

VILLAGE OF BOYLE
Consolidated Financial Statements
December 31, 2015

VILLAGE OF BOYLE
Index to Consolidated Financial Statements
December 31, 2015

	Page
AUDITOR'S REPORT	4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Consolidated Schedule of Tangible Capital Assets <i>(Schedule 1)</i>	9
Consolidated Schedule of Property and Other Taxes <i>(Schedule 2)</i>	10
Consolidated Schedule of Government Transfers <i>(Schedule 3)</i>	11
Consolidated Schedule of Expenses by Object <i>(Schedule 4)</i>	12
Consolidated Schedule of Changes in Accumulated Surplus <i>(Schedule 5)</i>	13
Consolidated Schedule of Segmented Disclosure <i>(Schedule 6)</i>	14
Notes to Consolidated Financial Statements	15 - 25

Shoemaker, Viney & Friesen

CHARTERED ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation

Timothy J. Friesen Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Village of Boyle

We have audited the accompanying consolidated financial statements of Village of Boyle, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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.

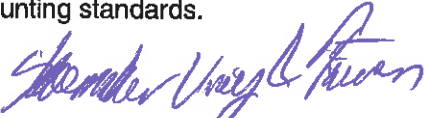
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 Village of Boyle as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Westlock, Alberta
March 16, 2016


CHARTERED ACCOUNTANTS

VILLAGE OF BOYLE
Consolidated Statement of Financial Position
Year Ended December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 5,538,696	\$ 3,602,477
Taxes and grants in place of taxes <i>(Note 3)</i>	40,512	38,287
Trade and other receivables	948,351	608,298
Land for resale inventory	1	1
Investments <i>(Note 4)</i>	32,851	32,851
	<u>6,560,411</u>	<u>4,281,914</u>
LIABILITIES		
Accounts payable and accrued liabilities	436,921	315,812
Deferred revenue <i>(Note 5)</i>	2,403,340	260,022
Long term debt <i>(Note 6)</i>	3,860,318	
	<u>6,700,579</u>	<u>575,834</u>
NET FINANCIAL ASSETS (DEBT)	<u>(140,168)</u>	<u>3,706,080</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 8)</i>	11,224,455	8,760,262
Inventory for consumption	32,980	29,176
Prepaid expenses	20,152	22,165
	<u>11,277,587</u>	<u>8,811,603</u>
ACCUMULATED SURPLUS <i>(Note 9)</i>	<u>\$ 11,137,419</u>	<u>\$ 12,517,683</u>

Commitments and contingencies - See Notes 13 and 16

VILLAGE OF BOYLE
Consolidated Statement of Operations
Year Ended December 31, 2015

	Budget (unaudited)	2015	2014
REVENUE			
Net municipal taxes (<i>Schedule 2</i>)	\$ 1,178,579	\$ 1,163,359	\$ 1,119,798
User fees and sales of goods	1,828,372	1,660,194	2,056,706
Government transfers for operating (<i>Schedule 3</i>)	179,390	150,649	164,167
Penalties, costs of taxes and fines	32,350	50,898	31,967
Rentals	174,025	193,290	199,470
Licenses and permits	40,000	104,719	30,481
Investment income	31,000	53,096	43,003
Other	10,450	31,708	23,532
Gain on sale of assets	-	-	51,030
Donations	19,000	19,000	24,448
Franchise fees	34,800	34,155	31,189
Total Revenue	3,527,966	3,461,068	3,775,791
EXPENSES			
Legislative	152,265	135,893	134,699
Administration	301,345	364,304	253,948
Protective services	130,200	98,969	88,319
Roads, streets, walks, lighting	533,435	443,438	509,786
Water supply and distribution	582,900	510,906	609,336
Wastewater treatment and disposal	85,575	52,100	72,640
Waste management	180,160	166,261	169,928
Family and community support	10,420	10,421	7,080
Land use planning, zoning and development	63,241	49,465	46,116
Subdivision land development	81,100	95,949	91,764
Parks, recreation and culture	478,855	393,350	411,924
Natural gas supply and distribution	832,900	610,474	1,056,603
Amortization of tangible capital assets	645,114	645,114	590,802
Total Expenses	4,077,510	3,576,644	4,042,945
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(549,544)	(115,576)	(267,154)
CAPITAL INCOME			
Government transfer for capital (<i>Schedule 3</i>)	397,960	833,085	1,265,733
Deferral of debenture proceeds	-	(2,097,773)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(151,584)	(1,380,264)	998,579
ACCUMULATED SURPLUS - BEGINNING OF YEAR	12,517,683	12,517,683	11,519,104
ACCUMULATED SURPLUS - END OF YEAR	\$ 12,366,099	\$ 11,137,419	\$ 12,517,683

