

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

**TOWN OF TROCHU
FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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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, 2014 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, 2014, 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 19, 2015

Endeavor
CHARTERED ACCOUNTANTS

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

	2014	2013 (Restated)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 944,714	\$ 1,088,483
Receivables		
Taxes and grants in place of taxes (Note 3)	198,256	149,753
Trade and other receivables	346,487	276,445
Receivables from other governments	77,906	111,057
Land inventory held for resale	812,305	823,384
Investments (Note 4)	<u>10</u>	<u>10</u>
	<u>2,379,678</u>	<u>2,449,132</u>
LIABILITIES		
Accounts payable and accrued liabilities	145,113	253,117
Deposit liabilities (Note 5)	9,224	8,024
Deferred revenue (Note 6)	846,576	660,409
Employee benefit obligations (Note 7)	25,009	34,335
Long-term debt (Note 8)	<u>707,239</u>	<u>803,960</u>
	<u>1,733,161</u>	<u>1,759,845</u>
NET FINANCIAL ASSETS	<u>646,517</u>	<u>689,287</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	7,547,837	7,602,954
Prepaid expenses	<u>536</u>	<u>993</u>
	<u>7,548,373</u>	<u>7,603,947</u>
ACCUMULATED SURPLUS	<u>\$ 8,194,890</u>	<u>\$ 8,293,234</u>

CONTINGENCIES (SEE NOTE 14)
SUBSEQUENT EVENTS (SEE NOTE 17)

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

	Budget (Unaudited)	2014	2013
REVENUE			
Net municipal taxes (Schedule 2)	\$ 1,026,692	\$ 980,713	\$ 942,956
User fees and sale of goods	943,805	938,606	850,370
Government transfers for operating (Schedule 3)	234,994	259,809	283,448
Investment income	6,120	8,999	8,536
Penalties and costs on taxes	40,500	58,312	68,951
Licenses and permits	857	645	4,710
Franchise and concession contracts	59,364	74,944	65,612
Insurance proceeds		7,336	
Gain on disposal of capital assets		24,017	636
Other	<u>25,743</u>	<u>175,048</u>	<u>144,234</u>
Total Revenue	<u>2,338,075</u>	<u>2,528,429</u>	<u>2,369,453</u>
EXPENSES			
Legislative	123,051	86,708	106,347
Administration	413,349	416,269	338,449
Protective services	50,046	48,390	50,612
Transportation	411,775	479,031	520,419
Water supply and distribution	525,940	568,666	596,397
Wastewater treatment and disposal	76,754	106,319	103,821
Waste management	148,447	155,816	131,325
Family and community support	35,987	181,685	177,107
Land use planning, zoning and development	123,732	126,327	82,109
Subdivision land and development	45,440	73,001	43,562
Parks and recreation	312,486	337,832	278,984
Culture	<u>203,276</u>	<u>199,718</u>	<u>158,350</u>
Total Expenses	<u>2,470,283</u>	<u>2,779,762</u>	<u>2,587,482</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(132,208)	(251,333)	(218,029)
Government transfers for capital (Schedule 3)		89,633	243,835
Contributed and donated assets		25,000	
Capital donations		<u>38,356</u>	<u>12,768</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(132,208)	(98,344)	38,574
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>8,293,234</u>	<u>8,293,234</u>	<u>8,254,660</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 8,161,026</u>	<u>\$ 8,194,890</u>	<u>\$ 8,293,234</u>

TOWN OF TROCHU
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget (Unaudited)	2014	2013
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (132,208)	\$ (98,344)	\$ 38,574
Acquisition of tangible capital assets		(338,659)	(398,923)
Proceeds on sale of tangible capital assets		65,005	35,786
Amortization of tangible capital assets		352,788	350,679
(Gain) loss on sale of tangible capital assets		(24,017)	(636)
		<u>55,117</u>	<u>(13,094)</u>
Change in prepaid expenses		<u>457</u>	<u>1,074</u>
DECREASE IN NET DEBT	(132,208)	(42,770)	26,554
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>689,289</u>	<u>689,289</u>	<u>662,735</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 557,081</u>	<u>\$ 646,519</u>	<u>\$ 689,289</u>

