

**Village of Alix**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2016**

**Village of Alix**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2016**

**Contents**

---

<b>Auditors' Report</b>	<b>1</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Debt	4
Consolidated Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 - 7
Notes to the Consolidated Financial Statements	9 - 26



Tel: 403 342 2500  
Fax: 403 346 3070  
www.bdo.ca

BDO Canada LLP  
Millennium Centre  
600, 4909 49 Street  
Red Deer AB T4N 1V1 Canada

---

## Independent Auditors' Report

---

### To the Members of Council Village of Alix

We have audited the accompanying consolidated financial statements of the Village of Alix, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Village of Alix as at December 31, 2016 and the results of its operations, change in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta  
April 20, 2017

*BDO Canada LLP*  
Chartered Professional Accountants

**Village of Alix**  
**Consolidated Statement of Financial Position**

December 31	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 1,049,249	\$ 545,696
Taxes receivable (Note 2)	204,811	174,898
Accounts receivable	93,675	123,161
Grants receivable	-	285,192
	<b>1,347,735</b>	<b>1,128,947</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	198,068	191,071
Employee benefit obligation (Note 3)	34,600	36,605
Deposit liabilities	815	1,715
Deferred revenue (Note 4)	497,408	222,427
Long-term debt (Note 5)	2,069,111	2,162,317
	<b>2,800,002</b>	<b>2,614,135</b>
<b>Net debt</b>	<b>(1,452,267)</b>	<b>(1,485,188)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	9,662,950	10,016,120
Inventory for consumption	26,917	36,714
Prepaid expenses	11,766	16,833
	<b>9,701,633</b>	<b>10,069,667</b>
<b>Accumulated surplus (Note 8)</b>	<b>\$ 8,249,366</b>	<b>\$ 8,584,479</b>
<b>Debenture debt limits (Note 15)</b>		
<b>Contingencies (Note 16)</b>		

**Village of Alix**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2016	2016	2015
<b>Revenue</b>			
Net municipal taxes (Note 10)	\$ 1,408,230	\$ 1,408,622	\$ 1,371,821
Government transfers for operating (Note 11)	55,790	74,014	69,597
Sales and user fees	808,209	764,979	815,984
Sales and user fees - Moonwalkers Facility	276,300	127,104	198,719
Franchises and concessions	227,474	232,211	215,795
Investment income	5,000	4,481	4,370
Penalties and costs on taxes	55,000	53,426	59,571
Fines and licenses	19,900	18,578	18,707
Rental	100	30	200
Gain on disposal of assets	-	-	3,615
	<u>2,856,003</u>	<u>2,683,445</u>	<u>2,758,379</u>
<b>Expenses (Note 12)</b>			
Legislative	56,908	54,452	51,411
Administration	467,040	487,538	504,109
Protective services	156,356	153,786	161,943
Transportation services	790,150	643,553	763,868
Water and wastewater	589,688	622,262	594,440
Waste management	156,959	160,212	146,589
Planning and development	63,784	46,093	61,381
Recreation and parks	481,229	470,867	465,733
Activity Centre	410,759	313,697	404,463
FCSS and Cemetery	43,037	66,098	56,431
	<u>3,215,910</u>	<u>3,018,558</u>	<u>3,210,368</u>
<b>Excess (deficiency) of revenue over expenditures - before other</b>	(359,907)	(335,113)	(451,989)
<b>Other</b>			
Government transfers for capital (Note 11)	170,000	-	304,525
<b>Excess of revenue over expenditures</b>	<u>(189,907)</u>	<u>(335,113)</u>	<u>(147,464)</u>
<b>Accumulated surplus, beginning of year</b>	<u>8,584,479</u>	<u>8,584,479</u>	<u>8,731,943</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 8,394,572</u>	<u>\$ 8,249,366</u>	<u>\$ 8,584,479</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Village of Alix**  
**Consolidated Statement of Change in Net Debt**