VILLAGE OF BOYLE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2015

	Budget (Unaudited)	2015	2014
EXCESS OF REVENUE OVER EXPENSES	\$ (151,584)	\$ (1,380,264)	\$ 998,579
Purchase of tangible capital assets	(4,399,940)	(3,109,307)	(1,334,303)
Proceeds on disposal of tangible capital assets	-	-	130,000
Amortization of tangible capital assets	645,114	645,114	590,802
Gain on disposal of tangible capital assets	-	-	(51,030)
	<u>(3,754,826)</u>	<u>(2,464,193)</u>	<u>(664,531)</u>
(Acquisition) disposal of inventory	-	(3,804)	34,994
(Acquisition) disposal of prepaid expenses	-	2,013	1,828
	<u>-</u>	<u>(1,791)</u>	<u>36,822</u>
(INCREASE)/DECREASE IN NET FINANCIAL ASSETS (DEBT)	(3,906,410)	(3,846,248)	370,870
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	3,706,080	3,706,080	3,335,210
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (200,330)	\$ (140,168)	\$ 3,706,080

VILLAGE OF BOYLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (1,380,264)	\$ 998,579
Items not affecting cash:		
Amortization of tangible capital assets	645,114	590,802
(Gain) loss on disposal of tangible capital assets	-	(51,030)
	<u>(735,150)</u>	<u>1,538,351</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(2,225)	2,365
Trade and other receivables	(340,053)	8,496
Accounts payable and accrued liabilities	121,109	54,989
Deferred revenue	2,143,318	(534,050)
Inventory for consumption	(3,804)	34,994
Prepaid expenses	2,013	1,828
	<u>1,920,358</u>	<u>(431,378)</u>
Cash flow from operating activities	<u>1,185,208</u>	<u>1,106,973</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,109,307)	(1,334,303)
Proceeds on disposal of tangible capital assets	-	130,000
Cash flow used by investing activities	<u>(3,109,307)</u>	<u>(1,204,303)</u>
FINANCING ACTIVITY		
Long term debt issued (repaid)	<u>3,860,318</u>	-
Net change in cash and cash equivalents during the year	1,936,219	(97,330)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,602,477	3,699,807
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,538,696	\$ 3,602,477

VILLAGE OF BOYLE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2015
SCHEDULE 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Total 2015	Total 2014
COST:								
BALANCE, BEGINNING OF YEAR	\$ 1,078,577	\$ 979,423	\$ 11,436,545	\$ 14,357,359	\$ 1,304,731	\$ 508,069	\$ 29,665,704	\$ 28,410,371
Acquisition of tangible capital assets	384,818	-	-	-	-	39,190	424,008	1,334,303
Construction-in-progress	-	-	2,685,299	-	-	-	2,685,299	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(78,970)
BALANCE, END OF YEAR	1,464,395	979,423	14,121,844	14,357,359	1,304,731	547,259	32,775,011	29,665,704
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	435,508	8,208,017	10,795,720	1,156,074	310,123	20,905,442	20,314,640
Annual amortization	-	39,178	388,270	110,597	74,403	32,666	645,114	590,802
BALANCE, END OF YEAR	-	474,686	8,596,287	10,906,317	1,230,477	342,789	21,550,556	20,905,442
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,464,395	504,737	5,525,557	3,451,042	74,254	204,470	11,224,455	8,760,262

VILLAGE OF BOYLE
Consolidated Schedule of Property and Other Taxes *(Schedule 2)*
Year Ended December 31, 2015

