

**TOWN OF TROCHU  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

TOWN OF TROCHU  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the Town of Trochu, which comprise the statement of financial position as at December 31, 2015 and the statement 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*

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 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 Trochu 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.

HANNA, ALBERTA  
FEBRUARY 18, 2016

Endeavor  
CHARTERED ACCOUNTANTS

**TOWN OF TROCHU**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b> <b>(Restated)</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 842,047	\$ 944,714
Receivables		
Taxes and grants in place of taxes (Note 3)	129,368	198,256
Trade and other receivables	255,343	346,487
Receivables from other governments	390,635	77,906
Land inventory held for resale	1,342,390	812,305
Investments (Note 4)	<u>10</u>	<u>10</u>
	<u>2,959,793</u>	<u>2,379,678</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	119,420	145,112
Deposit liabilities (Note 5)	7,824	9,224
Deferred revenue (Note 6)	544,501	732,746
Employee benefit obligations (Note 7)	31,893	25,009
Long-term debt (Note 8)	<u>1,297,566</u>	<u>707,239</u>
	<u>2,001,204</u>	<u>1,619,330</u>
<b>NET FINANCIAL ASSETS</b>	<u>958,589</u>	<u>760,348</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	7,610,319	7,547,837
Prepaid expenses	<u>71</u>	<u>536</u>
	<u>7,610,390</u>	<u>7,548,373</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 8,568,979</u>	<u>\$ 8,308,721</u>
	<b>CONTINGENCIES (SEE NOTE 14)</b>	

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

	Budget (Unaudited)	2015	2014 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,040,850	\$ 1,035,308	\$ 980,713
User fees and sale of goods	1,038,700	986,449	938,606
Government transfers for operating (Schedule 3)	307,181	376,752	259,809
Investment income	7,060	7,662	8,999
Penalties and costs on taxes	57,500	60,041	58,312
Licenses and permits	300	900	645
Franchise and concession contracts	90,000	78,043	74,944
Insurance proceeds			7,336
Gain on disposal of capital assets	2,000	1,750	24,017
Other	<u>123,400</u>	<u>154,475</u>	<u>175,048</u>
<b>Total Revenue</b>	<u>2,666,991</u>	<u>2,701,380</u>	<u>2,528,429</u>
<b>EXPENSES</b>			
Legislative	94,450	89,023	86,708
Administration	480,929	407,187	416,269
Protective services	68,473	67,324	48,390
Transportation	328,499	490,038	479,031
Water supply and distribution	576,926	583,395	568,666
Wastewater treatment and disposal	81,800	94,108	106,319
Waste management	161,559	156,363	155,816
Family and community support	32,600	215,738	181,685
Land use planning, zoning and development	129,696	329,323	126,327
Subdivision land and development	46,600	50,968	73,001
Parks and recreation	305,276	309,108	337,832
Culture	<u>186,301</u>	<u>166,487</u>	<u>199,718</u>
<b>Total Expenses</b>	<u>2,493,109</u>	<u>2,959,062</u>	<u>2,779,762</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>			
	173,882	(257,682)	(251,333)
Government transfers for capital (Schedule 3)		458,001	72,633
Contributed and donated assets			25,000
Capital donations and other capital revenue		<u>59,939</u>	<u>38,356</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	173,882	260,258	(115,344)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>8,308,721</u>	<u>8,308,721</u>	<u>8,424,065</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 8,482,603</u>	<u>\$ 8,568,979</u>	<u>\$ 8,308,721</u>

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

	Budget (Unaudited)	2015	2014 (Restated)
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>173,882</u>	\$ <u>260,258</u>	\$ <u>(115,344)</u>
Acquisition of tangible capital assets		(582,155)	(338,659)
Proceeds on sale of tangible capital assets		147,176	65,005
Amortization of tangible capital assets		369,515	352,788
(Gain) loss on sale of tangible capital assets		<u>2,981</u>	<u>(24,017)</u>
		<u>(62,483)</u>	<u>55,117</u>
Change in prepaid expenses		<u>465</u>	<u>457</u>
<b>DECREASE IN NET DEBT</b>	173,882	198,240	(59,770)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>760,349</u>	<u>760,349</u>	<u>820,119</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 934,231</u>	<u>\$ 958,589</u>	<u>\$ 760,349</u>