For the year ended December 31	Budget 2016	2016	2015
Excess of revenue over expenditures	\$ (189,907)	\$ (335,113)	\$ (147,464)
Acquisition of tangible capital assets	(310,445)	(23,260)	(1,060,789)
Amortization of tangible capital assets	376,428	376,430	375,562
Gain on sale of tangible capital assets	-	-	(3,615)
Proceeds on sale of tangible capital assets	-	-	3,615
	(123,924)	18,057	(832,691)
Change in prepaid expenses	-	5,067	7,558
Change in inventory for consumption	-	9,797	12,874
<b>Net change in net debt</b>	<b>(123,924)</b>	<b>32,921</b>	<b>(812,259)</b>
<b>Net debt, beginning of year</b>	<b>(1,485,188)</b>	<b>(1,485,188)</b>	<b>(672,929)</b>
<b>Net debt, end of year</b>	<b>\$ (1,609,112)</b>	<b>\$ (1,452,267)</b>	<b>\$ (1,485,188)</b>

**Village of Alix**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ (335,113)	\$ (147,464)
Items not involving cash		
Amortization	376,430	375,562
Gain on disposal of tangible capital assets	-	(3,615)
Changes in non-cash operating balances		
Taxes receivable	(29,913)	14,794
Accounts receivable	29,486	(17,496)
Grants receivable	285,192	(285,192)
Prepaid expenses	5,067	7,558
Accounts payable and accrued liabilities	6,997	127,845
Inventory for consumption	9,797	12,874
Employee benefit obligation	(2,005)	12,118
Deposit liabilities	(900)	(3,520)
Deferred revenue	274,981	30,667
	<u>620,019</u>	<u>124,131</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(23,260)	(1,060,789)
Proceeds on sale of tangible capital assets	-	3,615
	<u>(23,260)</u>	<u>(1,057,174)</u>
<b>Investing transactions</b>		
Restricted cash balances	<u>(270,355)</u>	<u>(26,869)</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	-	700,000
Repayment of long-term debt	(93,206)	(63,893)
	<u>(93,206)</u>	<u>636,107</u>
<b>Net change in cash and cash equivalents</b>	<b>233,198</b>	<b>(323,805)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>287,407</b></u>	<u><b>611,212</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 520,605</b></u>	<u><b>\$ 287,407</b></u>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 1,049,249	\$ 545,696
Less: restricted (Note 1)	(528,644)	(258,289)
	<u><b>\$ 520,605</b></u>	<u><b>\$ 287,407</b></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

---

**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

---

**Management's  
Responsibility for the  
Financial Statements**

The consolidated financial statements of the Village are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**Basis of Consolidation**

The financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Village.

The Village has consolidated the Alix Public Library.

**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

**Investments**

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life, less residual value, of the tangible capital asset commencing once the asset is available for productive use. One half the amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition. Estimated useful lives of the various asset classes are as follows:

Land improvements	15 to 30 years
Buildings	50 years
Engineered Structures	10 to 75 years
Machinery, equipment and furnishings	5 to 20 years
Vehicles	10 to 25 years

**Excess Collections and  
Under-levies**

Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections



---

**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

---

**Collection of Taxes on  
Behalf of Other Taxation  
Authorities**

The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the Village collects taxation revenue on behalf of are:  
Alberta School Foundation Fund  
Lacombe Foundation

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**Revenue Recognition**

Taxes are recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

**Liability for  
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

---

**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2016**

---

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Village of Alix**  
Notes to Consolidated Financial Statements

**December 31, 2016**

**1. Cash and Cash Equivalents**

	2016	2015
Current account	\$ 1,043,558	\$ 540,045
Temporary Investments	5,691	5,651
	\$ 1,049,249	\$ 545,696

The Village has an authorized overdraft available to a maximum of \$300,000 bearing interest at bank prime (prime rate as at December 31, 2016 was 2.70%). Collateral is provided by a General Security Agreement. No amounts have been drawn upon at year-end

Cash and temporary investments include the following internally and externally restricted amounts:

	2016	2015
Municipal Sustainability Initiative	\$ 369,187	\$ 144,006
Basic Municipal Transportation grant	99,600	49,800
Federal Gas Tax	28,621	28,621
Alix Public Library Cash	31,236	35,862
	\$ 528,644	\$ 258,289

**2. Taxes Receivable**

	2016	2015
Current taxes and grants in place of taxes	\$ 139,736	\$ 156,305
Arrears taxes	65,075	18,593
	\$ 204,811	\$ 174,898

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**3. Employee Benefit Obligation**

	2016	2015
Accrued vacation pay	\$ 34,600	\$ 36,605

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Sick Leave Benefits

The Village provides paid sick leave at a rate of 1.5 days per month. Sick leave can accumulate from year to year to a total of 120 work days. Sick leave is not paid out upon termination.