	Budget (Unaudited)	2015	2014
TAXATION			
Residential land and improvements	\$ 755,467	\$ 750,551	\$ 705,652
Non residential land and improvements	362,758	361,659	348,128
Linear property taxes	79,684	79,518	81,736
Machinery and equipment	224,095	224,095	224,851
Government grants in place of property taxes	32,440	23,395	30,451
Special assessments and local improvement taxes	-	-	-
	1,454,444	1,439,218	1,390,818
REQUISITIONS			
Alberta School Foundation Fund	248,995	248,993	244,483
Greater North Foundation	26,870	26,866	26,537
	275,865	275,859	271,020
NET MUNICIPAL TAXES	\$ 1,178,579	\$ 1,163,359	\$ 1,119,798

VILLAGE OF BOYLE
Consolidated Schedule of Government Transfers
Year Ended December 31, 2015

(Schedule 3)

	Budget (Unaudited)	2015	2014
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 43,440	\$ 43,443	\$ 47,293
Local Government	135,950	107,206	116,874
	<u>179,390</u>	<u>150,649</u>	<u>164,167</u>
TRANSFERS FOR CAPITAL:			
Donations	-	500,000	-
Provincial Government	311,480	333,085	1,265,733
Federal Government	86,480	-	-
	<u>397,960</u>	<u>833,085</u>	<u>1,265,733</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 577,350</u>	<u>\$ 983,734</u>	<u>\$ 1,429,900</u>

VILLAGE OF BOYLE
Consolidated Schedule of Expenses by Object
Year Ended December 31, 2015

(Schedule 4)

	Budget (Unaudited)	2015	2014
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 985,505	\$ 936,859	\$ 967,195
Contracted and general services	439,095	442,783	396,856
Materials, goods and utilities	698,080	491,366	589,176
Purchases from other government	1,072,200	832,188	1,312,231
Transfers to local boards and agencies	82,971	63,561	152,852
Bank charges and short term interest	4,000	4,420	3,765
Grants to other organizations	88,700	83,231	12,374
Provision for allowances	2,000	11,477	4,185
Amortization of tangible capital assets	590,802	645,114	590,802
Other expenditures	59,845	65,645	13,509
	<u>\$ 4,023,198</u>	<u>\$ 3,576,644</u>	<u>\$ 4,042,945</u>

VILLAGE OF BOYLE
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2015
SCHEDULE 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2015	Total 2014
BALANCE, BEGINNING OF YEAR	\$ 1,364,770	\$ 2,392,651	\$ 8,760,262	\$ 12,517,683	\$ 11,519,104
Excess (Deficiency) of revenues over expenses	717,509	-	-	717,509	998,579
Unrestricted funds designated for future use	(50,000)	50,000	-	-	-
Restricted funds used for tangible capital assets	-	(934,805)	934,805	-	-
Current year funds used for tangible capital assets	(372,275)	-	372,275	-	-
Annual amortization expense	645,114	-	(645,114)	-	-
Long term debt issued	-	-	(3,900,000)	(3,900,000)	-
Long term debt repaid	(39,682)	-	39,682	-	-
Capital debt used for tangible capital assets	-	-	1,802,227	1,802,227	-
Change in accumulated surplus	900,666	(884,805)	(1,396,125)	(1,380,264)	998,579
BALANCE, END OF YEAR	\$ 2,265,436	\$ 1,507,846	\$ 7,364,137	\$ 11,137,419	\$ 12,517,683

