

**VILLAGE OF THORSBY**  
**Financial Statements**  
**For The Year Ended December 31, 2014**



**HAWKINGS EPP DUMONT** LLP

CHARTERED ACCOUNTANTS

---

## INDEPENDENT AUDITORS' REPORT

---

To the Mayor and Council of the Village of Thorsby

We have audited the accompanying financial statements of the Village of Thorsby, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and accumulated surplus, changes 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 Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Village of Thorsby as at December 31, 2014 and the results of its operations, the changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
April 28, 2015

*Hawkings Epp Dumont LLP*

Hawkings Epp Dumont LLP  
Chartered Accountants

EDMONTON  
10476 Mayfield Road  
Edmonton, AB T5P 4P4  
1.877.489.9606  
T: 780.489.9606  
F: 780.484.9689

STONY PLAIN  
#101, 5300 – 50 Street  
PO Box 3188, Station Main  
Stony Plain, AB T7Z 1T8  
T: 780.963.2727  
F: 780.963.1294

LLOYDMINSTER  
5102 – 48 Street  
PO Box 10099  
Lloydminster, AB T9V 3A2  
T: 780.875.7433  
F: 780.875.5304

HAWKINGS.COM



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of the Village of Thorsby  
Thorsby, Alberta

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Village Council to express an opinion on the Village's financial statements.

Thorsby, Alberta  
April 28, 2015

---

Mrs. Christine Burke  
Chief Administrative Officer

**VILLAGE OF THORSBY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	\$ 556,054	\$ 757,830
Receivables (Note 2)	1,290,186	1,233,044
	<u>1,846,240</u>	<u>1,990,874</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	222,078	349,230
Deposit liabilities	2,156	2,266
Deferred revenue (Note 3)	11,493	17,152
Long-term debt (Note 4)	1,121,200	1,447,771
	<u>1,356,927</u>	<u>1,816,419</u>
<b>NET FINANCIAL ASSETS</b>	<u>489,313</u>	<u>174,455</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 5)	15,245,064	15,882,640
Inventory for consumption	39	76
Prepaid expenses	13,121	14,454
	<u>15,258,224</u>	<u>15,897,170</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 15,747,537</u>	<u>\$ 16,071,625</u>
Contingencies (Note 8)		

**ON BEHALF OF THE VILLAGE COUNCIL:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councillor

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF THORSBY**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 (Budget) (Note 19)	2014 (Actual)	2013 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 1,281,011	\$ 1,287,134	\$ 1,218,440
Sales and user charges (Schedule 4)	961,701	862,877	726,747
Government transfers for operating (Schedule 3)	444,516	368,851	399,963
Franchise and concession contracts (Note 9)	174,827	182,843	85,544
Rentals	97,500	100,646	93,438
Penalties and costs on taxes	36,219	28,657	41,063
Licenses and permits	20,100	26,052	25,571
Interest	500	4,442	1,119
Other	23,600	3,159	2,235
Fines	2,000	1,646	2,224
	<u>3,041,974</u>	<u>2,866,307</u>	<u>2,596,344</u>
<b>EXPENSES</b>			
General administration	591,677	625,513	560,552
Parks and recreation	680,487	588,978	616,590
Roads, streets, walks and lighting	487,487	565,787	453,533
Water supply and distribution	473,401	525,537	434,909
Culture: libraries, museums and halls	84,625	80,357	55,005
Waste management	74,560	76,746	73,763
Council and other legislative	67,700	72,080	65,731
Fire and disaster services	168,903	71,231	152,788
Family and community support	35,140	32,521	37,282
Bylaws enforcement	31,700	30,874	32,940
Waste water treatment and disposal	67,033	25,252	18,714
Land use planning, zoning and development	4,600	5,558	6,619
Subdivision land and development	-	-	51,200
Amortization of tangible capital assets	-	529,740	489,681
	<u>2,767,313</u>	<u>3,230,174</u>	<u>3,049,307</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	<u>274,661</u>	<u>(363,867)</u>	<u>(452,963)</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 3)	358,875	19,774	312,930
Gain (loss) on disposal of tangible capital assets	-	20,005	(38,228)
	<u>358,875</u>	<u>39,779</u>	<u>274,702</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>633,536</u>	<u>(324,088)</u>	<u>(178,261)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>16,071,625</u>	<u>16,071,625</u>	<u>16,249,886</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b> (Note 6)	<u>\$ 16,705,161</u>	<u>\$ 15,747,537</u>	<u>\$ 16,071,625</u>

