

TOWN OF STRATHMORE
Consolidated Financial Statements
For the year ended December 31, 2015

TOWN OF STRATHMORE
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For the year ended December 31, 2015

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the Town of Strathmore 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 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.

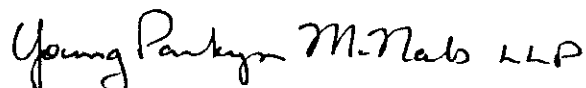
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

Lethbridge, Alberta



April 20, 2016

Chartered Accountants

MANAGEMENT REPORT

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

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 Strathmore is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Financial Audit Committee.

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

A handwritten signature in dark ink, appearing to read "Dwight R. Stanford", is written over a horizontal line.

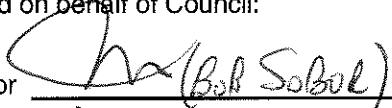
TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

	2015	2014
Financial assets		
Cash and temporary investments (note 2)	\$ 7,679,039	\$ 6,225,951
Taxes and grants in place of taxes receivable (note 3)	444,578	498,129
Trade and other receivables (note 4)	1,164,264	1,630,619
Investments (note 5)	14,606,675	16,838,824
	<u>23,894,556</u>	<u>25,193,523</u>
Liabilities		
Accounts payable and accrued liabilities	2,552,913	2,407,428
Employee benefit obligations (note 6)	624,339	560,750
Deposits	971,623	1,017,154
Deferred revenue (note 7)	1,320,379	2,923,071
Long-term debt (note 8)	9,811,811	11,215,563
	<u>15,281,065</u>	<u>18,123,966</u>
Net financial assets	<u>8,613,491</u>	<u>7,069,557</u>
Non-financial assets		
Prepaid expenses	71,712	64,075
Inventory for consumption	24,325	58,088
Tangible capital assets (schedule 2)	177,510,741	175,836,282
	<u>177,606,778</u>	<u>175,958,445</u>
Accumulated surplus (note 9)	<u>\$186,220,269</u>	<u>\$183,028,002</u>

Commitments and contingencies (note 17 and 18)

Approved on behalf of Council:

Councillor


 Deputy Mayor

Councillor



TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2015

	Budget (Unaudited)	2015	2014
Revenue			
Net municipal property taxes (note 12)	\$ 10,467,679	\$ 10,269,638	\$ 9,947,751
User fees and sales of goods	9,822,399	11,313,426	10,439,394
Government transfers for operating (note 13)	694,030	843,801	1,164,613
Licenses and permits	533,900	762,747	615,624
Investment income	406,600	504,103	505,869
Other	145,442	446,479	185,021
Penalties and costs of taxes	191,314	165,849	191,287
Gain on disposal of capital assets	-	49,111	-
	22,261,364	24,355,154	23,049,559
Expenses (note 14)			
Legislative	317,430	289,148	265,064
Administration	2,564,167	2,675,863	2,584,306
Police, fire, disaster, ambulance and bylaw enforcement	3,572,251	3,673,956	3,370,100
Transportation services	3,789,124	3,822,094	3,512,960
Water supply and distribution	3,810,788	4,072,279	3,265,442
Wastewater treatment and disposal	3,466,222	3,487,250	3,783,932
Waste management	775,727	896,711	854,662
Public health and welfare services	771,461	747,627	710,048
Planning and development	1,324,532	1,398,284	956,249
Parks and recreation	3,832,602	4,120,508	3,696,154
Culture - libraries, museums, halls	792,391	793,964	735,630
	25,016,695	25,977,684	23,734,547
Deficiency of revenue over expenses before other	(2,755,331)	(1,622,530)	(684,988)
Other			
Government transfers for capital (note 13)	5,769,206	4,814,797	867,579
Excess of revenue over expenses	3,013,875	3,192,267	182,591
Accumulated surplus, beginning of year	183,028,002	183,028,002	182,845,411
Accumulated surplus, end of year	\$186,041,877	\$186,220,269	\$183,028,002