Shoemaker, Vinny & Friesen

VILLAGE OF BOYLE
SCHEDULE OF SEGMENTED DISCLOSURE
For the Year Ended December 31, 2015
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas	Other	Total
REVENUE:									
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,163,359	\$ 1,163,359
Government transfers	333,085	-	-	7,646	143,003	-	-	-	483,734
User fees and sales of goods	5,270	41,858	4,360	500	4,170	925,987	678,049	-	1,660,194
Investment income	-	-	-	-	-	-	-	53,096	53,096
Rentals	-	15,000	5,706	69,613	102,971	-	-	-	193,290
Other revenues	648,262	39,026	34,155	5,663	400	8,699	4,275	-	740,480
	<u>986,617</u>	<u>95,884</u>	<u>44,221</u>	<u>83,422</u>	<u>250,544</u>	<u>934,686</u>	<u>682,324</u>	<u>1,216,455</u>	<u>4,294,153</u>
EXPENSES:									
Contract & general services	157,168	15,358	29,825	22,378	72,846	122,573	22,635	-	442,783
Salaries & wages	223,798	39,494	259,329	56,107	148,928	109,547	99,656	-	936,859
Goods & supplies	10,829	44,117	154,284	49,310	140,922	82,306	9,598	-	491,366
Purchases from other	-	-	-	-	-	353,603	478,585	-	832,188
Grants to other	32,907	-	-	11,572	30,654	61,238	-	10,421	146,792
Other expenses	75,495	-	-	6,047	-	-	-	-	81,542
	<u>500,197</u>	<u>98,969</u>	<u>443,438</u>	<u>145,414</u>	<u>393,350</u>	<u>729,267</u>	<u>610,474</u>	<u>10,421</u>	<u>2,931,530</u>
NET REVENUE, BEFORE AMORTIZATION	<u>486,420</u>	<u>(3,085)</u>	<u>(399,217)</u>	<u>(61,992)</u>	<u>(142,806)</u>	<u>205,419</u>	<u>71,850</u>	<u>1,206,034</u>	<u>1,362,623</u>
Amortization expense	50,335	38,670	56,788	-	298,553	159,615	41,153	-	645,114
NET REVENUE	<u>436,085</u>	<u>(41,755)</u>	<u>(456,005)</u>	<u>(61,992)</u>	<u>(441,359)</u>	<u>45,804</u>	<u>30,697</u>	<u>1,206,034</u>	<u>717,509</u>

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Village of Boyle are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village of Boyle are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village of Boyle and are, therefore, accountable to the Village 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and 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.

(continues)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

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

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

e) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

f) 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.

g) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

h) Tax Revenue

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

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

(continues)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

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

i) 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.

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village of Boyle is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

k) 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.

(continues)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

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

l) 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:

Land improvements	15 to 20 years
Buildings	25 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	3 to 20 years
Engineered structures	15 to 65 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

2. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Bank account	<u>\$ 5,538,696</u>	<u>\$ 3,602,477</u>

Council has designated funds of \$1,507,846 (2014 - \$2,392,651) included in the above amounts for equipment replacement and other restricted purposes.

3. TAXES AND GRANTS IN PLACE OF TAXES

	2015	2014
Taxes and grants - current	\$ 33,591	\$ 28,800
Property taxes - arrears	6,921	9,487
	<u>\$ 40,512</u>	<u>\$ 38,287</u>

4. INVESTMENTS

	2015	2014
Debenture receivable	\$ 32,500	\$ 32,500
Class "A" common shares	164	164
	<u>32,664</u>	<u>32,664</u>
Other investment	187	187
	<u>\$ 32,851</u>	<u>\$ 32,851</u>

The Village of Boyle has signed an agreement with Gas Alberta Inc. to exclusively buy natural gas from Gas Alberta Inc. until June 2010. The Village was required to invest in common shares and provide a loan to assist with initial operating capital. The loan is secured by a debenture, is non-interest bearing and was repayable in June 2010.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

5. DEFERRED REVENUE

	2015	2014
Other non-government	\$ 154,487	\$ 100,604
Federal Gas Tax (formerly Alberta Infrastructure - New Deal for Cities and Communities)	151,081	151,081
Municipal Sustainability Initiative	2,097,772	8,337
	\$ 2,403,340	\$ 260,022

The C.F.E.P. grant will continue to be recognized in the future as eligible expenses are incurred.

6. LONG TERM DEBT

	2015	2014
Tax supported debentures	\$ 3,860,318	\$ -
	\$ 3,860,318	\$ -

Principal and interest repayment terms are as follows:

2016	\$ 81,234	\$ 120,082	\$ 201,316
2017	83,794	117,522	201,316
2018	86,435	114,881	201,316
2019	89,159	112,157	201,316
2020	91,969	109,348	201,317
Thereafter	3,427,727	1,504,520	4,932,247
	\$ 3,860,318	\$ 2,078,510	\$ 5,938,828

The current portion of the long-term debt amounts to \$81,234 (2014 - nil)

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.127% per annum and matures January 15, 2045.

Interest on long term debt amounted to \$60,976 (2014 - nil).

