

TOWN OF CLARESHOLM

Consolidated Financial Statements

For the year ended December 31, 2014

TOWN OF CLARESHOLM
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For the year ended December 31, 2014

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: The Mayor and Members of Council of
the Town of Claresholm

We have audited the accompanying consolidated financial statements of the Town of Claresholm which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

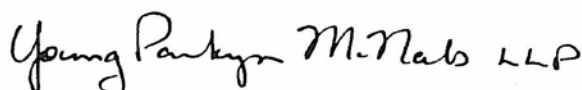
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Claresholm as at December 31, 2014 and the results of its operations, changes in its net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

April 13, 2015



Chartered Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Claresholm.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Claresholm is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Finance and Administration and General Services committees.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Young Parkyn McNab LLP has full and free access to the Council.

Chief Administrative Officer



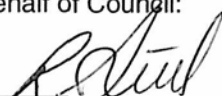
TOWN OF CLARESHOLM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	2014	2013 (restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 2,864,306	\$ 2,850,544
Taxes and grants in place of taxes receivable (note 3)	332,132	414,670
Trade and other receivables (note 4)	751,725	932,348
Land held for resale	150,688	150,688
	<u>4,098,851</u>	<u>4,348,250</u>
Liabilities		
Accounts payable and accrued liabilities	184,430	435,779
Employee benefit obligations (note 6)	216,069	212,073
Deposits	37,402	53,687
Deferred revenue (note 7)	879,202	928,012
Long-term debt (note 8)	4,741,682	4,985,852
	<u>6,058,785</u>	<u>6,615,403</u>
Net financial debt	<u>(1,959,934)</u>	<u>(2,267,153)</u>
Non-financial assets		
Prepaid expenses	17,770	18,861
Inventory for consumption	228,337	203,647
Tangible capital assets (schedule 2)	25,854,945	27,276,013
	<u>26,101,052</u>	<u>27,498,521</u>
Accumulated surplus (note 9)	<u>\$ 24,141,118</u>	<u>\$ 25,231,368</u>

Commitments and contingencies (note 22)

Approved on behalf of Council:

Councillor



Councillor



TOWN OF CLARESHOLM
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013 (restated)
Revenue			
Net municipal taxes (note 12)	\$ 3,123,116	\$ 3,063,513	\$ 3,048,070
User fees and sales of goods	1,928,310	2,084,282	1,933,647
Government transfers for operating (note 13)	235,050	220,407	138,593
Investment income	30,000	46,294	31,979
Penalties and costs of taxes	111,500	147,160	188,360
Licenses and permits	58,500	41,051	46,574
Franchise and concession contracts	120,000	140,124	122,233
Rental	115,500	125,772	129,706
Other	85,640	102,502	144,496
Family and community support services	221,028	240,440	238,687
	6,028,644	6,211,545	6,022,345
Expenses (note 14)			
Legislative	108,000	269,401	75,587
Administration	972,495	866,706	920,249
Fire	208,600	193,347	192,296
Bylaw enforcement	146,700	185,033	106,170
Common and equipment pool	579,450	533,801	561,976
Roads, streets, walks and lighting	1,085,950	922,993	1,035,270
Airport	18,400	16,930	16,046
Storm sewers and drainage	163,000	210,635	134,869
Water supply and distribution	2,486,700	2,241,161	2,599,450
Wastewater treatment and disposal	468,200	466,266	412,199
Solid waste management	508,750	493,810	447,416
Family and community support services	214,028	219,861	232,107
Day care	58,126	69,126	48,126
Cemeteries and crematoriums	38,300	21,812	28,721
Other public health and welfare	54,500	12,907	12,736
Planning and development	298,215	299,932	257,605
Parks and recreation	879,700	846,473	920,318
Culture - libraries, museums and halls	369,730	356,686	380,826
	8,658,844	8,226,880	8,381,967
Deficiency of revenue over expenses before other	(2,630,200)	(2,015,335)	(2,359,622)
Other			
Government transfers for capital (note 13)	1,110,000	925,085	2,107,996
Deficiency of revenue over expenses	(1,520,200)	(1,090,250)	(251,626)
Accumulated surplus, beginning of year			
As previously stated	25,029,092	25,029,092	25,249,684
Prior period adjustment (note 15)	-	202,276	233,310
As restated	25,029,092	25,231,368	25,482,994
Accumulated surplus, end of year	\$ 23,508,892	\$ 24,141,118	\$ 25,231,368