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2015

	Budget (Unaudited)	2015	2014
Excess of revenue over expenses	\$ 3,013,875	\$ 3,192,267	\$ 182,591
Acquisition of tangible capital assets	(10,853,442)	(6,401,048)	(1,570,111)
Amortization of tangible capital assets	4,285,663	4,326,661	4,116,621
(Gain) loss on disposal of tangible capital assets	-	(49,111)	52,647
Proceeds on disposal of tangible capital assets	-	449,039	138,143
	(6,567,779)	(1,674,459)	2,737,300
Net change in inventory for consumption	-	33,763	25,860
Net change in prepaid expense	-	(7,637)	(30,981)
	-	26,126	(5,121)
Increase in net financial assets	(3,553,904)	1,543,934	2,914,770
Net financial assets, beginning of year	7,069,557	7,069,557	4,154,787
Net financial assets, end of year	\$ 3,515,653	\$ 8,613,491	\$ 7,069,557

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2015

	2015	2014
Operating transactions		
Excess of revenue over expenses	\$ 3,192,267	\$ 182,591
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(49,111)	52,647
Amortization of tangible capital assets	4,326,661	4,116,621
	7,469,817	4,351,859
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	53,551	150,630
Trade and other receivables	466,355	1,137,919
Inventory for consumption	33,763	25,860
Prepaid expenses	(7,637)	(30,981)
Accounts payable and accrued liabilities	145,485	(1,210,496)
Employee benefit obligations	63,589	112,043
Deposits	(45,531)	266,738
Deferred revenue	(1,602,692)	2,768,614
Cash provided by operating transactions	6,576,700	7,572,186
Capital transactions		
Proceeds on disposal of tangible capital assets	449,039	138,143
Acquisition of tangible capital assets	(6,401,048)	(1,570,111)
Cash applied to capital transactions	(5,952,009)	(1,431,968)
Investing transactions		
Increase in investments	2,232,149	(4,620,394)
Cash provided by (applied to) investing transactions	2,232,149	(4,620,394)
Financing transactions		
Repayment of long-term debt	(1,403,752)	(4,245,132)
Increase (decrease) in cash and temporary investments	1,453,088	(2,725,308)
Cash and temporary investments, beginning of year	6,225,951	8,951,259
Cash and temporary investments, end of year	\$ 7,679,039	\$ 6,225,951

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. Significant accounting policies

The consolidated financial statements of the Town of Strathmore are the representations of management prepared in accordance with public sector accounting standards for local government established by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all 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.

The schedule of taxes levied also includes operating requisitions for educational, and other external organizations that are not controlled by the Municipal Council.

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

(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 on 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 preformed. 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 STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. Significant accounting policies, continued

(e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(f) 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.

(g) Inventory for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes cost 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 a Tangible capital asset under the respective function.

(h) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

(i) Non-financial assets

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

(j) 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:

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. Significant accounting policies, continued

(i) Non-financial assets, continued

(i) Tangible capital assets, continued

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	45-75
Machinery and equipment	5-25
Vehicles	10-25

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) Inventories

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

(j) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. Cash and temporary investments

	2015	2014
Cash	\$ 1,687,116	\$ 2,052,328
Temporary investments	5,991,923	4,173,623
	\$ 7,679,039	\$ 6,225,951

The Town of Strathmore has an authorized overdraft limit of \$1,000,000 at a rate of prime less 0.375%. Security consists of a general security agreement. The temporary investment consists of funds held in a high interest savings account through the investment portfolio.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

3. Taxes and grants in place of taxes receivables

	2015	2014
Taxes and grants in place of taxes receivable	\$ 346,999	\$ 361,220
Arrears	97,579	136,909
	<u>\$ 444,578</u>	<u>\$ 498,129</u>

4. Trade and other receivables

	2015	2014
Trade accounts receivable - operating	\$ 527,138	\$ 1,172,522
Trade accounts receivable - capital	101,767	25,000
Goods and services tax receivable	41,986	69,501
Utilities receivable	521,246	411,523
Allowance for doubtful accounts	(27,873)	(47,927)
	<u>\$ 1,164,264</u>	<u>\$ 1,630,619</u>

5. Investments

	2015		2014	
	Cost	Market value	Cost	Market value
Commercial notes	\$ 14,602,748	\$ 14,319,955	\$ 16,834,960	\$ 17,176,601
Other	3,927	3,927	3,864	3,864
	<u>\$ 14,606,675</u>	<u>\$ 14,323,882</u>	<u>\$ 16,838,824</u>	<u>\$ 17,180,465</u>

Commercial notes have interest rates from 0% to 10.2% (2014 - 0% to 10.2%). Maturity dates are from the year 2018 to 2022.

