

Consolidated Financial Statements

City of Camrose

December 31, 2016

City of Camrose

December 31, 2016

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City of Camrose
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 68,290,402	\$ 59,510,433
Receivables:		
Taxes and grants in place of taxes (Note 3)	3,250,167	3,476,154
Trade and other (Note 3)	3,064,726	3,810,434
Land for resale inventory	7,167,172	7,166,778
	81,772,467	73,963,799
LIABILITIES		
Temporary loans payable (Note 4)	352,439	2,135,049
Accounts payable and accrued liabilities	2,144,593	3,486,596
Deposit liabilities	1,415,720	1,422,796
Deferred revenue (Note 5)	11,212,184	9,793,858
Employee benefit obligations (Note 6)	4,306,881	4,006,231
Provision for landfill closure and post-closure costs (Note 8)	1,212,073	805,239
Long-term debt (Note 10)	20,241,656	19,033,005
	40,885,546	40,682,774
NET FINANCIAL ASSETS	40,886,921	33,281,025
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	217,826,213	215,140,872
Inventory for consumption	1,531,082	1,527,182
Prepaid expenses	144,906	111,522
	219,502,201	216,779,576
ACCUMULATED SURPLUS (Schedule 1) (Note 13)	\$ 260,389,122	\$ 250,060,601

APPROVED ON BEHALF OF THE CITY:

Mayor

City Manager

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

City of Camrose

Consolidated Statement of Operations

For the year ended December 31, 2016

	Budget (See Note 24)	2016	2015
REVENUES			
Net municipal taxes (Schedule 3)	\$ 24,075,853	\$ 24,313,484	\$ 23,748,294
User fees and sales of goods	14,692,161	15,716,571	16,147,667
Government transfers for operating (Schedule 4)	1,384,769	1,677,072	1,597,102
Sales to other governments	215,000	269,346	263,667
Penalties and costs of taxes	235,500	308,118	259,339
Licences and permits	747,400	597,226	764,359
Development levies	300,000	433,712	388,536
Fines	900,000	857,489	906,111
Franchise and concession contracts	2,555,392	2,458,158	1,601,433
Investment income	414,660	887,462	775,611
Rentals	2,040,487	2,155,738	2,075,550
Other revenues	99,400	472,610	4,300,536
	47,660,622	50,146,986	52,828,205
EXPENSES			
Legislative	398,206	348,480	370,895
Administration	5,563,390	5,251,081	4,952,727
Protective Services	9,012,360	8,911,278	8,878,471
Roads, Streets, Walks & Lighting	10,156,631	9,553,004	9,322,808
Water, Wastewater and Waste Management	9,306,347	9,105,402	8,989,643
Public Health & Welfare	553,211	508,858	589,397
Planning & Development	1,239,582	1,503,976	1,868,331
Recreation & Culture	10,323,626	10,290,005	9,792,574
	46,553,353	45,472,084	44,764,846
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	1,107,269	4,674,902	8,063,359
OTHER:			
Contributed tangible capital assets (Note 19)	-	93,500	(19,772,318)
Government transfers for capital (Schedule 4)	3,937,000	5,560,119	7,213,445
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	5,044,269	10,328,521	(4,495,514)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	250,060,601	250,060,601	254,556,115
ACCUMULATED SURPLUS, END OF YEAR	\$ 255,104,870	\$ 260,389,122	\$ 250,060,601

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

City of Camrose

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2016

	Budget (See Note 24)	2016	2015
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 5,044,269	\$ 10,328,521	\$ (4,495,514)
Acquisition of tangible capital assets	(9,803,600)	(11,033,844)	(14,642,629)
Contributed tangible capital assets	-	(93,500)	19,772,318
Proceeds on disposal of tangible capital assets	236,000	382,515	234,470
Amortization of tangible capital assets	8,066,655	8,066,655	7,544,826
Loss (gain) on disposal of tangible capital assets	-	(7,167)	59,146
	(1,500,945)	(2,685,341)	12,968,131
Acquisition of supplies inventories	-	(3,900)	-
Acquisition of prepaid assets	-	(33,384)	-
Use of supplies inventories	-	-	105,748
Use of prepaid assets	-	-	12,893
	-	(37,284)	118,641
INCREASE IN NET FINANCIAL ASSETS	3,543,324	7,605,896	8,591,258
NET FINANCIAL ASSETS, BEGINNING OF YEAR	33,281,025	33,281,025	24,689,767
NET FINANCIAL ASSETS, END OF YEAR	\$ 36,824,349	\$ 40,886,921	\$ 33,281,025