**4. Deferred Revenue**

	Opening balance	Contributions received	Revenue recognized	Ending balance
Municipal Sustainability Initiative	\$ 144,006	244,844	(19,663)	\$ 369,187
Basic Municipal Transportation Grant	49,800	49,800	-	99,600
Federal Gas Tax	28,621	-	-	28,621
FCSS	-	23,677	(23,677)	-
Other	-	17,385	(17,385)	-
	\$ 222,427	335,706	(60,725)	\$ 497,408

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Village is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

---

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

---

**5. Long-Term Debt**

Net long-term debt reported on the statement of financial position is comprised of the following:

	2016	2015
Alberta Capital Finance Authority Debentures, interest at 2.72% to 4.89% per year, due 2030 through 2035.	<b>\$ 2,069,111</b>	<b>\$ 2,162,317</b>

Principal and interest payments are due as follows:

	Principal Repayments	Interest Payments	Total
2017	\$ 96,601	\$ 72,254	\$ 168,855
2018	100,126	68,729	168,855
2019	103,785	65,070	168,855
2020	107,586	61,269	168,855
2021	111,532	57,323	168,855
Thereafter	1,549,481	338,133	1,887,614
	<b>\$ 2,069,111</b>	<b>\$ 662,778</b>	<b>\$ 2,731,889</b>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.72% to 4.89% per annum and matures in periods 2030 through 2035. Debenture debt is issued on the credit and security of the Village at large.

---

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

	2016							
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of Year	\$ 414,676	\$ 355,763	\$ 1,356,617	\$ 11,081,958	\$ 714,719	\$ 786,267	-	\$ 14,710,000
Additions	-	-	-	8,200	15,060	-	-	23,260
Change in work in progress	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost, end of year	<u>\$ 414,676</u>	<u>\$ 355,763</u>	<u>\$ 1,356,617</u>	<u>\$ 11,090,158</u>	<u>\$ 729,779</u>	<u>\$ 786,267</u>	<u>-</u>	<u>\$ 14,733,260</u>
Accumulated amortization, beginning of year	-	\$ 189,316	\$ 420,598	\$ 3,328,298	\$ 351,840	\$ 403,828	-	\$ 4,693,880
Amortization	-	19,003	26,109	236,610	58,262	36,446	-	376,430
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 208,319</u>	<u>\$ 446,707</u>	<u>\$ 3,564,908</u>	<u>\$ 410,102</u>	<u>\$ 440,274</u>	<u>\$ -</u>	<u>\$ 5,070,310</u>
Net carrying amount, end of year	<u>\$ 414,676</u>	<u>\$ 147,444</u>	<u>\$ 909,910</u>	<u>\$ 7,525,250</u>	<u>\$ 319,677</u>	<u>\$ 345,993</u>	<u>\$ -</u>	<u>\$ 9,662,950</u>

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

	2015							
	Land Improvements	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 414,676	\$ 341,681	\$ 1,300,883	\$ 9,357,988	\$ 759,863	\$ 644,616	\$ 880,766	\$ 13,700,473
Additions		14,082	55,734	843,204	6,118	141,651	-	1,060,789
Change in work in progress		-	-	880,766	-	-	(880,766)	-
Disposals	-	-	-	-	(51,262)	-	-	(51,262)
Cost, end of year	\$ 414,676	\$ 355,763	\$ 1,356,617	\$ 11,081,958	\$ 714,719	\$ 786,267	\$ -	\$ 14,710,000
Accumulated amortization, beginning of year	\$ -	\$ 170,587	\$ 395,248	\$ 3,096,159	\$ 346,337	\$ 361,249	\$ -	\$ 4,369,580
Amortization		18,729	25,350	232,139	56,765	42,579	-	375,562
Disposals		-	-	-	(51,262)	-	-	(51,262)
Accumulated amortization, end of year	\$ -	\$ 189,316	\$ 420,598	\$ 3,328,298	\$ 351,840	\$ 403,828	\$ -	\$ 4,693,880
Net carrying amount, end of year	\$ 414,676	\$ 166,447	\$ 936,019	\$ 7,753,660	\$ 362,879	\$ 382,439	\$ -	\$ 10,016,120