The Town received government grants and other funds that are restricted in their use and are to be utilized as funding for specific projects. Since the projects for which funding has been received have not been completed, \$2,292,002 (2014 - \$3,940,225) of the cash and temporary investments balance are not available for general use by the Town.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

6. Employee benefit obligations

	2015	2014
Vacation payable	\$ 575,216	\$ 508,221
Overtime payable	49,123	52,529
	\$ 624,339	\$ 560,750

Vacation and overtime

The vacation and overtime liability is comprised of vacation and accumulated overtime that employees have earned and are vested. Employees are entitled to these benefits within the next budgetary year.

7. Deferred revenue

	2015	2014
Municipal Sustainability Initiative	\$ 1,190,407	\$ 2,411,670
Other prepaid charges	126,521	154,388
Ground Search and Emergency Training	3,451	3,451
Federal Gas Tax Fund	-	353,562
	\$ 1,320,379	\$ 2,923,071

Municipal Sustainability Initiative

The Municipal Sustainability Initiative (MSI) is a funding program aimed at providing financial support for critical core and community infrastructure projects and includes incentives to encourage collaboration and co-operation between neighbouring municipalities. This population based funding program includes operating, capital and affordable housing components. In 2015 the Town was allocated \$97,208 in operating funding (2014 - \$102,689) and was allocated \$3,046,558 in capital funding (2014 - \$3,091,491).

Federal Gas Tax Fund

The Federal Gas Tax Fund is a program to assist municipalities in addressing sustainable municipal capital infrastructure needs. The program is supported through the allocation of a portion of the federal gas tax refund and to recognize this the grant was re-named the Federal Gas Tax Fund (FGTF) in 2010. The fund was previously called the New Deal for Communities Grant. The balance represents funding that is allocated to Capital projects that have not been completed at this time.

8. Long-term debt

	2015	2014
Self supported long-term debt	\$ 9,811,811	\$ 11,215,563
Current portion	\$ 1,480,551	\$ 1,403,752

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

8. Long-term debt, continued

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 1,480,551	\$ 377,817	\$ 1,858,368
2017	1,160,952	295,516	1,456,468
2018	1,205,622	250,846	1,456,468
2019	636,460	210,411	846,871
2020	658,897	187,974	846,871
Thereafter	4,669,329	634,941	5,304,270
	<u>\$ 9,811,811</u>	<u>\$ 1,957,505</u>	<u>\$ 11,769,316</u>

Long term debt is repayable to Alberta Capital Finance Authority and Canada Mortgage and Housing Corporation. Interest rates range from 2.634% to 11.125% per annum. The long-term debt is issued on the credit and security of the Town at large. The average annual interest rate is 3.49% for 2015 (4.12% for 2014).

Interest on long-term debt amounted to \$415,542 (2014 - \$560,625). The Town's total cash payments for interest in 2015 were \$454,617 (2014 - \$600,324).

9. Accumulated surplus

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

	2015	2014
Unrestricted surplus	\$ 8,904,281	\$ 8,380,912
Internally restricted surplus (reserves) (note 11)	9,617,058	10,026,371
Equity in tangible capital assets (note 10)	167,698,930	164,620,719
	<u>\$186,220,269</u>	<u>\$183,028,002</u>

10. Equity in tangible capital assets

	2015	2014
Tangible capital assets (schedule 2)	\$226,272,234	\$220,436,674
Accumulated amortization (schedule 2)	(48,761,493)	(44,600,392)
Long-term debt (note 8)	(9,811,811)	(11,215,563)
	<u>\$167,698,930</u>	<u>\$164,620,719</u>

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

11. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses. Reserves for operating and capital activities changed as follows:

	2015	2014
Operating		
Financial stabilization	\$ 2,718,950	\$ 2,528,879
Potable water	967,123	944,017
Sanitary sewer	340,737	332,596
Office revitalization	180,525	222,079
RCMP reserve	120,782	117,896
Family Centre capital reduction	78,295	193,294
Garbage	45,776	44,682
General administration	44,292	43,234
Roads, walks and lighting	40,160	39,200
Family Centre	29,475	28,771
General enforcement	24,429	23,846
Cemetery	11,376	19,932
Sewer conveyance	4,816	4,701
	4,606,736	4,543,127
Capital		
Storm off-site levies	1,105,031	1,078,630
Water off-site levies	1,082,548	1,056,684
Sewer off-site levies	671,836	655,785
Roads off-site levies	513,511	501,243
Water supply	455,649	480,521
Municipal public reserve	281,006	274,292
Storm offsite levies - Eagle Lake	208,133	203,160
Capital equipment reserve	204,490	628,922
Civic Centre	194,694	190,042
Bike pathway levies	109,309	106,697
Roads, walks and lighting	28,971	28,279
Sanitary sewer	27,077	26,430
Sewer off-site levies - Orchard Park	27,003	26,358
Storm	23,283	22,726
Fire	22,802	80,534
Recreation	13,741	13,413
Sewer off-site levies - West	13,263	12,946
Sewer off-site levies - East Strathmore	10,468	10,218
Sewer off-site levies - Parkwood Bypass	8,741	8,532
Aquatic Centre Capital Equipment Reserve	4,479	4,372
Bike pathway	4,287	4,185
Family Centre	-	69,275
	5,010,322	5,483,244
	\$ 9,617,058	\$ 10,026,371

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

12. Net municipal property taxes

	Budget (Unaudited)	2015	2014
Taxation			
Real property taxes	\$ 12,073,550	\$ 11,896,715	\$ 11,557,747
Linear property taxes	210,223	209,880	210,222
Business taxes	2,966,795	2,933,124	2,839,184
Government grants in place of property taxes	70,046	23,437	70,046
	15,320,614	15,063,156	14,677,199
Requisitions			
Alberta School Foundation Fund	4,282,543	4,233,760	4,175,668
Christ the Redeemer School Division	462,419	452,498	448,951
Wheatland Housing requisition	107,973	107,260	104,829
	4,852,935	4,793,518	4,729,448
	\$ 10,467,679	\$ 10,269,638	\$ 9,947,751

13. Government transfers

	Budget (Unaudited)	2015	2014
Transfers for operating:			
Provincial government	\$ 691,030	\$ 839,801	\$ 1,161,613
Federal government	3,000	4,000	3,000
	694,030	843,801	1,164,613
Transfers for capital			
Provincial government	5,769,206	4,814,797	867,579
	\$ 6,463,236	\$ 5,658,598	\$ 2,032,192

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

14. Expenditures by object

	Budget (Unaudited)	2015	2014
Salaries, wages and benefits	\$ 8,528,596	\$ 8,736,331	\$ 7,797,254
Contracted and general services	7,828,081	8,336,058	8,149,568
Materials, goods, supplies and utilities	3,586,307	3,796,940	2,862,438
Bank charges and short-term interest	19,000	27,126	22,412
Interest on long-term debt	499,618	415,542	560,625
Other expenditures	3,000	4,789	163
Transfers to local boards and agencies	5,000	4,941	4,941
Transfers to other governments	70,530	70,530	89,374
Transfers to individuals and organizations	190,900	258,766	78,504
Amortization of tangible capital assets	4,285,663	4,326,661	4,116,621
Loss on disposal of tangible capital assets	-	-	52,647
	\$ 25,016,695	\$ 25,977,684	\$ 23,734,547

15. 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:

	2015	2014
Total debt limit	\$ 36,532,731	\$ 34,574,339
Total debt	9,811,811	11,215,563
	\$ 26,720,920	\$ 23,358,776
Debt servicing limit	\$ 6,088,788	\$ 5,762,390
Debt servicing	1,858,368	1,858,368
	\$ 4,230,420	\$ 3,904,022

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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

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	2015	2014
Council				
Mayor Michael Eli	\$ 49,612	\$ 13	\$ 49,625	\$ 48,091
Councillor Rocky Blokland	28,664	812	29,476	27,755
Councillor Robert Sobol	28,564	807	29,371	28,175
Councillor Steve Grajczyk	28,464	823	29,287	665
Councillor Brad Walls	28,264	792	29,056	28,161
Councillor Pat Fule	27,864	772	28,636	28,161
Councillor Denise Peterson	27,464	753	28,217	27,336
Councillor John Rempel	-	-	-	22,444
Chief Administrative Officer	\$ 195,359	\$ 35,204	\$ 230,563	\$ 215,096

(1) Salary includes regular base pay, per diems, 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.