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

City of Camrose
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

	2016	2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 10,328,521	\$ (4,495,514)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	8,066,655	7,544,826
Loss (gain) on disposal of capital assets	(7,167)	59,146
Contributed tangible capital assets	(93,500)	19,772,318
	18,294,509	22,880,776
Non-cash contributions (charges) to operations - net change:		
Decrease (increase) in taxes and grants in place of taxes receivable	225,987	(165,934)
Decrease in trade and other receivables	745,708	2,141,069
Decrease (increase) in inventory for consumption	(3,900)	105,748
Decrease (increase) in land for resale inventory	(394)	411,892
Decrease (increase) in prepaid expenses	(33,384)	12,893
Increase (decrease) in temporary loans payable	(1,782,610)	2,135,049
Decrease in accounts payable and accrued liabilities	(1,342,003)	(2,008,176)
Decrease in deposit liabilities	(7,076)	(85,625)
Increase (decrease) in deferred revenue	1,418,326	(861,179)
Increase in employee benefit obligations	300,650	1,306
Increase in provision for landfill closure and post-closure costs	406,834	26,005
Cash provided by operating transactions	18,222,647	24,593,824
CAPITAL		
Proceeds from disposal of tangible capital assets	382,515	234,470
Acquisition of tangible capital assets	(11,033,844)	(14,642,629)
Cash applied to capital transactions	(10,651,329)	(14,408,159)
FINANCING		
Long-term debt issued	2,857,400	334,582
Long-term debt repaid	(1,648,749)	(1,833,574)
Cash provided by (applied to) financing transactions	1,208,651	(1,498,992)
INCREASE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	8,779,969	8,686,673
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	59,510,433	50,823,760
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 68,290,402	\$ 59,510,433

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

City of Camrose

Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2016

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2016	2015
BALANCE, BEGINNING OF THE YEAR (restated) (Note 23)	\$ 2,956,165	\$ 45,142,227	\$ 201,962,209	\$ 250,060,601	\$ 254,556,115
Excess (shortfall) of revenues over expenses for the year	10,328,521	-	-	10,328,521	(4,495,514)
Unrestricted funds designated for future use	(10,597,561)	10,597,561	-	-	-
Restricted funds used for operations	1,169,102	(1,169,102)	-	-	-
Restricted funds used for tangible capital assets	-	(4,280,486)	4,280,486	-	-
Current year funds used for tangible capital assets	(5,373,893)	-	5,373,893	-	-
Contributed tangible capital assets	(93,500)	-	93,500	-	-
Disposal of tangible capital assets (at net book value)	375,348	-	(375,348)	-	-
Annual amortization expense	8,066,655	-	(8,066,655)	-	-
Long term debt repaid	(1,154,041)	-	1,154,041	-	-
Change in accumulated surplus	2,720,631	5,147,973	2,459,917	10,328,521	(4,495,514)
BALANCE, END OF THE YEAR	\$ 5,676,796	\$ 50,290,200	\$ 204,422,126	\$ 260,389,122	\$ 250,060,601

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

City of Camrose
Schedule of Tangible Capital Assets
For the year ended December 31, 2016

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2016	2015
COST:									
BALANCE, BEGINNING OF YEAR	\$ 6,630,696	\$ 9,760,002	\$ 74,103,486	\$ 223,728,535	\$ 7,818,579	\$ 6,034,257	\$ 2,975,645	\$ 331,051,200	\$ 337,835,863
Acquisition of tangible capital assets	482,722	722,520	2,117,829	4,141,130	2,520,828	433,415	708,900	11,127,344	14,642,629
Disposal of tangible capital assets	(32)	(118,694)	(36,998)	(1,060,357)	(823,306)	(126,902)	-	(2,166,289)	(21,427,292)
BALANCE, END OF YEAR	7,113,386	10,363,828	76,184,317	226,809,308	9,516,101	6,340,770	3,684,545	340,012,255	331,051,200
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	5,661,703	15,267,994	89,315,914	3,226,114	2,438,603	-	115,910,328	109,726,860
Annual amortization	-	277,927	1,629,918	4,901,122	810,959	446,729	-	8,066,655	7,544,826
Accumulated amortization on disposals	-	(118,694)	(8,259)	(990,573)	(588,107)	(85,308)	-	(1,790,941)	(1,361,358)
BALANCE, END OF YEAR	-	5,820,936	16,889,653	93,226,463	3,448,966	2,800,024	-	122,186,042	115,910,328
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2016									
	7,113,386	4,542,892	59,294,664	133,582,845	6,067,135	3,540,746	3,684,545	217,826,213	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2015									
	\$ 6,630,696	\$ 4,098,299	\$ 58,835,492	\$ 134,412,621	\$ 4,592,465	\$ 3,595,654	\$ 2,975,645		\$ 215,140,872