**Village of Alix**  
Notes to Consolidated Financial Statements

**December 31, 2016**

**7. Equity in Tangible Capital Assets**

	2016	2015
Tangible capital assets	\$ 14,733,260	\$ 14,710,000
Accumulated amortization	(5,070,310)	(4,693,880)
Debenture debt	(2,069,111)	(2,162,317)
	<b>\$ 7,593,839</b>	<b>\$ 7,853,803</b>

**8. Accumulated Surplus**

	2016	2015
Equity in tangible capital assets	\$ 7,593,839	\$ 7,853,803
Unrestricted surplus	205,233	121,504
Activity Centre deficit	(459,422)	(323,746)
Unrestricted surplus (deficit)	(254,189)	(202,242)
	7,339,650	7,651,561
Restricted surplus		
General	195,437	210,438
Fire	48,841	48,841
Roads, streets, walks and lighting	140,994	147,584
Water	212,001	213,612
Wastewater	11,880	11,880
Cemetery	12,000	12,000
Arena	250,034	250,034
Parks and playgrounds	3,000	3,000
Community halls	31,529	31,529
Library	4,000	4,000
	909,716	932,918
	<b>\$ 8,249,366</b>	<b>\$ 8,584,479</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure. Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.



**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

	Budget	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2016	2015
<b>9. Change in Accumulated Surplus</b>						
Balance, beginning of year	\$ (202,242)	\$ (202,242)	\$ 932,918	\$ 7,853,803	\$ 8,584,479	\$ 8,731,943
Excess of revenue over expenses	(189,907)	(335,113)	-	-	(335,113)	(147,464)
Net operating transfers to (from) restricted surplus	68,555	-	-	-	-	-
Transfer of Activity Centre deficit to unrestricted surplus	-	-	-	-	-	-
Debtenture principal payments	(93,207)	(93,206)	-	93,206	-	-
Capital transfers from restricted surplus	140,445	23,202	(23,202)	-	-	-
Acquisition of capital	(310,445)	(23,260)	-	23,260	-	-
Disposals and write-down of assets	-	-	-	-	-	-
Amortization	376,430	376,430	-	(376,430)	-	-
Debt proceeds	-	-	-	-	-	-
Change in accumulated surplus	\$ (8,129)	\$ (51,947)	\$ (23,202)	\$ (259,964)	\$ (335,113)	\$ (147,464)
Balance, end of year	\$ (210,371)	\$ (254,189)	\$ 909,716	\$ 7,593,839	\$ 8,249,366	\$ 8,584,479

**Village of Alix**  
Notes to Consolidated Financial Statements

**December 31, 2016**

**10. Taxation - Net**

	Budget 2016	2016	2015
Real property	\$ 1,128,133	\$ 1,129,833	\$ 1,093,262
Machinery and equipment	472,957	471,271	469,208
Linear property	26,636	26,548	27,591
Government grants in place of property taxes	2,155	2,148	6,469
	<u>1,629,881</u>	<u>1,629,800</u>	<u>1,596,530</u>
Requisitions			
Alberta School Foundation Fund	212,411	212,411	215,633
Lacombe Foundation	7,495	6,933	7,308
Ambulance	1,745	1,834	1,768
	<u>221,651</u>	<u>221,178</u>	<u>224,709</u>
Available for general municipal purposes	<u>\$ 1,408,230</u>	<u>\$ 1,408,622</u>	<u>\$ 1,371,821</u>

**11. Government Transfers**

	Budget 2016	2016	2015
Operating			
Provincial government	46,990	54,038	54,373
Other local government	8,800	19,976	15,224
	<u>\$ 55,790</u>	<u>\$ 74,014</u>	<u>\$ 69,597</u>
Capital			
Provincial government	\$ 170,000	\$ -	\$ 304,525
Total government transfers	<u>\$ 225,790</u>	<u>\$ 74,014</u>	<u>\$ 374,122</u>

---

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

---

**12. Expenses by Object**

	Budget 2016	2016	2015
Salaries and wages	\$ 1,054,802	\$ 1,050,463	\$ 1,078,154
Contracted and general services	992,835	858,676	989,130
Materials, goods and utilities	623,481	576,494	623,812
Transfer to local agencies	91,317	80,136	77,560
Bank charges and short term interest	1,400	1,149	962
Interest on long-term debt	75,649	75,210	65,188
Amortization	376,430	376,430	375,562
	<u>\$ 3,215,914</u>	<u>\$ 3,018,558</u>	<u>\$ 3,210,368</u>

---

December 31, 2016

---

**13. Municipal Employees Pension Plans**

Local Authorities Pension Plan

Certain employees of the Village are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 200,000 people and over 400 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Village is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$157,025. Employees of the Village are required to make current service contributions of 11.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$157,025.