17. Contingencies

The Town of Strathmore has entered into project agreements with Epcor Water Services Inc. ("EPCOR") under which EPCOR has agreed to provide certain equipment and systems to the Town relating to public utilities and infrastructure. Provided that the Town maintains this contractual agreement for a term of twenty years, the Town will not be liable for the costs of this equipment and systems. Should the Town terminate this contract, it will be required to pay the unamortized balance at that date, based on initial costs of \$1,155,951 plus GST, amortized straight-line over twenty years. At the end of the twenty year period, the balance remaining will be \$1. As at December 31, 2015 the remaining unamortized balance was \$258,847, (2014 - \$316,285).

The Town of Strathmore is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. Under the terms of the 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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

18. Commitments

The Town has contracted EPCOR Water services Inc. to provide management and operations services related to the public utilities and infrastructure system until 2020. Billing under the contract is an annual rate of \$2,112,588, adjusted yearly by the consumer price index.

The Town has contracted ENMAX Commercial Energy Marketing Inc to provide a supply of electricity for Town owned facilities. The contract is in effect until December 31, 2018. The Town is obligated to purchase a minimum of 4,899,200 kWh to a maximum of 7,348,800 of kWh each year of electrical power.

The Town has contracted ATCO Power Canada Ltd to provide a supply of electricity for Town owned facilities. The contract is in effect from January 1, 2019 until December 31, 2020. The Town is obligated to purchase a minimum of 4,899,200 kWh to a maximum of 7,460,400 of kWh each year of electrical power under the agreement.

The Town has contracted Access Gas Services Inc to provide a supply of natural gas for Town owned facilities. The contract is in effect until December 31, 2016 and estimates a purchase and usage of 24,996 GJs of natural gas per year.

The Town has contracted with the Western Irrigation District to deal with municipal storm water issues. The contract is in effect until 2016. Billing under the contract is an annual rate of \$27,500 which increases each year by the consumer price index (CPI). The expected payment for 2016 is \$33,105.

An additional storm water capital levy of \$500 per lot, or \$2,000. per acre assessment, is payable for new property covered by development permits issued by the Town.

19. Non-monetary transaction

In 2014, the Town entered into a non-monetary transaction with an unrelated party. The Town agreed to exchange land valued at \$631,955 for recycling services to take place over a five year period. The Town will accrue a liability at \$126,391 per year over five years as the recycling services are received, and legal title to the land will be transferred at the end of the five years to settle the obligation.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

20. Local authorities pension plan

Employees of the Town of Strathmore 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 expenses in the year 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 2015 were \$599,094 (2014 - \$561,878). Total current service contributions by the employees of the Town to the LAPP in 2015 were \$551,018 (2014 - \$516,777).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 billion.

21. Budget amounts

The 2015 budget for the Town was approved by Council on December 3, 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 surplus per financial statements	\$ 3,013,875
Less: Capital expenditures	(10,853,442)
Long-term debt repayments	(1,503,752)
Add: Amortization	4,285,663
Transfers from reserves	2,057,656
Long-term debt proceeds	3,000,000
Equals: Balanced budget	\$ -

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

22. Financial instruments

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

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

23. Contaminated sites liability

On January 1, 2015, the Town adopted PS3260 liability for contaminated sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the town.

24. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF STRATHMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ 8,380,912	\$ 10,026,371	\$ 164,620,719	\$ 183,028,002	\$ 182,845,411
Excess of revenue over expenses	3,192,267	-	-	3,192,267	182,591
Unrestricted funds designated for future use	(1,245,408)	1,245,408	-	-	-
Restricted funds used for operations	75,284	(75,284)	-	-	-
Restricted funds used for tangible capital assets	-	(1,579,437)	1,579,437	-	-
Current year funds used for tangible capital assets	(4,821,611)	-	4,821,611	-	-
Disposal of tangible capital assets	399,928	-	(399,928)	-	-
Amortization of tangible capital assets	4,326,661	-	(4,326,661)	-	-
Long term debt repaid	(1,403,752)	-	1,403,752	-	-
Change in accumulated surplus	523,369	(409,313)	3,078,211	3,192,267	182,591
Balance, end of year	\$ 8,904,281	\$ 9,617,058	\$ 167,698,930	\$ 186,220,269	\$ 183,028,002