Included in buildings are leased equipment affixed to the building of \$381,854 (2015 – Nil) with accumulated amortization and amortization expense of \$12,728 (2015 – Nil). The leased assets are amortized on a straight line basis over the estimated useful life of 15 years.

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

City of Camrose

Schedule of Property and Other Taxes

For the year ended December 31, 2016

	Budget (See Note 24)	2016	2015
TAXATION			
Real property taxes	\$ 31,194,738	\$ 30,795,218	\$ 29,591,616
Linear property taxes	-	412,813	410,629
Business taxes	80,000	82,324	68,643
Government grants in lieu of property taxes	-	83,635	10,840
Special assessments and local improvement taxes	-	138,379	596,501
	31,274,738	31,512,369	30,678,229
REQUISITIONS			
Alberta School Foundation Fund	6,274,234	6,274,234	6,093,740
Elk Island CSRD No. 41	924,651	924,651	836,195
	7,198,885	7,198,885	6,929,935
NET MUNICIPAL TAXES	\$ 24,075,853	\$ 24,313,484	\$ 23,748,294

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

City of Camrose

Schedule of Government Transfers

For the year ended December 31, 2016

	Budget (See Note 24)	2016	2015
TRANSFERS FOR OPERATING			
Provincial grants	\$ 843,900	\$ 1,193,160	\$ 1,052,755
Local government transfers	540,869	483,912	544,347
	1,384,769	1,677,072	1,597,102
TRANSFERS FOR CAPITAL			
Provincial government	3,937,000	5,560,119	7,213,445
TOTAL GOVERNMENT TRANSFERS	\$ 5,321,769	\$ 7,237,191	\$ 8,810,547

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

City of Camrose

Schedule of Consolidated Expenses by Object

For the year ended December 31, 2016

	Budget (See Note 24)	2016	2015
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 20,593,000	\$ 20,168,505	\$ 19,739,490
Contracted and general services	7,434,616	6,266,011	6,286,015
Materials, goods and utilities	7,553,055	7,301,113	8,023,600
Provisions for allowances	58,000	101,861	56,486
Transfers to other governments	117,271	118,110	129,566
Transfers to local boards and agencies	1,327,936	1,728,340	1,563,541
Transfers to individuals and organizations	370,678	364,174	333,217
Bank charges and short-term interest	71,896	69,545	82,797
Interest on long-term debt	870,246	841,737	859,476
Amortization of tangible capital assets	8,066,655	8,066,655	7,544,826
Loss (gain) on disposal of tangible capital assets	-	(7,167)	59,146
Other expenses	90,000	453,200	86,686
	\$ 46,553,353	\$ 45,472,084	\$ 44,764,846

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

City of Camrose
Schedule of Segmented Disclosure
For the year ended December 31, 2016