Contributions for the year were:

	2016	2015
Employer contributions	\$ 72,840	\$ 76,928
Employee contributions	66,743	70,560
	<u>\$ 139,583</u>	<u>\$ 147,488</u>

As this is a multi-employer pension plan, these contributions are the Village's pension benefit expense. No pension liability for this type of plan is included in the Village's financial statements. The most recent valuation as at December 31, 2015 indicates a deficit of 923 million for basic pension benefits (2014 - \$2.455 Billion). The actuary does not attribute portions of the unfunded liability to individual employers.

---

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**14. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits & Allowances	Total 2016	Total 2015
Mayor Nelson	\$ 8,354	\$ -	\$ 8,354	\$ 7,631
Deputy Mayor Peterson	4,615	-	4,615	7,310
Councillor Fehr	7,350	-	7,350	7,560
Councillor Christensen	6,165	-	6,165	5,565
Councillor Widmann	6,250	-	6,250	5,795
Chief Administrative Officer - Troy Jenkins	61,629	10,740	72,369	-
Chief Administrative Officer - Tanya Meston	34,408	8,694	43,102	30,399

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, dental coverage, and vision coverage.

**15. Debt Limits**

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

	2016	2015
Total debt limit	\$ 4,025,168	\$ 4,137,569
Total debt	2,069,111	2,162,317
Total debt limit available	1,956,057	1,975,252
Debt servicing limit	670,861	689,595
Debt servicing	168,856	168,856
Total debt servicing limit available	502,005	520,739

The debt limit is calculated at 1.5 times revenue of the Village (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**December 31, 2016**

---

**16. Contingencies**

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

The Village is a member of the Lacombe Regional Waste Services Commission, the Highway 12/21 Regional Water Commission, and the Alberta Urban Municipalities Association. Under the terms of the membership the Village could become liable for its proportionate share of any losses incurred by these organizations. Any liability incurred would be accounted for as a current transaction in the year of settlement.

---

**17. Commitments**

The Village has an agreement with Lacombe County to pay 25% of the operating expenditures for the fire department facility of \$35,000 per year.

The Village has entered into a lease agreement for the Alix Activity Centre that began November 2013. The agreement calls for monthly payments of \$11,015 (annual payments of \$132,180). Payments are to continue for 10 years at which time the Village has the option to pay out the remaining mortgage financing on the land and building and acquire title to them upon payment of a \$60,000 fee. The Village also has the option to extend the mortgage financing for an additional 10 years with rent to be based on the Bank of Montreal's mortgage rate for a ten year term plus 1.4%.

---

---

Village of Alix  
Notes to Consolidated Financial Statements

December 31, 2016

---

**18. Budget**

The budget adopted by Council on May 4, 2016, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget anticipated use of surpluses accumulated in previous years to fund current year operation and capital activities. Amortization was not budgeted. The budget expensed all tangible capital expenditures. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by Council on May 4, 2016, with adjustments as follows:

	<u>2016</u>
Operating budget deficit	\$ (8,131)
Add:	
Debenture principal payments	93,207
Net operating transfers to accumulated surplus	(68,555)
Deduct:	
Amortization expense included in budgeted numbers	<u>(376,428)</u>
Excess (deficiency) of revenue over expenditures before other	<u>\$ (359,907)</u>
Capital budget deficit	-
Add:	
Capital expenditures	310,445
Budgeted transfers from accumulated surplus	(140,445)
Less:	
Budgeted capital surplus	<u>\$ 170,000</u>
Budgeted combined deficit	<u>\$ (189,907)</u>

---

**December 31, 2016**

---

## **19. Segmented Information**

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

### **Protective Services**

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

### **Transportation Services**

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

### **Water and Wastewater**

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater. The Village processes and cleans sewage and ensures the water system meets all Provincial standards.

### **Waste Management**

Waste management provides collection disposal and recycling programs.