**VILLAGE OF THORSBY**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 (Budget) (Note 19)	2014 (Actual)	2013 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 633,536	\$ (324,088)	\$ (178,261)
Acquisition of tangible capital assets	(586,367)	(190,400)	(482,462)
Amortization of tangible capital assets	-	529,740	489,681
Proceeds on disposal of tangible capital assets	-	318,241	13,700
Loss (gain) on sale of tangible capital assets	-	(20,005)	38,228
	<u>47,169</u>	<u>313,488</u>	<u>(119,114)</u>
Use of supplies inventory	-	37	99
Use (acquisition) of prepaid expenses	-	1,333	29,145
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<u>47,169</u>	<u>314,858</u>	<u>(89,870)</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>174,455</u>	<u>174,455</u>	<u>264,325</u>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<u>\$ 221,624</u>	<u>\$ 489,313</u>	<u>\$ 174,455</u>

**VILLAGE OF THORSBY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (324,088)	\$ (178,261)
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	529,740	489,681
Loss (gain) on disposal of tangible capital assets	(20,005)	38,228
	<u>185,647</u>	<u>349,648</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(57,142)	883,244
Land held for resale	-	51,200
Accounts payable and accrued liabilities	(127,152)	108,702
Deferred revenue	(5,659)	(400)
Deposit liabilities	(110)	(599)
Inventory for consumption	37	99
Prepaid expenses	1,333	29,145
	<u>(188,693)</u>	<u>1,071,391</u>
	<u>(3,046)</u>	<u>1,421,039</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(190,400)	(482,462)
Proceeds on sale of tangible capital assets	318,241	13,700
	<u>127,841</u>	<u>(468,762)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(326,571)	(79,125)
Proceeds from long-term debt	-	406,941
	<u>(326,571)</u>	<u>327,816</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>(201,776)</b>	<b>1,280,093</b>
<b>CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR</b>	<b>757,830</b>	<b>(522,263)</b>
<b>CASH, END OF YEAR</b>	<b>\$ 556,054</b>	<b>\$ 757,830</b>

**VILLAGE OF THORSBY**  
**SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS**      *(Schedule 1)*  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 14,480,031</b>	<b>\$ 14,821,830</b>
Acquisition of tangible capital assets	190,400	482,462
Amortization of tangible capital assets	(529,740)	(489,681)
Repayment of capital long-term debt	316,788	74,289
Proceeds from capital long-term debt	-	(356,941)
Net book value of tangible capital assets disposed of	<u>(298,236)</u>	<u>(51,928)</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 14,159,243</u></b>	<b><u>\$ 14,480,031</u></b>
Equity in tangible capital assets is comprised of the following:		
Tangible Capital Assets (net book value)	<b>\$ 15,245,064</b>	<b>\$ 15,882,640</b>
Capital long-term debt	<u>(1,085,821)</u>	<u>(1,402,609)</u>
	<b><u>\$ 14,159,243</u></b>	<b><u>\$ 14,480,031</u></b>



**VILLAGE OF THORSBY  
SCHEDULE OF PROPERTY TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

*(Schedule 2)*

	2014 (Budget) <i>(Note 19)</i>	2014 (Actual)	2013 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 1,508,761	\$ 1,451,825	\$ 1,409,214
Linear property taxes	17,062	60,423	40,830
Government grants in lieu of property taxes	-	19,698	19,331
	<u>1,525,823</u>	<u>1,531,946</u>	<u>1,469,375</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	242,991	242,991	249,012
Leduc Foundation	1,821	1,821	1,923
	<u>244,812</u>	<u>244,812</u>	<u>250,935</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 1,281,011</u>	<u>\$ 1,287,134</u>	<u>\$ 1,218,440</u>