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Wastewater & Waste Management	Public Health & Welfare	Planning and Development	Recreation & Culture	Total
REVENUES									
Net municipal taxes	\$ -	\$ 24,313,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$24,313,484
User fees and sales of goods	-	122,756	814,583	197,005	13,245,958	139,865	211,980	984,424	15,716,571
Government transfers	-	951,867	707,179	2,419,818	2,527,495	-	348,953	281,879	7,237,191
Sales to other governments	-	-	147,254	122,092	-	-	-	-	269,346
Penalties and costs of taxes	-	279,291	-	-	28,827	-	-	-	308,118
Licences and permits	-	-	541,503	-	-	-	55,723	-	597,226
Development levies	-	-	-	-	-	-	433,712	-	433,712
Fines	-	-	857,489	-	-	-	-	-	857,489
Franchise and concession contracts	-	2,458,158	-	-	-	-	-	-	2,458,158
Investment income	-	848,691	-	-	38,771	-	-	-	887,462
Rentals	-	-	-	32,074	439,691	-	62,455	1,621,518	2,155,738
Contributed tangible capital assets	-	93,500	-	-	-	-	-	-	93,500
Other revenues	33	-	85,811	67,862	-	-	110,735	208,169	472,610
	33	29,067,747	3,153,819	2,838,851	16,280,742	139,865	1,223,558	3,095,990	55,800,605
EXPENSES									
Salaries, wages and benefits	238,274	3,003,844	6,752,448	2,493,129	2,407,618	109,736	706,784	4,456,672	20,168,505
Contracted and general services	98,801	1,330,430	930,278	735,499	2,066,638	675	286,380	817,310	6,266,011
Materials, goods and utilities	11,405	355,262	694,551	2,051,759	2,175,054	21,709	38,560	1,952,813	7,301,113
Transfers to other governments	-	-	13,460	-	-	104,650	-	-	118,110
Transfers to local boards and agencies	-	-	-	160,720	-	235,868	400,973	930,779	1,728,340
Transfers to individuals and organizations	-	142	-	-	235,697	1,838	47,478	79,019	364,174
Interest on long-term debt	-	-	60,057	197,103	86,711	-	-	497,866	841,737
Loss (gain) on disposal of tangible capital assets	-	(86,372)	1,686	72,408	-	-	-	5,111	(7,167)
Other expenses	-	100,255	9,135	48,414	440,905	-	1,052	24,845	624,606
	348,480	4,703,561	8,461,615	5,759,032	7,412,623	474,476	1,481,227	8,764,415	37,405,429
NET REVENUES (EXPENSES) BEFORE AMORTIZATION	(348,447)	24,364,186	(5,307,796)	(2,920,181)	8,868,119	(334,611)	(257,669)	(5,668,425)	18,395,176
Amortization of tangible capital assets	-	547,520	449,663	3,793,972	1,692,779	34,382	22,749	1,525,590	8,066,655
NET REVENUES (EXPENSES)	\$ (348,447)	\$ 23,816,666	\$ (5,757,459)	\$ (6,714,153)	\$ 7,175,340	\$ (368,993)	\$ (280,418)	\$ (7,194,015)	\$10,328,521

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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Camrose are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the City of Camrose are as follows.

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The Regional Solid Waste Authority is owned and controlled by the City as the City maintains 60% representation on the Board.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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. Revenues are 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 revenues and expenses 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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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) **Inventories for Resale**

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

(g) **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.

(h) **Landfill Closure and Post-Closure Liability**

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

(i) **Contaminated Sites**

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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) 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.

i. **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15 - 45
Buildings	50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	20 - 75
Machinery and equipment	5 - 20
Vehicles	4 - 20

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.

Tangible capital assets contributed to other organizations are recorded at cost at the date of contribution and also are recorded as an expense.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Non-Financial Assets (Continued)

iii. Leases

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

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash	\$ 1,525,254	\$ 2,790,066
Temporary investments	66,765,148	56,720,367
	<u>\$ 68,290,402</u>	<u>\$ 59,510,433</u>

Temporary investments are deposits with original maturities of three months or less.

Included in temporary investments is a restricted amount of \$10,764,944 (2015 - \$9,360,870) received from various grant programs and held exclusively for approved projects.

3. RECEIVABLES

	2016	2015
Current		
Current taxes and grants in place of taxes	\$ 617,478	\$ 606,163
Arrears	525,673	479,692
Less: Allowance for doubtful accounts	(228,790)	(159,476)
Total current taxes and grants in place of taxes	914,361	926,379
Long term taxes and grants in place of taxes - local improvement levies	2,335,806	2,549,775
Total taxes and grants in place of taxes	<u>\$ 3,250,167</u>	<u>\$ 3,476,154</u>

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

3. RECEIVABLES (CONTINUED)

	2016	2015
Other		
Due from Government	\$ 179,050	\$ 297,102
Trade accounts	3,137,828	4,238,899
Allowance for doubtful accounts	(252,152)	(725,567)
Total trade and other receivables	\$ 3,064,726	\$ 3,810,434

4. TEMPORARY LOANS PAYABLE

Jeanne & Peter Lougheed Performing Arts Centre - In 2015, the City arranged a short term financing facility to fund the shortfall in fundraising activities as well as finance the short term needs resulting from the timing of receiving future pledges. The total financing taken out in 2015 was \$2,135,049. In 2016, the City refinanced \$1,477,935 using Alberta Capital Finance Authority. The remaining line of credit balance of \$352,439 will be repaid with scheduled principal and interest payments as well as reduced by future pledges receivable as they are collected.