### **Planning and Development**

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

### **Recreation and Parks**

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

### **FCSS and Cemetery**

This service area provides and administers community support programs.

### **General Government**

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.



---

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

---

**19. Segmented Information (continued)**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

---

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2016**

**19. Segmented Information (continued)**

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2016 Total
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation	-	-	-	-	-	-	-	1,408,622	1,408,622
Government transfers for operating	-	-	-	-	-	17,385	36,966	19,663	74,014
Sales and user fees	19,764	2,700	536,312	155,304	6,000	163,694	1,065	7,244	892,083
Franchises and concessions	-	-	-	-	-	-	-	232,211	232,211
Investment income	-	-	-	-	-	-	-	4,481	4,481
Penalties and costs on taxes	-	-	-	-	-	-	-	53,426	53,426
Rentals	-	-	-	-	-	-	-	30	30
Fines and licenses	15,378	-	-	-	-	-	-	3,200	18,578
Contributed assets	-	-	-	-	-	-	-	-	-
	35,142	2,700	536,312	155,304	6,000	181,079	38,031	1,728,877	2,683,445
Expenses									
Salaries and wages	3,600	246,617	106,710	36,229	-	358,715	-	298,592	1,050,463
Contracted and general services	106,837	83,308	64,945	122,903	42,015	259,265	33,120	146,283	858,676
Materials, goods and utilities	21,297	95,096	298,501	1,080	4,078	94,164	3,266	59,012	576,494
Transfer to local agencies Bank charges and short- term interests	6,000	-	-	-	-	44,540	29,596	-	80,136
Interest on long-term debt	-	-	-	-	-	968	-	181	1,149
Amortization	16,052	187,042	43,720	-	-	-	-	-	75,210
	153,786	643,553	622,262	160,212	46,093	26,912	116	37,922	376,430
<b>Net surplus (deficit)</b>	<b>\$ (118,644)</b>	<b>\$ (640,853)</b>	<b>\$ (85,950)</b>	<b>\$ (4,908)</b>	<b>\$ (40,093)</b>	<b>\$ (603,485)</b>	<b>\$ (28,067)</b>	<b>\$ 1,186,887</b>	<b>\$ (335,113)</b>

**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2016

**19. Segmented Information (continued)**

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2015 Total
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation	-	-	-	-	-	-	-	1,371,821	1,371,821
Government transfers for operating	-	-	-	-	16,554	-	30,565	22,478	69,597
Government transfers for capital	-	31,525	273,000	-	-	-	-	-	304,525
Sales and user fees	19,193	22,718	539,117	149,946	25,550	254,379	1,425	2,375	1,014,703
Franchises and concessions	-	-	-	-	-	-	-	215,795	215,795
Investment income	-	-	-	-	-	-	-	4,370	4,370
Penalties and costs on taxes	-	-	-	-	-	-	-	59,571	59,571
Rentals	-	-	-	-	-	-	-	200	200
Fines and licenses	16,007	-	-	-	-	-	-	2,700	18,707
Contributed assets	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	988	-	-	-	-	-	2,627	3,615
	35,200	55,231	812,117	149,946	25,550	270,933	31,990	1,681,937	3,062,904
<b>Expenses</b>									
Salaries and wages	3,600	235,445	98,109	33,012	-	378,119	-	329,869	1,078,154
Contracted and general services	116,774	171,469	95,681	113,337	50,737	287,771	25,719	127,642	989,130
Materials, goods and utilities	19,286	133,182	262,496	240	10,644	133,519	4,375	60,070	623,812
Transfer to local agencies	6,000	-	-	-	-	45,416	26,144	-	77,560
Bank charges and short- term interest	-	-	-	-	-	628	-	334	962
Interest on long-term debt	-	30,247	34,941	-	-	-	-	-	65,188
Amortization	16,283	193,523	103,214	-	-	24,743	193	37,606	375,562
Other	-	-	-	-	-	-	-	-	-
	161,943	763,866	594,441	146,589	61,381	870,196	56,431	555,521	3,210,368
<b>Net surplus (deficit)</b>	\$ (126,743)	\$ (708,635)	\$ 217,676	\$ 3,357	\$ (35,831)	\$ (599,263)	\$ (24,441)	\$ 1,126,416	\$ (147,464)

December 31, 2016

---

**20. Approval of Financial Statements**

Council and Management approved these financial statements.

---