TOWN OF CLARESHOLM
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013 (restated)
Deficiency of revenue over expenses	\$ (1,520,200)	\$ (1,090,250)	\$ (251,626)
Acquisition of tangible capital assets	(1,549,300)	(1,217,384)	(2,506,808)
Amortization	2,874,500	2,584,670	2,871,172
Loss on disposal of tangible capital assets	-	17,456	1,206
Proceeds on disposal of tangible capital assets	-	36,325	31,459
	1,325,200	1,421,067	397,029
Net change in inventory for consumption	-	(24,689)	7,622
Net change in prepaid expense	-	1,091	515
	-	(23,598)	8,137
Increase in net financial debt	(195,000)	307,219	153,540
Net financial debt, beginning of year			
As previously stated	(2,267,153)	(2,469,429)	(2,654,003)
Prior period adjustment (note 15)	-	202,276	233,310
As restated	25,231,368	(2,267,153)	(2,420,693)
Net financial debt, end of year	\$ (2,462,153)	\$ (1,959,934)	\$ (2,267,153)

TOWN OF CLARESHOLM
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2014

	2014	2013 (restated)
Operating transactions		
Deficiency of revenue over expenses	\$ (1,090,250)	\$ (251,626)
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	17,456	1,206
Amortization	2,584,670	2,871,172
	1,511,876	2,620,752
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	82,538	(45,924)
Trade and other receivables	180,623	(295,043)
Inventory for consumption	(24,689)	7,622
Prepaid expenses	1,091	515
Accounts payable and accrued liabilities	(251,349)	(3,941)
Employee benefit obligations	3,996	(3,892)
Deposits	(16,285)	(8,135)
Deferred revenue	(48,810)	15,446
Cash provided by operating transactions	1,438,991	2,287,400
Capital transactions		
Proceeds on disposal of tangible capital assets	36,325	31,459
Acquisition of tangible capital assets	(1,217,384)	(2,506,808)
Cash applied to capital transactions	(1,181,059)	(2,475,349)
Financing transactions		
Repayment of long-term debt	(244,170)	(260,077)
Increase (decrease) in cash and temporary investments	13,762	(448,026)
Cash and temporary investments, beginning of year	2,850,544	3,298,570
Cash and temporary investments, end of year	\$ 2,864,306	\$ 2,850,544

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies

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

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

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

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

(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 unmatured 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 and net realizable value. 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their 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 are excluded from municipal revenue.

(i) 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.

(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 Debt for the year.

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

(j) Non-financial assets, continued

(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 over the estimated useful life as follows:

	Years
Land improvements	10-25 straight line
Buildings	25-50 straight line
Engineered structures	5-75 declining balance
Machinery and equipment	5-40 declining balance
Vehicles	10-25 declining balance

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 or net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

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

2. Cash and temporary investments

	2014	2013
Cash	\$ 176,784	\$ 260,460
Temporary investments	2,687,522	2,590,084
	<u>\$ 2,864,306</u>	<u>\$ 2,850,544</u>

Included in cash and short-term investments is \$37,402 (2013 - \$53,687) of deposit liability funds which are not available for current purposes.

Temporary investments consists of one to eight month term deposits with varying interest rates of 0.06% to 2.05% if held to maturity.