**VILLAGE OF THORSBY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

*(Schedule 3)*

	2014 (Budget) (Note 19)	2014 (Actual)	2013 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Local governments	\$ 401,650	\$ 321,426	\$ 394,963
Provincial government	42,866	47,425	5,000
	<u>444,516</u>	<u>368,851</u>	<u>399,963</u>
<b>TRANSFERS FOR CAPITAL</b>			
Local governments	42,808	19,774	138,839
Provincial government	316,067	-	174,091
	<u>358,875</u>	<u>19,774</u>	<u>312,930</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 803,391</u>	<u>\$ 388,625</u>	<u>\$ 712,893</u>

**VILLAGE OF THORSBY  
SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**(Schedule 4)**

	General Administration	Culture, Parks and Recreation	Protective Services	Roads, Streets, Walks, Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 557,395	\$ 222,973	\$ 82,292	\$ 424,474	\$ -	\$ -	\$ 1,287,134
Sales and user charges	6,963	63,055	2,326	-	790,533	-	862,877
Government transfers	47,924	283,660	12,267	-	-	25,000	368,851
All other	12,233	-	5,220	2,724	-	226,622	246,799
Rentals	1,000	99,646	-	-	-	-	100,646
	<b>625,515</b>	<b>669,334</b>	<b>102,105</b>	<b>427,198</b>	<b>790,533</b>	<b>251,622</b>	<b>2,866,307</b>
<b>EXPENSES</b>							
Salaries, wages and benefits	332,332	312,153	6,768	277,421	111,150	82,302	1,122,126
Contracted and general services	254,999	92,163	74,157	160,662	249,387	27,857	859,225
Utilities	9,454	118,546	-	83,615	104,385	-	316,000
Repairs and maintenance	10,816	103,831	3,510	39,176	85,931	-	243,264
Insurance	11,690	39,150	8,221	4,698	28,734	-	92,493
Interest on long-term debt	581	3,491	9,449	215	47,947	-	61,683
Provision for allowances	5,643	-	-	-	-	-	5,643
	<b>625,515</b>	<b>669,334</b>	<b>102,105</b>	<b>565,787</b>	<b>627,534</b>	<b>110,159</b>	<b>2,700,434</b>
<b>NET REVENUE (DEFICIT), BEFORE AMORTIZATION</b>							
Amortization	-	-	-	(138,589)	162,999	141,463	165,873
	<b>7,643</b>	<b>132,346</b>	<b>6,031</b>	<b>116,755</b>	<b>266,965</b>	<b>-</b>	<b>529,740</b>
<b>NET REVENUE (DEFICIT)</b>	<b>\$ (7,643)</b>	<b>\$ (132,346)</b>	<b>\$ (6,031)</b>	<b>\$ (255,344)</b>	<b>\$ (103,966)</b>	<b>\$ 141,463</b>	<b>\$ (363,867)</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF THORSBY**  
**SCHEDULE OF SEGMENTED INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
*(Schedule 4)*

	General Administration	Culture, Parks and Recreation	Protective Services	Roads, Streets, Walks, Lighting	Utilities	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 538,287	\$ 223,467	\$ 82,576	\$ 374,110	\$ -	\$ -	\$ 1,218,440
Sales and user charges	7,292	66,604	13,720	-	628,383	10,748	726,747
Government transfers	3,000	289,420	82,543	-	-	25,000	399,963
All other	10,640	-	6,890	757	-	139,469	157,756
Rentals	1,334	92,104	-	-	-	-	93,438
	<u>560,553</u>	<u>671,595</u>	<u>185,729</u>	<u>374,867</u>	<u>628,383</u>	<u>175,217</u>	<u>2,596,344</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	\$ 263,611	\$ 327,609	\$ 48,298	\$ 225,672	\$ 98,584	\$ 80,108	\$ 1,043,882
Contracted and general services	174,127	80,550	126,392	124,088	189,447	80,721	775,325
Utilities	9,599	112,320	-	76,024	99,871	-	297,814
Repairs and maintenance	9,955	106,304	4,374	22,057	57,454	-	200,144
Provision for allowances	99,649	-	-	-	-	-	99,649
Insurance	3,054	44,665	6,408	5,024	30,315	-	89,466
Interest on long-term debt	558	147	257	670	51,714	-	53,346
	<u>560,553</u>	<u>671,595</u>	<u>185,729</u>	<u>453,535</u>	<u>527,385</u>	<u>160,829</u>	<u>2,559,626</u>
<b>NET REVENUE (DEFICIT), BEFORE AMORTIZATION</b>	-	-	-	(78,668)	100,998	14,388	36,718
Amortization	11,057	124,435	6,032	123,929	224,228	-	489,681
<b>NET REVENUE (DEFICIT)</b>	<u>\$ (11,057)</u>	<u>\$ (124,435)</u>	<u>\$ (6,032)</u>	<u>\$ (202,597)</u>	<u>\$ (123,230)</u>	<u>\$ 14,388</u>	<u>\$ (452,963)</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