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

	<b>2015</b>	<b>2014</b> <b>(Restated)</b>
<b>NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 260,258	\$ (115,344)
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	369,515	352,788
Gain(loss) on sale of tangible capital assets	<u>2,981</u>	<u>(24,017)</u>
	632,754	213,427
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivables	68,888	(48,504)
Decrease(increase) in trade and other receivables	91,144	(70,042)
Decrease(increase) in receivables from other governments	(312,729)	33,151
Decrease(increase) in prepaid expenses	465	457
Decrease(increase) in land held for resale	(530,085)	11,079
Increase(decrease) in accounts payable and accrued liabilities	(25,690)	(108,003)
Increase(decrease) in deposit liabilities	(1,400)	1,200
Increase(decrease) in deferred revenue	(188,245)	203,166
Increase(decrease) in employee benefit obligations	<u>6,884</u>	<u>(9,326)</u>
Cash provided by (applied to) operating transactions	<u>(258,014)</u>	<u>226,605</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(582,155)	(338,659)
Proceeds on sale of tangible capital assets	<u>147,176</u>	<u>65,005</u>
Cash provided by (applied to) capital transactions	<u>(434,979)</u>	<u>(273,654)</u>
<b>FINANCING</b>		
Proceeds from loans	744,337	
Long term debt repaid	<u>(154,011)</u>	<u>(96,720)</u>
Cash provided by (applied to) financing transactions	<u>590,326</u>	<u>(96,720)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(102,667)	(143,769)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>944,714</u>	<u>1,088,483</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 842,047</u>	<u>\$ 944,714</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	<u>\$ 842,047</u>	<u>\$ 944,714</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 842,047</u>	<u>\$ 944,714</u>

**TOWN OF TROCHU**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 200,420	\$ 231,293	\$ 1,101,705	\$ 12,148,313	\$ 922,572	\$ 480,096	\$ 15,084,399	\$ 14,993,618
Acquisition of tangible capital assets			117,941	145,512	223,110	38,570	525,133	312,430
Construction-in-progress				57,021	(167,758)		57,021	26,229
Disposal of tangible capital assets							(167,758)	(247,878)
BALANCE, END OF YEAR	<u>200,420</u>	<u>231,293</u>	<u>1,219,646</u>	<u>12,350,846</u>	<u>977,924</u>	<u>518,666</u>	<u>15,498,795</u>	<u>15,084,399</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		153,858	782,368	6,002,708	400,745	196,883	7,536,562	7,390,664
Annual amortization		6,021	28,683	230,074	60,423	44,314	369,515	352,788
Accumulated amortization on disposals					(17,601)		(17,601)	(206,890)
BALANCE, END OF YEAR		<u>159,879</u>	<u>811,051</u>	<u>6,232,782</u>	<u>443,567</u>	<u>241,197</u>	<u>7,888,476</u>	<u>7,536,562</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 200,420</u>	<u>\$ 71,414</u>	<u>\$ 408,595</u>	<u>\$ 6,118,064</u>	<u>\$ 534,357</u>	<u>\$ 277,469</u>	<u>\$ 7,610,319</u>	<u>\$ 7,547,837</u>



**TOWN OF TROCHU**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**Schedule 2**

	Budget (Unaudited)	2015	2014
<b>TAXATION</b>			
Real property taxes	\$ 1,226,054	\$ 1,212,856	\$ 1,166,178
Linear property taxes	41,096	47,434	45,755
Government grants in place of taxes	<u>8,543</u>	<u>9,861</u>	<u>9,375</u>
	<u>1,275,693</u>	<u>1,270,151</u>	<u>1,221,308</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	233,417	233,417	239,582
Golden Hills Lodge	<u>1,426</u>	<u>1,426</u>	<u>1,013</u>
	<u>234,843</u>	<u>234,843</u>	<u>240,595</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,040,850</u>	<u>\$ 1,035,308</u>	<u>\$ 980,713</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**Schedule 3**

	Budget (Unaudited)	2015	2014 (Restated)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 132,181	\$ 69,278	\$ 84,038
Federal government			2,682
Local governments	<u>175,000</u>	<u>307,474</u>	<u>173,089</u>
	<u>307,181</u>	<u>376,752</u>	<u>259,809</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government		343,546	72,633
Federal government		<u>114,455</u>	<u>72,633</u>
		<u>458,001</u>	<u>72,633</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 307,181</u>	<u>\$ 834,753</u>	<u>\$ 332,442</u>