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

3. Taxes and grants in place of taxes receivables

	2014	2013
Current year	\$ 206,101	\$ 240,701
Arrears	126,031	173,969
	<u>\$ 332,132</u>	<u>\$ 414,670</u>

4. Trade and other receivables

	2014	2013
Trade accounts	\$ 329,988	\$ 266,531
Local improvement levies	167,970	196,787
Due from Provincial governments	149,831	200,000
Due from local governments	56,549	187,592
GST receivable	47,387	81,438
	<u>\$ 751,725</u>	<u>\$ 932,348</u>

5. Temporary Loans

A temporary loan has been authorized by Alberta Treasury Branches to a maximum of \$450,000 which bears interest at prime.

A term loan has been authorized by Alberta Treasury Branches to a maximum of \$1,300,000 which bears interest at prime minus 0.5%.

Security pledged on these loans includes a general security agreement. As at December 31, 2014 there was no balance outstanding on either loan.

6. Employee benefit obligations

	2014	2013
Vacation	\$ 134,668	\$ 132,358
Sick time	81,401	79,715
	<u>\$ 216,069</u>	<u>\$ 212,073</u>

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

7. Deferred revenue

The deferred revenue balance represents funds received for specific purposes that have not been spent by year end. Deferred revenue consists of the following:

	2014	2013 (restated)
MSI/BMTG capital grants	\$ 390,697	\$ 296,538
Sundry trust	344,007	321,770
Offsite levies	62,839	62,299
Subdivision fund	36,337	36,025
Federal gas tax capital grant	25,397	171,847
FCSS	8,908	15,646
Alberta municipal water/wastewater partnership	-	12,949
Taxi token prepayments	5,380	5,355
Parking fund	3,652	3,612
Walking path fund	1,985	1,971
	<u>\$ 879,202</u>	<u>\$ 928,012</u>

8. Long-term debt

	2014	2013
Debentures supported by general tax levies	\$ 701,974	\$ 793,372
Debentures supported by utility rates	4,039,708	4,192,480
	<u>\$ 4,741,682</u>	<u>\$ 4,985,852</u>
Current portion	<u>\$ 254,676</u>	<u>\$ 244,169</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2015	\$ 254,675	\$ 229,664	\$ 484,339
2016	265,692	218,647	484,339
2017	277,246	207,093	484,339
2018	289,365	194,974	484,339
2019	302,079	182,260	484,339
Thereafter	3,352,625	1,255,079	4,607,704
	<u>\$ 4,741,682</u>	<u>\$ 2,287,717</u>	<u>\$ 7,029,399</u>

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

8. Long-term debt, continued

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.306% to 5.875% per annum, before Provincial subsidy, and matures in periods 2021 through 2033. The average annual interest rate is 4.88% (4.85% for 2013). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Claresholm at large.

Interest on long-term debt amounted to \$238,999 (2013 - \$249,741). The Town's total cash payments for interest in 2014 were \$240,170 (2013 - \$252,491).

9. Accumulated surplus

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

	2014	2013 (restated)
Unrestricted surplus	\$ 1,649,523	\$ 1,645,718
Internally restricted surplus (reserves) (note 11)	1,378,332	1,295,489
Equity in tangible capital assets (note 10)	21,113,263	22,290,161
	<u>\$ 24,141,118</u>	<u>\$ 25,231,368</u>

10. Equity in tangible capital assets

	2014	2013
Tangible capital assets (schedule 2)	\$ 83,398,587	\$ 83,271,779
Accumulated amortization (schedule 2)	(57,543,642)	(55,995,766)
Long-term debt (note 8)	(4,741,682)	(4,985,852)
	<u>\$ 21,113,263</u>	<u>\$ 22,290,161</u>

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

11. Reserves

Reserves for operating and capital activities are as follows:

	2014	2013
Operating		
General	\$ 200,163	\$ 281,752
Debt reduction	192,453	292,453
Trust accounts	51,358	51,358
Landfill closure	38,598	-
Physician recruitment fund	36,004	18,911
Sewer main replacement	35,000	35,000
Office	28,780	28,780
Garbage equipment	25,739	25,739
Waterworks	15,000	15,000
Fill dirt	11,427	11,427
Fire truck	8,819	8,819
Arena renovation	8,500	8,500
Airport general	8,000	-
Tipping fees	5,449	5,449
Water pumps	2,500	2,500
Waterline replacement	1,910	1,910
Cemetery	723	723
Ball diamonds	245	245
	670,668	788,566
Capital		
General	235,588	12,537
Arena ice slab/boards	154,135	160,000
Fire truck	100,000	100,000
Water supply	44,663	44,663
Acreage assessment	40,721	40,721
Residential land sales	26,584	26,584
Town land	25,163	25,163
Tamarack subdivision	25,149	25,149
Airport land sales	20,677	20,677
Enforcement vehicle	14,500	14,500
Tax recovery land	11,854	11,854
Subdivision	8,510	8,510
Industrial land sales	120	120
Parks replacement	-	18,110
Garbage	-	(370)
Sewer	-	(1,295)
	707,664	506,923
	\$ 1,378,332	\$ 1,295,489

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

12. Net municipal property taxes

	Budget (Unaudited)	2014	2013 (restated)
Taxation			
Real property taxes	\$ 4,082,868	\$ 4,076,492	\$ 4,118,035
Linear property taxes	113,050	113,050	109,634
Government grants in place of property taxes	86,786	83,571	90,407
Special assessments and local improvements	78,100	28,088	47,425
	4,360,804	4,301,201	4,365,501
Requisitions			
Alberta School Foundation Fund	1,128,338	1,128,338	1,205,361
Porcupine Hills Lodge	109,350	109,350	112,070
	1,237,688	1,237,688	1,317,431
	\$ 3,123,116	\$ 3,063,513	\$ 3,048,070

13. Government transfers

	Budget (Unaudited)	2014	2013
Transfers for operating:			
Government transfers for operating	\$ 235,050	\$ 220,407	\$ 138,593
Transfers for capital			
Shared-cost agreements and grants	1,110,000	925,085	2,107,996
	\$ 1,345,050	\$ 1,145,492	\$ 2,246,589

14. Expenditures by object

	Budget (Unaudited)	2014	2013
Salaries, wages and benefits	\$ 2,559,075	\$ 2,523,719	\$ 2,553,342
Contracted and general services	1,187,850	1,068,577	1,107,160
Materials, goods, supplies and utilities	1,360,778	1,243,041	1,221,191
Bank charges and short-term interest	1,545	844	3,785
Interest on long-term debt	240,300	238,999	249,741
Other expenditures	120,500	84,473	110,828
Loss on disposal of tangible capital assets	-	17,456	1,206
Transfers to organizations and others	26,270	26,268	25,367
Purchases from other governments	288,026	268,124	238,175
Provision for allowances	-	170,709	-
Amortization	2,874,500	2,584,670	2,871,172
	\$ 8,658,844	\$ 8,226,880	\$ 8,381,967

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

15. Prior period adjustment

The prior year's figures have been adjusted to reflect the full amount of local improvement taxes previously assessed. The effects of this adjustment are:

- an increase in unrestricted net assets of \$233,310 as at January 1, 2013,
- a decrease in net municipal taxes revenue of \$31,034 for the year ended December 31, 2013,
- an increase in trade and other receivables of \$196,785, a decrease in deferred revenue of \$5,491, and an increase in unrestricted net assets of \$202,276 as at December 31, 2013.