TOWN OF STRATHMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

Schedule of tangible capital assets										Schedule 2	
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2015	2014			
Cost:											
Balance, beginning of year	\$ 18,595,725	\$ 3,061,693	\$ 22,712,681	\$ 168,573,941	\$ 4,573,586	\$ 2,919,048	\$ 220,436,674	\$ 219,143,466			
Acquisitions	-	173,883	40,449	4,502,360	875,774	481,686	6,074,152	1,400,210			
Construction-in-progress	-	-	-	319,803	7,094	-	326,897	169,902			
Disposals	(283,300)	(18,296)	-	(67,745)	(145,115)	(51,033)	(565,489)	(276,904)			
Balance, end of year	18,312,425	3,217,280	22,753,130	173,328,359	5,311,339	3,349,701	226,272,234	220,436,674			
Accumulated amortization:											
Balance, beginning of year	-	1,276,499	7,413,624	32,113,744	2,631,010	1,165,515	44,600,392	40,569,884			
Annual amortization	-	152,740	464,698	3,223,285	312,923	173,014	4,326,660	4,116,621			
Disposals	-	-	-	-	(124,726)	(40,833)	(165,559)	(86,113)			
Balance, end of year	-	1,429,239	7,878,322	35,337,029	2,819,207	1,297,696	48,761,493	44,600,392			
Net book value	\$ 18,312,425	\$ 1,788,041	\$ 14,874,808	\$ 137,991,330	\$ 2,492,132	\$ 2,052,005	\$ 177,510,741	\$ 175,836,282			
2014 net book value	\$ 18,595,725	\$ 1,785,194	\$ 15,299,057	\$ 136,460,197	\$ 1,942,576	\$ 1,753,532	\$ 175,836,282				

TOWN OF STRATHMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

Schedule of segmented disclosure	Schedule 3					
	General government	Protective services	Transportation services	Environmental services	Public health services	Recreation and culture
						Total
Revenue						
Net municipal property taxes	\$ 10,269,638	\$ -	\$ -	\$ -	\$ -	\$ 10,269,638
User fees and sales of goods	1,037,578	291,527	441,146	8,412,062	186,452	11,313,426
Government transfers for operating	-	398,816	-	30,360	290,070	843,801
Investment income	344,451	3,469	45,965	88,084	488	504,103
Penalties and costs of taxes	165,849	-	-	-	-	165,849
Licenses and permits	104,300	569,086	-	-	102	762,747
Gain on disposal of capital assets	34,009	1,376	(1,038)	-	-	49,111
Other	22,445	17,891	15,319	112,346	51,307	227,171
	11,978,270	1,282,165	501,392	8,642,852	528,419	24,355,154
Expenses						
Salaries, wages and benefits	1,827,759	1,218,596	1,140,431	605,458	613,187	8,736,331
Contracted and general services	822,834	2,149,669	353,093	3,675,116	74,079	8,336,058
Materials, goods, supplies and utilities	197,131	150,973	809,691	1,807,937	41,687	3,796,940
Bank charges and short term interest	27,126	-	-	-	-	27,126
Interest on long term debt	-	-	-	357,879	-	415,542
Other expenditures	54	-	-	-	-	4,789
Transfers to local boards and agencies	-	-	-	-	-	4,941
Transfers to other governments	-	-	-	-	-	70,530
Transfers to individuals and organizations	38,076	4,440	-	-	18,674	3,000
Amortization of tangible capital assets	52,031	150,277	1,518,879	2,009,850	-	584,082
	2,965,011	3,673,955	3,822,094	8,456,240	747,627	25,977,684
Deficiency of revenue over expenses before other	9,013,259	(2,391,790)	(3,320,702)	186,612	(219,208)	(1,622,530)
Other						
Government transfers for capital	-	-	4,223,862	555,585	-	35,350
						4,814,797
Excess of revenue over expenses	\$ 9,013,259	\$ (2,391,790)	\$ 903,160	\$ 742,197	\$ (219,208)	\$ (3,555,132)
						\$ 3,192,267