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

**Schedule 4**

	Budget (Unaudited)	2015	2014
<hr/>			
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 1,008,880	\$ 913,402	\$ 867,286
Contracted and general services	857,855	947,093	973,018
Materials, goods, supplies and utilities	498,173	409,063	491,214
Provision for allowances	2,500	3,446	169
Transfers to individuals and organizations	47,000	47,660	55,359
Bank charges and short term interest	3,000	3,670	2,728
Interest on long term debt	39,901	31,109	24,111
Amortization of tangible capital assets		369,515	352,788
Loss on disposal of tangible capital assets		4,731	
Other expenses	35,800	229,373	13,089
	<u>\$ 2,493,109</u>	<u>\$ 2,959,062</u>	<u>\$ 2,779,762</u>

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

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014 (Restated)
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 636,665</b>	<b>\$ 831,458</b>	<b>\$ 6,840,598</b>	<b>\$ 8,308,721</b>	<b>\$ 8,424,065</b>
Excess (deficiency) of revenues over expenses	260,258			260,258	(115,344)
Unrestricted funds designated for future use	(22,000)	22,000			
Restricted funds used for tangible capital assets	(349,920)	(62,898)	62,898		
Current year funds used for tangible capital assets	150,157		349,920		
Disposal of tangible capital assets	369,515		(150,157)		
Annual amortization expense	(148,160)		(369,515)		
Long term debt repaid			148,160		
Change in accumulated surplus	<u>259,850</u>	<u>(40,898)</u>	<u>41,306</u>	<u>260,258</u>	<u>(115,344)</u>
<b>BALANCE, END OF YEAR</b>	<b>\$ 896,515</b>	<b>\$ 790,560</b>	<b>\$ 6,881,904</b>	<b>\$ 8,568,979</b>	<b>\$ 8,308,721</b>

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Trochu 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting polices 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.

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.

**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.

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 tangible capital assets under the respective function.

**g) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**h) Government Transfers**

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

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

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**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 (Debt) 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:

	<b>YEARS</b>
Land improvements	10 to 45
Buildings	25 to 50
Engineering structures	
Water system	45 to 75
Wastewater system	45 to 75
Other engineered structures	5 to 75
Machinery and equipment	5 to 40
Vehicles	10 to 40

One-half of the annual amortization is charged in the year of acquisition. 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.

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**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Cash	\$ <u>842,047</u>	\$ <u>944,714</u>

The ATB Financial pays prime less 2.1% on deposits of less the \$750,000 and prime less 2% on deposits of more then \$750,000 on the funds maintained in the Town's general bank account.

Of the cash, \$544,501 (2014 - \$732,746) is considered restricted cash and not available for general use as it relates to conditional government grant revenue and other conditional contributions that have not yet been expended for the purposes intended.

The Town has two revolving lines of credit with ATB Financial totaling \$500,000, interest at prime rate. As of December 31, 2015 \$0 was outstanding.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Current taxes and grants in place receivables	\$ 64,359	\$ 98,604
Arrears taxes	<u>79,740</u>	<u>114,383</u>
	144,099	212,987
Less: allowance for doubtful accounts	<u>(14,731)</u>	<u>(14,731)</u>
	<u>\$ 129,368</u>	<u>\$ 198,256</u>

**4. INVESTMENTS**

	<b>2015</b>		<b>2014</b>	
	Cost	Market Value	Cost	Market Value
Other institutional and private corporation bonds	\$ <u>10</u>	\$ <u>10</u>	\$ <u>10</u>	\$ <u>10</u>

**5. DEPOSIT LIABILITIES**

The Town maintains utility deposits of \$7,824 (\$9,224 - 2014).

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**6. DEFERRED REVENUE**

	<u>2015</u>	<u>2014</u> <u>As restated</u>
Alberta Municipal Sustainability Initiative Program	\$ 505,790	\$ 521,461
Federal Gas Tax Fund		58,258
Walking Trails Project - Donations	18,381	53,320
Fire Department - Donation	8,886	8,886
Donations - Ace Project	4,900	4,900
TD Friends of the Environment - Spray Park Project	3,973	3,973
Choose Well Program Grant	1,916	1,916
TD Friends of the Environment - Tree Replacement Project	655	655
Donations - School Resource Officer		79,377
	<u>\$ 544,501</u>	<u>\$ 732,746</u>

**Alberta Municipal Sustainability Initiative**

Provincial government funding was received in the current year to undertake certain eligible infrastructure expenditures within the Town and in co-operation with neighbouring municipalities, that have not yet been expended.

**Walking Trails - Donations**

The Town received certain donations and contributions from community members and organizations to construct walking trails throughout the community.

**Fire Department - Donation**

The Town received a contribution of funds to be used for future fire department equipment replacements.