5. DEFERRED REVENUE

	2016	2015
Prepaid property taxes	\$ 59,810	\$ 64,736
Conditional grants	10,764,944	9,360,870
Other deferred revenue	387,430	368,252
	\$ 11,212,184	\$ 9,793,858

6. EMPLOYEE BENEFIT OBLIGATIONS

	2016	2015
Vacation accrual	\$ 933,749	\$ 871,226
Sick leave	3,373,132	3,135,005
	\$ 4,306,881	\$ 4,006,231

Vacation accrual

The vacation accrual is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next budgetary year.

Sick leave

The City of Camrose provides benefits for sick leave under the following conditions:

a) All employees receive one day of sick leave per month. Sick leave can only be used for paid time off for illness of the employee and is paid at the employee's normal rate of pay.

b) Unused sick days are accumulated in a bank. If an employee terminates, payment of accumulated sick days will be made to the employee at the rate of 5% of the accumulated sick days for each full year of continuous service with

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

6. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

the City. If an employee terminates with at least 20 years of service, they will be paid in cash for 100% of the days accumulated to a maximum of 120 days. Payment is made at the final pay rate.

In accordance with accounting standard PS 3255 - Post-employment Benefits, Compensated Absences and Termination Benefits, benefits are accrued in the year of the service of the employee that generated the benefit, similar to a pension plan liability where an organization incurs an obligation to make payment in the future for services rendered today.

The City engaged an actuary to determine the sick leave benefit obligation for the year ended December 31, 2016. Significant assumptions used in the valuation are highlighted in Note 7.

7. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation	2016	2015
Benefit obligation, beginning of year	\$ 3,135,005	\$ 3,097,035
Expected service cost	293,886	262,151
Interest cost	77,564	80,105
Actuarial loss (gain)	62,049	(114,976)
Expected benefits paid	(195,372)	(189,310)
Benefit obligation, end of year	\$ 3,373,132	\$ 3,135,005
Change in Plan Assets	2016	2015
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	164,808	752,815
Actual benefits paid	(164,808)	(752,815)
Fair value of plan assets, end of year	\$ -	\$ -
Significant Assumptions	2016	2015
Discount rate per annum, beginning of year	2.47%	2.59%
Discount rate per annum, end of year	2.32%	2.47%
Rate of compensation increases per annum	3.75%	3.75%
Estimated Average Remaining Services Life (EARSL) in years	16.46	16.63
Net Periodic Benefit Cost	2016	2015
Service Cost	\$ 293,886	\$ 262,151
Interest Cost	77,564	80,105
Recognized net actuarial gain	(20,650)	(13,736)
Net periodic benefit cost	\$ 350,800	\$ 328,520

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environment law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance. In 2016, The City updated its closure and post-closure estimates through a review by an external engineering consulting firm.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.0% and assuming annual inflation of 2.0%.

The estimated liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 3.0 million cubic metres. The estimated remaining capacity of the landfill site is 1.45 (2015 – 1.71) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2048.

The City has not designated assets for settling closure and post-closure costs.

	2016	2015
Estimated closure costs	\$ 1,116,442	\$ 256,193
Estimated post-closure costs	1,229,506	1,616,457
Estimated total liability	2,345,948	1,872,650
Estimated capacity remaining	48.3 %	57.0 %
Portion to total liability remaining to be recognized	1,133,875	1,067,411
Estimated capacity used	51.7 %	43.0 %
Estimated liability portion	\$ 1,212,073	\$ 805,239

9. CONTAMINATED SITES LIABILITY

On January 1, 2015, the City 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 City.

10. LONG-TERM DEBT

	2016	2015
Supported by general tax levies	\$ 15,593,958	\$ 14,919,251
Supported by special levies	1,925,739	2,232,908
Supported by utility rates	2,721,959	1,880,846
	\$ 20,241,656	\$ 19,033,005

The current portion of the long-term debt amounts to \$1,835,217 (2015 - \$1,620,797).