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Boyle be disclosed as follows:

	2015	2014
Total debt limit	\$ 5,191,602	\$ 5,663,686
Total debt	3,860,318	-
Amount of debt limit unused	1,331,284	5,663,686
Debt servicing limit	865,267	943,948
Debt servicing	201,316	-
Amount of debt servicing limit unused	\$ 663,951	\$ 943,948

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

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets (<i>Schedule 1</i>)	\$ 32,775,011	\$ 29,665,704
Accumulated amortization (<i>Schedule 1</i>)	(21,550,556)	(20,905,442)
Long term debt (Note 6)	11,224,455 (3,860,318)	8,760,262
	\$ 7,364,137	\$ 8,760,262

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

9. ACCUMULATED SURPLUS

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

	2015	2014
Unrestricted surplus (deficit)	\$ 2,265,436	\$ 1,364,770
Restricted surplus		
Utility Reserves (incl. gas)	820,245	1,188,174
Recreation Reserves	130,942	296,714
Public Works Reserves (incl. roads)	467,623	424,063
Other Reserves	89,036	483,700
Equity in tangible capital assets (Note 8)	7,364,137	8,760,262
	\$ 11,137,419	\$ 12,517,683

10. SEGMENTED DISCLOSURE

The Village of Boyle provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the schedule of Segmented Disclosure (Schedule 6).

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

11. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & allowances ²	2015 Total	2014 Total
<u>Councillors</u>				
Antal	\$ 13,745	\$ 5,287	\$ 19,032	\$ 19,013
Assaf	9,950	5,109	15,059	15,147
Bencharsky	12,605	4,775	17,380	16,678
Radmanovich	15,200	5,354	20,554	21,120
<u>Mayor</u>				
Clark	15,500	214	15,714	13,582
Chief Administration Officer	83,136	22,384	105,520	100,500

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.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Boyle participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Village of Boyle is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Village of Boyle are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Village of Boyle to the LAPP in 2015 were \$76,083 (2014 - \$71,584). Total current service contributions by the employees of the Village of Boyle to the Local Authorities Pension Plan in 2015 were \$68,885.89 (2014 - \$65,729).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.4 billion.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

13. CONTINGENCIES

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

The Village of Boyle is a member of the Joint Modified Landfill Committee. Under the terms of this agreement, the Village is liable for its proportionate share of closure and post-closure costs associated with the landfill. The Committee has established a reserve for landfill closure and post-closure costs and plans to fund this reserve annually. When the landfill reaches capacity, the Village of Boyle may become liable for its proportionate share of the actual closure and post-closure costs should they exceed the reserve established by the Committee. Due to the uncertainty surrounding this potential liability and since the closure and post-closure costs are not determinable at this time, no amount has been recorded in the financial statements to reflect this contingency.

14. FINANCIAL INSTRUMENTS

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

The Village of Boyle 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 Village of Boyle 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.

15. SUBSEQUENT EVENTS

During 2015 a lumber mill located in the Village of Boyle closed operations. It is estimated this closure will affect tax roll revenue by approximately \$30,000 and (net) utility revenue by \$130,000 in 2016.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2015

16. COMMITMENTS

The Village of Boyle is committed to a regional water project which will cost the Village an estimated \$1.2 million. In 2015, the Village water department's expense included interest paid on loans taken out by the Regional Water Commission, along with commissions and water purchases.

In 2015 the Village started constructing a complex which will house the Village Library, a Senior's Drop in Centre and the Village Office. The estimated cost of the project is \$5,370,731 of which \$3,070,117 has been paid to date. The impact on the current year financial statement is as follows:

	2015
Increase in land	\$ 384,818
Increase in construction in progress	<u>2,685,299</u>
Addition to tangible capital assets	<u>3,070,117</u>
Debenture received in 2015	<u>(3,900,000)</u>
Used for capital project	<u>1,802,227</u>
Addition to deferred revenue	<u>(2,097,773)</u>
Local group commitment to project - donated asset	500,000
Received to date on commitment	<u>(5,088)</u>
Addition to accounts receivable	<u>494,912</u>

Of the remaining \$2,300,614 that will be needed for the completion of the project it will be funded as follows:

Use of deferred debenture revenue	2,097,713
Grants from Government (MSI allocation)	<u>202,901</u>
Total funding required	<u>2,300,614</u>

Local groups have also pledged funding to the project which will be used to replenish reserves used in 2015.

17. LEGAL SETTLEMENT

The Village of Boyle is involved in a lawsuit from a terminated employee. The case was settled during 2015.

18. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