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2015</u>	<u>2014</u>
Vacation pay payable	\$ 6,645	\$ 5,133
Vested sick leave payable	24,430	19,876
Banked time payable	<u>818</u>	<u></u>
	<u>\$ 31,893</u>	<u>\$ 25,009</u>

**Vacation pay payable**

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.

**Vested sick leave payable**

The vested sick leave liability is comprised of paid sick days that employees have not used and are being deferred to future years.



**TOWN OF TROCHU**  
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**8. LONG TERM DEBT**

	<b>2015</b>	<b>2014</b>
Tax supported debentures	\$ 14,951	\$ 29,072
Tax supported loans	1,282,615	678,167
	<b>\$ 1,297,566</b>	<b>\$ 707,239</b>

The current portion of the long-term debt amounts to \$143,764 (2014 - \$98,127)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 143,764	\$ 40,055	\$ 183,819
2017	131,239	33,955	165,194
2018	117,388	30,213	147,601
2019	94,201	27,125	121,326
2020	94,615	24,423	119,038
Thereafter	716,359	252,924	969,283
	<b>\$ 1,297,566</b>	<b>\$ 408,695</b>	<b>\$ 1,706,261</b>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates of 3.127% and 5.875% per annum and matures in September 2016 and June 2015. Debenture debt is issued on the credit and security of the Town of Trochu at large.

The ATB Financial municipal business loans are due on demand, bear interest at bank prime rate and are repayable in annual principal payments of \$7,000, \$8,055, \$16,000, \$18,812 and \$50,000 plus monthly interest payments as well as blended monthly payments of \$1,650.

Interest on long-term debt amounted to \$31,109 (2014 - \$24,111).

**TOWN OF TROCHU**  
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**9. 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 Trochu be disclosed as follows:

	<b>2015</b>	<b>2014</b>
Total debt limit	\$ 4,052,070	\$ 3,792,644
Total debt	1,297,566	707,239
Amount of debit limit unused	\$ 2,754,504	\$ 3,085,405
Debt servicing limit	\$ 675,345	\$ 632,107
Debt servicing	183,818	118,928
Amount of debt servicing limit unused	\$ 491,527	\$ 513,179

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.

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2015</b>	<b>2014</b>
Tangible capital assets	\$ 15,498,795	\$ 15,084,399
Accumulated amortization	(7,888,476)	(7,536,562)
Long-term debt (Note 8)	(728,415)	(707,239)
	\$ 6,881,904	\$ 6,840,598

**TOWN OF TROCHU**  
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**11. ACCUMULATED SURPLUS**

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 896,515	\$ 636,665
Restricted surplus:		
General	510,336	510,336
Dr. Hay memorial fund	100,000	100,000
Administrative	2,498	12,400
Recognition and appreciation	5,275	5,275
Fire	73,340	73,340
Water	29,004	77,000
Wastewater	16,726	16,726
Waste management	17,000	
Subdivision land and development	16,446	16,446
Administrative salaries	19,935	19,935
Equity in tangible capital assets	<u>6,881,904</u>	<u>6,840,598</u>
	<u>\$ 8,568,979</u>	<u>\$ 8,308,721</u>

**12. SALARY AND BENEFITS**

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:

	<u>2015</u>			<u>2014</u>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Councillor Cunningham	\$ 8,060	\$ 103	\$ 8,163	\$ 9,499
Councillor Garneau	7,410	88	7,498	9,771
Councillor Kletke	12,740	250	12,990	12,383
Councillor Lumley	9,410	138	9,548	9,243
Councillor Reeds	7,360	81	7,441	7,111
Councillor Stephan	4,660	9	4,669	5,732
Councillor Warnock	11,285	206	11,491	10,303
Chief Administrative Officer	90,000	19,135	109,135	112,671

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.

**TOWN OF TROCHU**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. 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 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.

Total current service contributions by the Town to the LAPP in 2015 were \$64,288 (2014 - \$61,006). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2015 were \$58,894 (2014 - \$55,837).

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

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**14. CONTINGENCIES**

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

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**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.

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**16. PRIOR PERIOD ADJUSTMENTS**

During the year it was determined that an amendment was required to the Town's provincial grant funding reporting. As a result of the change deferred revenue decreased by \$113,830, provincial government grant revenue decreased by \$17,000 and accumulated surplus increased by \$130,830.

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**17. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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TOWN OF TROCHU  
NOTES TO FINANCIAL STATEMENTS  
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**18. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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*BK* mayor.  
*Carl Peterson* CAO