---

**1. ACCOUNTING POLICIES**

The financial statements of the Village of Thorsby (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

**(a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to the Mayor and Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

**(b) Basis of Accounting**

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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, are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

**(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 expenditures 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) Land Held for Resale**

Land held for resale is recorded at the lower of cost or net realizable. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling 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.

**(e) Cash**

Cash includes bank accounts and petty cash.

*(continues)*

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

---

**1. ACCOUNTING POLICIES (continued)**

**(f) Tax Revenue**

Property taxes are recognized as revenue in the year they are levied.

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 and are recognized as revenue in the year in which the local improvement project is completed.

**(g) Inventory for Consumption**

Inventories are valued at the lower of cost and net realizable value with cost determined by the average cost method.

**(h) 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:

Buildings	10 - 50 years
Engineered structures:	
Roadways	20 years
Wastewater systems	40 - 100 years
Water systems	40 - 100 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years

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

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

**(i) 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.

**(j) Non-Financial Assets**

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

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

**2. RECEIVABLES**

	2014	2013
Other governments	\$ 1,203,029	\$ 1,122,650
Property tax receivable	92,067	137,761
Utilities	77,877	52,560
Goods and Services Tax	8,166	19,722
	1,381,139	1,332,693
Less: allowance for doubtful accounts	(90,953)	(99,649)
	\$ 1,290,186	\$ 1,233,044

**3. DEFERRED REVENUE**

Deferred revenue consists of funds received which relate to expenditures of future periods.

	2014	2013
Provincial government conditional transfers	\$ 6,493	\$ 10,552
Rec Plex naming rights	5,000	6,000
Other	-	600
	\$ 11,493	\$ 17,152

**4. LONG-TERM DEBT**

	2014	2013
Tax-supported debentures	\$ 1,121,200	\$ 1,447,771

Principal and interest payments are due as follows:

	Principal	Interest	Total
2015	\$ 98,879	\$ 49,531	\$ 148,410
2016	103,496	44,914	148,410
2017	108,388	40,022	148,410
2018	108,373	34,835	143,208
2019	108,560	29,445	138,005
To maturity	593,504	79,524	673,028
	\$ 1,121,200	\$ 278,271	\$ 1,399,471

Debenture debt is repayable to Alberta Capital Financing Authority and bears interest at rates ranging from 1.458% to 9.625% per annum before provincial subsidy. Maturity occurs in periods from 2018 through to 2026. Debenture debt is issued on the credit and security of the Village of Thorsby.

Total cash payments for interest on long-term debt in 2014 amounted to \$57,491 (2013 - \$54,704).