16. Salary and benefits disclosure

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

	(1)	(2)		
	Salary	Benefits & allowances	2014	2013
Council				
Mayor Steel	\$ 13,115	\$ 627	\$ 13,742	\$ 2,205
Councillor Cutler	11,238	87	11,325	1,955
Councillor Dixon	10,146	255	10,401	1,165
Councillor Fieguth	11,353	178	11,531	7,348
Councillor Ford	14,048	672	14,720	2,260
Councillor McAlonan	11,689	14	11,703	2,027
Councillor O'Neill	12,942	-	12,942	1,975
Mayor Moore	-	-	-	9,477
Councillor Hubka	-	-	-	6,977
Councillor MacPherson	-	-	-	7,585
Councillor Quayle	-	-	-	5,147
Councillor Sutter	-	-	-	5,947
Councillor Van Amerongen	-	-	-	7,558
Chief Administrative Officer	76,330	14,114	90,444	112,575
Designated Officers (5 positions)				
(2013: 5 positions)	\$ 324,328	\$ 87,129	\$ 411,457	\$ 349,170

(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 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

17. Debt limits

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

	2014	2013
Total debt limit	\$ 9,317,319	\$ 9,080,068
Total debt	4,741,682	4,985,852
	<u>\$ 4,575,637</u>	<u>\$ 4,094,216</u>
Debt servicing limit	\$ 1,552,887	\$ 1,513,345
Debt servicing	484,339	484,338
	<u>\$ 1,068,548</u>	<u>\$ 1,029,007</u>

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 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.

18. Local authorities pension plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 230,000 people and 418 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Town is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town 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 Town to the LAPP in 2014 were \$188,188 (2013 - \$172,825). Total current service contributions by the employees of the Town to the LAPP in 2014 were \$172,536 (2013 - \$157,219).

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

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

19. Financial instruments

The Town of Claresholm's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, employee benefit obligations, deposit and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town of Claresholm is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil 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.

20. Approval of financial statements

These financial statements were approved by Council and Management.

21. Budget amounts

The 2014 budget for the Town was approved by Council on April 14, 2014 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted deficit per financial statements		\$ (1,520,200)
Less:	Capital expenditures	(1,549,300)
	Long-term debt repayments	(244,300)
Add:	Amortization	2,874,500
	Transfers from reserves	439,300
Equals:	Balanced budget	\$ -

TOWN OF CLARESHOLM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

22. Contingency and commitments

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

The Town has made a commitment to the Municipal District of Willow Creek to pay for one half of the costs for monitoring and maintenance of the Municipal District of Willow Creek's landfill for the next 7 years.

The Town of Claresholm has entered an agreement with the Town of Granum for the conveyance and supply of potable water. This agreement is in effect until December 31, 2034.

The Town has future commitments for a sanitary sewer main project in 2015. The cost to the Town is estimated to be \$720,000 which will be funded by long-term debt over 6 years.

TOWN OF CLARESHOLM
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2014	2013 (restated)
Balance, beginning of year					
As previously stated	\$ 1,443,442	\$ 1,295,489	\$ 22,290,161	\$ 25,029,092	\$ 25,249,684
Prior period adjustment (note 15)	202,276	-	-	202,276	233,310
As restated	1,645,718	1,295,489	22,290,161	25,231,368	25,482,994
Deficiency of revenue over expenses	(1,090,250)	-	-	(1,090,250)	(251,626)
Unrestricted funds designated for future use	(298,691)	298,691	-	-	-
Restricted funds used for tangible capital assets	-	(215,848)	215,848	-	-
Current year funds used for tangible capital assets	(1,001,535)	-	1,001,535	-	-
Disposal of tangible capital assets	53,781	-	(53,781)	-	-
Annual amortization expense	2,584,670	-	(2,584,670)	-	-
Long term debt repaid	(244,170)	-	244,170	-	-
Change in accumulated surplus	3,805	82,843	(1,176,898)	(1,090,250)	(251,626)
Balance, end of year	\$ 1,649,523	\$ 1,378,332	\$ 21,113,263	\$ 24,141,118	\$ 25,231,368