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

	2014	2013
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ (98,344)	\$ 38,574
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	352,788	350,679
Gain(loss) on sale of tangible capital assets	<u>(24,017)</u>	<u>(636)</u>
	230,427	388,617
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivables	(48,504)	23,171
Decrease(increase) in trade and other receivables	(70,042)	(69,690)
Decrease(increase) in receivables from other governments	33,151	119,873
Decrease(increase) in prepaid expenses	457	1,074
Decrease(increase) in land held for resale	11,079	16,258
Increase(decrease) in accounts payable and accrued liabilities	(108,003)	41,511
Increase(decrease) in deposit liabilities	1,200	400
Increase(decrease) in deferred revenue	186,166	113,824
Increase(decrease) in employee benefit obligations	<u>(9,326)</u>	<u>(15,028)</u>
Cash provided by (applied to) operating transactions	<u>226,605</u>	<u>620,010</u>
CAPITAL		
Acquisition of tangible capital assets	(338,659)	(398,923)
Proceeds on sale of tangible capital assets	<u>65,005</u>	<u>35,786</u>
Cash provided by (applied to) capital transactions	<u>(273,654)</u>	<u>(363,137)</u>
FINANCING		
Proceeds from loans		90,000
Long term debt repaid	<u>(96,720)</u>	<u>(80,048)</u>
Cash provided by (applied to) financing transactions	<u>(96,720)</u>	<u>9,952</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(143,769)	266,825
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,088,483</u>	<u>821,658</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 944,714</u>	<u>\$ 1,088,483</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>\$ 944,714</u>	<u>\$ 1,088,483</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 944,714</u>	<u>\$ 1,088,483</u>

TOWN OF TROCHU
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2014	2013
COST:								
BALANCE, BEGINNING OF YEAR	\$ 200,420	\$ 214,293	\$ 1,101,705	\$ 12,080,820	\$ 840,782	\$ 555,598	\$ 14,993,618	\$ 14,637,444
Acquisition of tangible capital assets		17,000		41,264	211,442	42,724	312,430	382,213
Construction-in-progress				26,229	(129,652)	(118,226)	26,229	16,711
Disposal of tangible capital assets							(247,878)	(42,750)
BALANCE, END OF YEAR	<u>200,420</u>	<u>231,293</u>	<u>1,101,705</u>	<u>12,148,313</u>	<u>922,572</u>	<u>480,096</u>	<u>15,084,399</u>	<u>14,993,618</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		148,679	759,583	5,774,539	433,858	274,005	7,390,664	7,047,585
Annual amortization		5,179	22,785	228,169	55,551	41,104	352,788	350,679
Accumulated amortization on disposals					(88,664)	(118,226)	(206,890)	(7,600)
BALANCE, END OF YEAR		<u>153,858</u>	<u>782,368</u>	<u>6,002,708</u>	<u>400,745</u>	<u>196,883</u>	<u>7,536,562</u>	<u>7,390,664</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 200,420</u>	<u>\$ 77,435</u>	<u>\$ 319,337</u>	<u>\$ 6,145,605</u>	<u>\$ 521,827</u>	<u>\$ 283,213</u>	<u>\$ 7,547,837</u>	<u>\$ 7,602,954</u>

TOWN OF TROCHU
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2014
Schedule 2

	Budget (Unaudited)	2014	2013
TAXATION			
Real property taxes	\$ 1,219,380	\$ 1,166,178	\$ 1,144,818
Linear property taxes	39,762	45,755	43,233
Government grants in place of taxes	<u>8,147</u>	<u>9,375</u>	<u>9,103</u>
	<u>1,267,289</u>	<u>1,221,308</u>	<u>1,197,154</u>
REQUISITIONS			
Alberta School Foundation Fund	239,582	239,582	253,447
Golden Hills Lodge	<u>1,015</u>	<u>1,013</u>	<u>751</u>
	<u>240,597</u>	<u>240,595</u>	<u>254,198</u>
NET MUNICIPAL TAXES	<u>\$ 1,026,692</u>	<u>\$ 980,713</u>	<u>\$ 942,956</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2014
Schedule 3

