	\$
Cash	117,754	306,947
Savings account	-	-
GIC's and investment savings account	4,032,493	3,831,863
	<u>4,150,247</u>	<u>4,138,810</u>

GIC's and investment savings account consist of mutual fund investments and GIC investments bearing interest between 1.85 - 2.35% with maturity dates ranging from July 13, 2016 - July 13, 2017.

A portion of the cash balances above are restricted for reserves and deferred revenue. The total restricted capital is \$2,937,537 (\$2,984,497 in 2014).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2015	2014
	\$	\$
Current taxes and grants in lieu of taxes	177,644	78,451
Arrears taxes	65,920	48,014
	<u>243,564</u>	<u>126,465</u>
Less: allowance for doubtful accounts	-	-
	<u>243,564</u>	<u>126,465</u>

4. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2015	2014
	\$	\$
Vacation and overtime	98,607	100,261
Project holdbacks	-	-
General payables	201,577	210,302
Government payables (source deductions and GST)	22,905	25,533
	<u>323,087</u>	<u>336,096</u>

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

5. DEFERRED REVENUE

	2015	2014
	\$	\$
Prepaid local improvement charges	-	-
Deferred grants	-	-
	<u>-</u>	<u>-</u>

Municipal Sustainability Initiative

Funding in the amount of \$738,596 was received in the current year from the Municipal Sustainability Initiative. Of the \$738,596 received, \$652,792 is from the capital component of the program and is restricted to eligible capital project, as approved under the funding agreement, which were completed in 2015. The remaining \$85,804 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which were also completed in 2015.

**TOWN OF GRIMSHAW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>
	\$	\$
Self supported debentures	-	-

The current portion of the long-term debt amounts to nil (2014 - nil)

There are no principal and interest repayments.

Debenture debt is issued on the credit and security of the town at large.

Interest on long-term debt amounted to nil (2014 - \$340).

7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta be disclosed as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Total debt limit	<u>7,666,212</u>	<u>7,067,067</u>
Total debt	-	-
Amount of debt limit unused	<u>7,666,212</u>	<u>7,067,067</u>
Debt servicing limit	<u>1,277,702</u>	<u>1,177,845</u>
Debt servicing	-	-
Amount of debt servicing limit unused	<u>1,277,702</u>	<u>1,177,845</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 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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
	\$	\$
Tangible capital assets (Schedule 2)	<u>63,576,377</u>	<u>62,180,992</u>
Accumulated amortization (Schedule 2)	<u>(39,971,866)</u>	<u>(38,997,816)</u>
Long-term debt (Note 6)	-	-
	<u>23,604,511</u>	<u>23,183,176</u>

9. ACCUMULATED SURPLUS

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Unrestricted surplus	<u>1,727,539</u>	<u>1,463,887</u>
Reserves (Note 10)	<u>2,937,537</u>	<u>2,984,497</u>
Equity in tangible capital assets (Note 8)	<u>23,604,511</u>	<u>23,183,176</u>
	<u>28,269,587</u>	<u>27,631,560</u>

**TOWN OF GRIMSHAW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

10. Reserves

Reserves consists of operating and capital amounts as follows:

	2015 \$	2014 \$
Operating reserves		
General Administration	286,037	286,037
RCMP	24,000	24,000
Fire	28,810	28,810
Transportation	709,886	709,886
Water	(1,020)	69,756
Sewer	7,000	7,000
FCSS	12	12
Economic Development	98,330	7,011
Recreation	3,500	3,500
Contingency	1,460	1,460
	<u>1,158,015</u>	<u>1,137,472</u>
Capital reserves		
General Administration	93,100	40,500
RCMP	8,000	5,000
Fire	87,569	68,000
Transportation	64,062	44,816
Water	37,538	200,660
Sewer	89,272	36,272
Recreation	994,716	964,716
Pool	(36,687)	33,445
Fitness Centre	66,530	53,530
Parks	65,544	112,207
Field House	45,000	30,000
Elks Hall	6,503	(497)
Capital replacement	258,375	258,376
	<u>1,779,522</u>	<u>1,847,025</u>
Total reserves	<u><u>2,937,537</u></u>	<u><u>2,984,497</u></u>

TOWN OF GRIMSHAW
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11. 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:

	2015			2014
	Salary ¹	Benefits & allowances ²	Expense reimbursement ³	Total
Councillors				
Mayor Regal	9,662	-	1,173	12,434
Councillor Allan	6,156	-	417	8,590
Councillor Jonk	3,621	-	825	4,597
Councillor Konowalyk	3,414	-	731	5,883
Councillor Nelson	4,174	-	949	7,061
Councillor Thompson	6,263	-	1,392	7,957
Councillor Wearden	4,106	-	403	5,807
Chief Administrative Officer	104,758	18,836	387	117,303
	142,154	18,836	6,277	167,267
				169,632

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, and long and short-term disability plans.

3 Direct reimbursement of expenses.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town 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 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 Town 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 Town 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 Town to the LAPP in 2015 were \$135,123 (2014 - \$142,833). Total current service contributions by the employees of the Town to the LAPP in 2015 were \$124,147 (2014 - \$131,137).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 billion.

13. COMMITMENTS

The Town has signed a new 5 year contract with KCL Consulting Inc to provide assessment services.

The Town has also entered into a 3 year agreement with the Lac Cardinal Economic Development Board.

**TOWN OF GRIMSHAW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

14. CONTINGENCIES

The town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the 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.

15. FINANCIAL INSTRUMENTS

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

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.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

16. SEGMENTED DISCLOSURE

The Town of Grimshaw 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).

17 APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.