TOWN OF CLARESHOLM
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2014	2013
Cost:									
Balance, beginning of year\$	990,764	\$ 1,549,244	\$ 11,601,798	\$ 64,337,333	\$ 1,321,833	\$ 1,413,543	\$ 2,057,263	\$ 83,271,778	\$ 80,859,661
Acquisitions	-	28,394	225,000	647,635	124,971	-	191,384	1,217,384	2,506,809
Construction in progress	-	-	-	1,862,840	-	-	(1,862,840)	-	-
Disposals	-	-	-	(935,634)	(39,482)	(114,984)	(475)	(1,090,575)	(94,691)
Balance, end of year	990,764	1,577,638	11,826,798	65,912,174	1,407,322	1,298,559	385,332	83,398,587	83,271,779
Accumulated amortization:									
Balance, beginning of year	-	294,675	5,090,369	48,903,194	774,965	932,562	-	55,995,766	53,186,621
Annual amortization	-	85,122	233,721	2,089,614	107,369	68,844	-	2,584,670	2,871,172
Disposals	-	-	-	(916,726)	(16,356)	(103,712)	-	(1,036,794)	(62,027)
Balance, end of year	-	379,797	5,324,090	50,076,082	865,978	897,694	-	57,543,642	55,995,766
Net book value	\$ 990,764	\$ 1,197,841	\$ 6,502,708	\$ 15,836,092	\$ 541,344	\$ 400,865	\$ 385,332	\$ 25,854,945	\$ 27,276,013
2013 net book value	\$ 990,764	\$ 1,254,569	\$ 6,511,429	\$ 15,434,139	\$ 546,867	\$ 480,981	\$ 2,057,263	\$ 27,276,013	

TOWN OF CLARESHOLM
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 3,035,175	\$ -	\$ 28,338	\$ -	\$ -	\$ -	\$ -	\$ 3,063,513
User fees and sales of goods	21,173	73,460	660	1,867,876	20,870	8,958	91,285	2,084,282
Government transfers for operating	39,440	9,062	85,815	-	-	-	86,090	220,407
Investment income	46,294	-	-	-	-	-	-	46,294
Penalties and costs of taxes	87,471	59,689	-	-	-	-	-	147,160
Licenses and permits	29,695	-	-	-	-	11,356	-	41,051
Franchise and concession contracts	140,124	-	-	-	-	-	-	140,124
Rental	33,620	-	13,000	-	-	-	79,152	125,772
Other	21,264	-	-	11,968	-	-	69,270	102,502
Family and community support services	-	-	-	-	240,440	-	-	240,440
	3,454,256	142,211	127,813	1,879,844	261,310	20,314	325,797	6,211,545
Expenses								
Salaries, wages and benefits	449,848	158,684	398,090	613,926	182,582	183,004	537,585	2,523,719
Contracted and general services	373,537	79,221	291,606	189,054	42,917	35,897	56,345	1,068,577
Materials, goods, supplies and utilities	64,048	101,866	497,468	403,439	29,080	2,752	144,388	1,243,041
Bank charges and short-term interest	844	-	-	-	-	-	-	844
Interest on long-term debt	-	-	-	221,320	-	-	17,679	238,999
Other expenditures	33,703	-	-	-	-	50,770	-	84,473
Loss on disposal of tangible capital assets	-	7,008	(9,541)	18,908	-	176	905	17,456
Transfers to organizations and others	-	-	-	-	-	-	26,268	26,268
Purchases from other governments	39,098	-	-	-	69,126	-	159,900	268,124
Provision for allowances	170,492	-	-	217	-	-	-	170,709
Amortization of tangible capital assets	4,538	31,601	506,737	1,754,374	-	27,333	260,087	2,584,670
	1,136,108	378,380	1,684,360	3,201,238	323,705	299,932	1,203,157	8,226,880
Deficiency of revenue over expenses before other	2,318,148	(236,169)	(1,556,547)	(1,321,394)	(62,395)	(279,618)	(877,360)	(2,015,335)
Other								
Government transfers for capital	-	-	287,589	637,496	-	-	-	925,085
Deficiency of revenue over expenses	\$ 2,318,148	\$ (236,169)	\$ (1,268,958)	\$ (683,898)	\$ (62,395)	\$ (279,618)	\$ (877,360)	\$ (1,090,250)