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

**5. TANGIBLE CAPITAL ASSETS**

	2014 Net Book Value	2013 Net Book Value
Engineered structures		
Water systems	\$ 9,029,182	\$ 9,264,852
Roadways	1,277,449	1,367,515
Wastewater systems	802,610	830,190
	<u>11,109,241</u>	<u>11,462,557</u>
Buildings	2,733,098	2,840,212
Land	581,323	581,323
Machinery, equipment, and furnishings	801,884	672,748
Vehicles	19,518	325,800
	<u>\$ 15,245,064</u>	<u>\$ 15,882,640</u>

	Cost Beginning of Year	Additions	Disposals	Write-downs	Cost End of Year
Engineered structures					
Roadways	\$ 6,280,898	\$ -	\$ -	\$ -	\$ 6,280,898
Water systems	11,948,056	-	-	-	11,948,056
Wastewater systems	1,717,157	-	-	-	1,717,157
	<u>19,946,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,946,111</u>
Buildings	5,205,574	-	-	-	5,205,574
Machinery, equipment, and furnishings	1,237,530	190,400	58,685	-	1,369,245
Land	581,323	-	-	-	581,323
Vehicles	482,465	-	384,356	-	98,109
	<u>\$ 27,453,003</u>	<u>\$ 190,400</u>	<u>\$ 443,041</u>	<u>\$ -</u>	<u>\$ 27,200,362</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Write-downs	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 4,913,383	\$ 90,066	\$ -	\$ -	\$ 5,003,449
Water systems	2,683,204	235,670	-	-	2,918,874
Wastewater systems	886,967	27,580	-	-	914,547
	<u>8,483,554</u>	<u>353,316</u>	<u>-</u>	<u>-</u>	<u>8,836,870</u>
Buildings	2,365,362	107,114	-	-	2,472,476
Machinery, equipment, and furnishings	564,782	61,264	58,685	-	567,361
Vehicles	156,665	8,046	86,120	-	78,591
	<u>\$ 11,570,363</u>	<u>\$ 529,740</u>	<u>\$ 144,805</u>	<u>\$ -</u>	<u>\$ 11,955,298</u>



**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

**6. ACCUMULATED SURPLUS**

	2014	2013
Unrestricted surplus	\$ 1,128,690	\$ 1,457,559
Operating reserves (Note 7)	26,563	25,000
Capital reserves (Note 7)	433,041	109,035
Equity in tangible capital assets (Schedule 1)	14,159,243	14,480,031
	<u>\$ 15,747,537</u>	<u>\$ 16,071,625</u>

**7. RESTRICTED SURPLUS**

	2014	2013
<b>Operating Reserves</b>		
Contingency	\$ 26,563	\$ 25,000
<b>Capital Reserves</b>		
Water	\$ 122,229	\$ 40,410
Fire	115,068	16,200
Sewer	98,424	44,425
Infrastructure power reserve	63,731	-
Recreation	16,000	8,000
Equipment	12,189	-
General administration	5,400	-
	<u>\$ 433,041</u>	<u>\$ 109,035</u>

**8. CONTINGENCIES**

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village could become liable for its proportionate shares 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.

**9. FRANCHISE AND CONCESSION CONTRACTS**

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2014 (Budget) (Note 19)	2014 (Actual)	2013 (Actual)
Fortis Alberta	\$ 121,928	\$ 127,462	\$ 57,211
ATCO Gas	52,899	55,381	28,333
	<u>\$ 174,827</u>	<u>\$ 182,843</u>	<u>\$ 85,544</u>

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

---

**10. BANK INDEBTEDNESS**

The Village has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime rate. At December 31, 2014, the balance owing was \$Nil (2013 - \$Nil).

---

**11. ASSET RETIREMENT OBLIGATION**

In 2004, the Village gave a portion of land to Leduc County for construction of the Thorsby and District Fire Hall. The Thorsby public works building also sits on this land. The Village entered into an agreement with Leduc County for the right to use the public works building and immediately adjoining land for a period of 15 years, after which the agreement can be renegotiated. If the Village ceases to use the building during this time, it will be responsible for all demolition and site restoration.

It is the intent of the Mayor and Council of the Village to continue this agreement in perpetuity. Therefore, the amount of any asset retirement obligation is not readily determinable at this time, and no amounts have been accrued in these financial statements. Any additional information which will enable a determination of the retirement obligation will be disclosed as it becomes available.