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

10. LONG-TERM DEBT (CONTINUED)

Of the \$20,241,656 total long-term debt, \$13,404,087 is secured against equity in tangible capital assets, with the remaining \$6,837,569 unsecured. The unsecured debt includes \$4,911,830 of debentures taken out for the Jeanne & Peter Loughheed Performing Arts Centre and \$1,925,739 associated with local improvements receivable.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2017	\$ 1,835,217	\$ 789,540	\$ 2,624,757
2018	1,872,645	713,899	2,586,544
2019	1,900,024	638,080	2,538,104
2020	1,880,815	561,812	2,442,627
2021	1,908,783	485,643	2,394,426
Thereafter	10,844,172	1,711,442	12,555,614
	\$ 20,241,656	\$ 4,900,416	\$ 25,142,072

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.597% to 6.625% per annum, before Provincial subsidy, and mature in periods 2017 through 2036. The average annual interest rate is 3.81% for 2016 (4.27% for 2015). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$841,737 (2015 - \$859,476). The City's total cash payments for interest in 2016 were \$819,864 (2015 - \$873,249).

Included in the above debt amounts is a capital lease obligation of \$381,854 relating to the purchase of building equipment. This lease bears interest at 1.53625%, expires October, 2031 and includes a lease buyout of \$76,371.

11. 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 City of Camrose, be disclosed as follows:

	2016	2015
Total debt limit	\$ 75,220,479	\$ 79,242,308
Total debt	(20,241,656)	(19,033,005)
Amount of debt limit unused	54,978,823	60,209,303
Debt servicing limit	12,536,747	13,207,051
Debt servicing	(2,624,757)	(2,420,317)
Amount of debt servicing limit unused	\$ 9,911,990	\$ 10,786,734

The debt limit is calculated as 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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11. DEBT LIMITS (CONTINUED)

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

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015 (Restated See Note 23)
Tangible capital assets (Schedule 2)	\$ 340,012,255	\$ 331,051,200
Accumulated amortization (Schedule 2)	(122,186,042)	(115,910,328)
Long-term debt (Note 10)	(20,241,656)	(19,033,005)
Long-term debt not secured against tangible capital assets	6,837,569	5,854,342
	<u>\$ 204,422,126</u>	<u>\$ 201,962,209</u>

13. ACCUMULATED SURPLUS

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

	2016	2015 (Restated See Note 23)
Unrestricted surplus	\$ 5,676,796	\$ 2,956,165
Restricted surplus:		
General administration	8,035,954	6,857,435
Protective services	749,778	628,162
Roads, streets, walks and lighting	7,621,625	8,399,237
Water, sewer, and waste management	28,284,200	23,404,393
Recreation and culture	5,491,757	5,753,838
Public health and welfare	106,886	99,162
Total restricted surplus	50,290,200	45,142,227
Equity in tangible capital assets	204,422,126	201,962,209
	<u>\$ 260,389,122</u>	<u>\$ 250,060,601</u>

14. SEGMENTED DISCLOSURE

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

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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

15. SALARY AND BENEFITS DISCLOSURE

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

	2016			2015
	Salary	Benefits & Allowances	Total	Total
Mayor - Mayer	\$ 60,952	\$ 1,237	\$ 62,189	\$ 60,398
Councillors:				
M. Lindstrand	19,154	4,195	23,349	22,009
G. Wood	19,154	4,207	23,361	21,797
W. Thronson	19,154	1,355	20,509	19,770
A. Hoveland	19,154	3,657	22,811	21,525
B. Sears	19,154	1,340	20,494	19,770
K. Hycha	19,154	4,189	23,343	22,009
PJ Stasko	19,154	4,205	23,359	22,009
D. Ofrim	19,154	4,203	23,357	19,270
City Manager	\$ 207,237	\$ 36,488	\$ 243,725	\$ 333,766

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. In 2015, the City Manager position was vacated March 31, and filled with a new City Manager July 15. In the interim, the position was filled with an existing City employee in an acting role from April 1 to July 14. Salaries and benefits for all three employees have been included for the period they filled the City Manager role.

Benefits and allowances figures include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, extended health and dental coverage, vision coverage, group life insurance, long-term disability insurance, professional memberships and tuition.