	Budget (Unaudited)	2014	2013
TRANSFERS FOR OPERATING			
Provincial government	\$ 68,051	\$ 84,038	\$ 135,141
Federal government		2,682	5,765
Local governments	<u>166,943</u>	<u>173,089</u>	<u>142,542</u>
	<u>234,994</u>	<u>259,809</u>	<u>283,448</u>
TRANSFERS FOR CAPITAL			
Provincial government		<u>89,633</u>	<u>243,835</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 234,994</u>	<u>\$ 349,442</u>	<u>\$ 527,283</u>

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

Schedule 4

	Budget (Unaudited)	2014	2013
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 1,065,850	\$ 867,286	\$ 825,110
Contracted and general services	773,733	973,018	859,621
Materials, goods, supplies and utilities	530,034	491,214	462,235
Provision for allowances		169	181
Transfers to individuals and organizations	45,126	55,359	53,967
Bank charges and short term interest	2,000	2,728	1,872
Interest on long term debt	37,774	24,111	24,605
Amortization of tangible capital assets		352,788	350,679
Other expenses	15,766	13,089	9,212
	<u>\$ 2,470,283</u>	<u>\$ 2,779,762</u>	<u>\$ 2,587,482</u>

TOWN OF TROCHU
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2014	2013 (Restated)
BALANCE, BEGINNING OF YEAR	\$ 554,811	\$ 939,429	\$ 6,798,994	\$ 8,293,234	\$ 8,254,660
Excess (deficiency) of revenues over expenses					
Restricted funds used for operations	(98,344)				
Restricted funds used for tangible capital assets	106,707	(106,707)		(98,344)	38,574
Current year funds used for tangible capital assets	(312,395)		1,264		
Contributed tangible capital assets	(25,000)		312,395		
Disposal of tangible capital assets	40,987		25,000		
Annual amortization expense	352,788		(40,987)		
Long term debt repaid	(96,720)		(352,788)		
	(31,977)	(107,971)	41,604	(98,344)	
Change in accumulated surplus					
BALANCE, END OF YEAR	<u>\$ 522,834</u>	<u>\$ 831,458</u>	<u>\$ 6,840,598</u>	<u>\$ 8,194,890</u>	<u>\$ 8,293,234</u>

TOWN OF TROCHU
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 policies adopted by the Town are as follows:

a) Reporting Entity

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

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, 2014

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, 2014

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:

	YEARS
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.

TOWN OF TROCHU
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
Cash	\$ 944,714	\$ 1,088,483
Temporary investments		

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, \$953,790 (2013 - \$793,023) 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.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2014	2013
Current taxes and grants in place receivables	\$ 98,604	\$ 80,745
Arrears taxes	114,383	83,739
	212,987	164,484
Less: allowance for doubtful accounts	(14,731)	(14,731)
	\$ 198,256	\$ 149,753

4. INVESTMENTS

	2014		2013	
	Cost	Market Value	Cost	Market Value
Other institutional and private corporation bonds	\$ 10	\$ 10	\$ 10	\$ 10

5. DEPOSIT LIABILITIES

The Town maintains utility deposits of \$9,224 (\$8,024 - 2013).

TOWN OF TROCHU
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. DEFERRED REVENUE

	2014	2013
		<u>As restated</u>
Alberta Municipal Sustainability Initiative Program	\$ 635,291	\$ 403,775
Federal Gas Tax Fund	58,258	
Donations - School Resource Officer	79,377	151,281
Walking Trails Project - Donations	53,320	53,370
Fire Department - Donation	8,886	21,213
Donation - Demolition Assistance		15,000
Donations - Ace Project	4,900	4,900
TD Friends of the Environment - Spray Park Project	3,973	3,973
Donations - Centennial Celebration Funds		3,420
Choose Well Program Grant	1,916	1,916
David Thompson Health Region - Fitness Equipment		906
TD Friends of the Environment - Tree Replacement Project	<u>655</u>	<u>655</u>
	<u>\$ 846,576</u>	<u>\$ 660,409</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.