---

**12. 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 Thorsby be disclosed as follows:

	2014	2013
Total debt limit	\$ 4,299,461	\$ 3,894,516
Total debt	1,121,200	1,447,771
<b>Total debt limit remaining</b>	<b>\$ 3,178,261</b>	<b>\$ 2,446,745</b>
Service on debt limit	\$ 716,577	\$ 649,086
Service on debt	148,410	180,113
<b>Total service on debt limit remaining</b>	<b>\$ 568,167</b>	<b>\$ 468,973</b>

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 limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Village. Rather, the financial statements must be interpreted as a whole.

---

**13. CONTRACTUAL OBLIGATIONS**

The Village has entered into an agreement with Ever Green Ecological Services Inc. for the collection of waste material commencing September 1, 2012 for a three-year period ending August 31, 2015. The annual estimated cost over the term of the agreement is \$40,000.

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

**14. FUNDS HELD IN TRUST**

The Village administers the following trusts on behalf of third parties. As related trust assets are not owned by the Village, the trusts have been excluded from these financial statements. The following table provides a summary of the transactions within these trusts during the year.

	Beginning	Receipts	Outlays	Ending
Tax sale surplus	\$ 37,509	\$ -	\$ -	\$ 37,509
FCSS programs	9,113	1,712	-	10,825
	<u>\$ 46,622</u>	<u>\$ 1,712</u>	<u>\$ -</u>	<u>\$ 48,334</u>

**15. SALARIES AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Village officials, the Village Administrator and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits (2)	2014	2013
Mayor Barry Rasch	\$ 14,900	\$ 318	\$ 15,218	\$ 14,416
Councillors				
Rick Hart	13,850	185	14,035	11,148
Lloyd Jardine	13,400	182	13,582	2,747
Ken Beleshko	7,625	75	7,700	-
Robert Burnett	7,550	148	7,698	-
Katherine Ruhr	2,075	40	2,115	2,205
Glenn Taylor	2,075	40	2,115	2,747
Cathryne Pharis	-	-	-	8,040
Mitch Williams	-	-	-	8,040
Joanne Osness	-	-	-	7,459
	<u>\$ 61,475</u>	<u>\$ 988</u>	<u>\$ 62,463</u>	<u>\$ 56,802</u>
Chief Administrative Officers	<u>\$ 186,709</u>	<u>\$ 20,942</u>	<u>\$ 207,651</u>	<u>\$ 131,137</u>

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

(2) Benefits and allowances include the employer's share of the employee benefits and contributions 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.

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

---

**16. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. The LAPP serves approximately 230,500 people and 418 employers. 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 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 are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current service contributions by the Village of Thorsby to the LAPP in 2014 were \$80,653 (2013 - \$68,056). Total current service contributions by the employees of the Village to the LAPP in 2014 were \$73,929 (2013 - \$61,846).

At December 31, 2013, the Plan disclosed an actuarial deficit of \$4.9 billion (2012 - \$5.0 billion).

---

**17. FINANCIAL INSTRUMENTS**

The Village's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Village's credit risk.

The Village is not exposed to interest rate risk on its long-term debt as the interest rate on the debentures is fixed for the term of the debenture.

---

**18. SEGMENTED INFORMATION**

The Village provides a range of services to its citizens. 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. For additional information see the Schedule of Segmented Disclosure (Schedule 4).

---

**VILLAGE OF THORSBY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2014**

---

**19. BUDGET FIGURES**

Budget figures are presented for information purposes only and are unaudited. The 2014 budget, prepared by the Village, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
Annual surplus (deficit)	\$ 633,536	\$ (324,088)	\$ (178,261)
Amortization of tangible capital assets	-	529,740	489,681
Loss (gain) on disposal of tangible capital assets	-	(20,005)	38,228
Purchase of tangible capital assets	(586,367)	(190,400)	(482,462)
Repayment of long-term debt	(119,632)	(326,571)	(79,125)
Long-term debt issued	207,300	-	406,941
Net transfers (to) from reserves	(134,837)	(325,569)	(116,550)
	<u>\$ -</u>	<u>\$ (656,893)</u>	<u>\$ 78,452</u>

---

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

---

**21. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation.

---