16. LOCAL AUTHORITIES PENSION PLAN

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

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

The City of Camrose 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 City 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 City to the plan in 2016 were \$1,211,690 (2015 - \$1,196,301). The current

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

16. LOCAL AUTHORITIES PENSION PLAN (CONTINUED)

service contributions by the employees of the City to the plan in 2016 were \$1,113,820 (2015 - \$1,108,368).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923,416,000.

17. SPECIAL FORCES PENSION PLAN

Municipal Police Officers of the City of Camrose participate in the Special Forces Pension Plan (SFPP), which is covered by the Alberta Public Sector Pensions Plan Act. The Plan serves about 6,000 officers from seven municipalities. It is financed by employer and employee contributions and investment earnings of the SFPP Fund.

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

The City of Camrose was required to make current service contributions to SFPP of 14.55% of pensionable salary for 2016.

Police officers of the City were required to make current service contributions of 13.45% of pensionable salary for 2016.

Total current service contributions by the City to the plan in 2016 were \$374,939 (2015 - \$371,083). Total current service contributions by employees to the plan in 2016 were \$346,592 (2015 - \$343,029).

At December 31, 2015, the plan disclosed an actuarial deficiency of \$161,642,000.

18. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004 and provides supplementary pension benefits to a prescribed class of employees (approximately 6 beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.5% and 3.0% respectively of pensionable earnings up to \$144,500 in 2016 (\$140,945 in 2015).

Total current service contributions by the City to APEX in 2016 were \$12,946 (2015 - \$14,226). Total current service contributions by the employees of the City in 2016 were \$10,788 (2015 - \$11,855).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The costs of post retirement benefits are fully funded.

At December 31, 2015, the plan disclosed an actuarial surplus of \$677,018.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

19. CONTRIBUTED ASSET

In 2016, the City recorded as a contributed asset the amount of \$93,500. A bus was donated to the City in support of the City's public transit initiatives.

In 2015, the City transferred the Jeanne & Peter Lougheed Performing Arts Centre to the University of Alberta. It was recorded as a contributed asset expense in the amount of \$19,772,318. Construction in Progress in Schedule 2 was reduced accordingly. The City's contribution to the facility included initial funding of \$4,800,000 from MSI grants, and \$4,000,000 in the form of City of Camrose debenture. In 2016, the City debentured an additional \$1,477,935 resulting from the project's shortfall in fundraising.

20. COMMITMENTS

As at December 31, 2016, the City had no significant commitments to report.

21. CONTINGENCIES

As at December 31, 2016 the City is involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is Management's opinion that there will be no adverse effect on the financial position of the City. If any liability is incurred it would be accounted for as a current transaction in the year it is determined.

22. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the City is not exposed to significant interest or currency risk arising from these financial instruments.

The City 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 City 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 instruments approximates fair value.

23. PRIOR PERIOD ADJUSTMENT

As per Note 19, the City transferred the Jeanne & Peter Lougheed Performing Arts Centre to the University of Alberta in 2015. The debenture related to the Performing Arts Centre (\$3,621,434) was mistakenly recorded as being secured against the equity in tangible capital assets. As the City does not own the asset related to the debenture, the 2015 Accumulated Surplus has been restated. The effect of the adjustment is as follows:

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Accumulated Surplus
Balance, December 31, 2015 as previously reported	\$ 6,577,599	\$ 45,142,227	\$198,340,775	\$250,060,601
Prior period adjustment	(3,621,434)	-	3,621,434	-
Balance, December 31, 2015 as restated	\$ 2,956,165	\$ 45,142,227	\$201,962,209	\$250,060,601

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

24. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2016 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget, however, has been included in the budget presented in the financial statements. The amortization expense included is based on the 2016 actual amortization expense. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

REVENUES

Operating budget	\$ 51,376,134
Capital budget	9,803,600

Less:

Transfers from other funds:

Operating	(4,015,512)
Capital	(3,990,600)
Proceeds on sale of tangible capital assets	(236,000)
Proceeds on debt issue	(1,340,000)

51,597,622

EXPENSES

Operating budget	51,376,134
Capital budget	9,803,600

Less:

Transfers to other funds/internal transactions	(11,323,475)
Capital expenditures	(9,803,600)
Debt principal payments	(1,565,961)
Amortization	8,066,655

46,553,353

EXCESS OF REVENUES OVER EXPENSES

\$ 5,044,269

25. Comparative Figures

Prior year figures have been reclassified where necessary to conform with current year presentation.