Federal Gas Tax Fund

Federal and provincial government funding is receivable in the current year to undertake certain eligible environmentally sustainable projects within the town that have not yet been expended.

School Resource Officer

The town has received donations from EnCana Corporation, other government bodies, and certain school boards to fund the costs associated with a school resource officer.

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.

TOWN OF TROCHU
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2014</u>	<u>2013</u>
Vacation pay payable	\$ 5,133	\$ 16,852
Vested sick leave payable	19,876	17,483
	\$ 25,009	\$ 34,335

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.

8. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Tax supported debentures	\$ 29,072	\$ 42,410
Tax supported loans	678,167	761,550
	\$ 707,239	\$ 803,960

The current portion of the long-term debt amounts to \$98,127 (2013 - \$96,719)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 98,127	\$ 20,801	\$ 118,928
2016	99,473	17,575	117,048
2017	85,061	14,277	99,338
2018	81,578	11,853	93,431
2019	66,000	9,776	75,776
Thereafter	277,000	38,988	315,988
	\$ 707,239	\$ 113,270	\$ 820,509

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 5.875% per annum, before Provincial subsidy and matures in September 2016. 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 \$16,000 and \$50,000 plus monthly interest payments as well as blended monthly payments of \$1,650.

Interest on long-term debt amounted to \$24,111 (2013 - \$24,605).

TOWN OF TROCHU
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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:

	2014	2013
Total debt limit	\$ 3,792,644	\$ 3,554,180
Total debt	707,239	803,960
Amount of debit limit unused	\$ 3,085,405	\$ 2,750,220
Debt servicing limit	\$ 632,107	\$ 592,363
Debt servicing	118,928	121,819
Amount of debt servicing limit unused	\$ 513,179	\$ 470,544

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

	2014	2013
Tangible capital assets	\$ 15,084,399	\$ 14,993,618
Accumulated amortization	(7,536,562)	(7,390,664)
Long-term debt (Note 8)	(707,239)	(803,960)
	\$ 6,840,598	\$ 6,798,994

TOWN OF TROCHU
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11. ACCUMULATED SURPLUS

	2014	2013
Unrestricted surplus	\$ 522,834	\$ 554,812
Restricted surplus:		
General	510,336	510,336
Dr. Hay memorial fund	100,000	100,000
Administrative	12,400	33,775
Recognition and appreciation	5,275	5,275
Municipal election		5,400
Fire	73,340	73,340
Roads		10,450
Water	77,000	107,000
Wastewater	16,726	17,990
Family and community support		2,441
Economic development		7,136
Subdivision land and development	16,446	26,285
Administrative salaries	19,935	40,000
Equity in tangible capital assets	6,840,598	6,798,994
	\$ 8,194,890	\$ 8,293,234

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:

	2014			2013	
	Salary	Benefits & allowances	Total	Total	
Councillors:					
Councillor Cunningham	\$ 9,360	\$ 1,534	\$ 10,894	\$	12,847
Councillor Garneau	9,623	1,793	11,416		2,979
Councillor Helmer					4,340
Councillor Kletke	12,155	2,928	15,083		17,099
Councillor Lumley	9,110	1,251	10,361		7,957
Councillor Reeds	7,048	209	7,257		7,258
Councillor Stephan	5,710	22	5,732		1,728
Councillor Wagstaff					4,817
Councillor Warnock	10,135	1,207	11,342		11,920
Chief Administrative Officer	95,663	18,416	114,079		89,868

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
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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 2014 were \$61,006 (2013 - \$51,248). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2014 were \$55,837 (2013 - \$46,538).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

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.

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. PRIOR PERIOD ADJUSTMENTS

The prior period financial statements have been restated to correct deferred government revenue which was revised as a result of a amended 2012 reporting to Alberta Municipal Affairs. As a result of the adjustment deferred revenue has decreased by \$132,614 and accumulated surplus has increased by \$132,614.

17. SUBSEQUENT EVENTS

Subsequent to year end the Town borrowed \$94,060 to fund the purchase of certain equipment that was acquired in 2014.

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18.COMPARATIVE FIGURES

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

19.APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
