

Consolidated Financial Statements

City of Camrose

December 31, 2015

City of Camrose

December 31, 2015

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Management's responsibility for financial reporting

The accompanying consolidated financial statements of the City of Camrose are the responsibility of management and have been approved by the Mayor and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the City's assets are appropriately accounted for and adequately safeguarded.


City Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of Council. Grant Thornton LLP has full and free access to Council.



Grant Egerdie, Director of Finance



Malcolm Boyd, City Manager

Independent auditors' report

To the Mayor and Council of the City of Camrose:

Report on the Consolidated Financial Statements

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

Management's responsibility for the Consolidated 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.

Auditors' 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 auditors' 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 preparations 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 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 City as at December 31, 2015 and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants,
Chartered Accountants

Camrose, Canada
April 4, 2016

City of Camrose

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

(with budget and prior year's figures for comparison)

	Budget (See Note 22)	2015	2014
REVENUES:			
Net municipal taxes (Schedule 3)	\$ 23,105,289	\$ 23,748,294	\$ 22,383,395
User fees and sales of goods	13,653,611	16,147,667	15,739,210
Government transfers (Schedule 4)	1,256,239	1,597,102	2,140,342
Sales to other governments	171,500	263,667	210,417
Penalties and costs of taxes	234,638	259,339	239,893
Licences and permits	738,000	764,359	895,995
Development levies	-	388,536	264,604
Fines	900,000	906,111	853,794
Franchise and concession contracts	1,547,882	1,601,433	1,534,400
Investment income	383,774	775,611	856,532
Rentals	1,892,650	2,075,550	1,956,462
Other revenues	178,903	4,300,536	6,977,637
Total revenues	44,062,486	52,828,205	54,052,681
EXPENSES:			
Legislative	419,593	370,895	405,071
Administration	5,107,890	4,952,727	4,080,770
Protective Services	8,754,437	8,878,471	8,491,531
Roads, Streets, Walks & Lighting	9,517,621	9,315,347	9,195,499
Water, Wastewater and Waste Management	9,817,928	8,989,643	8,645,682
Public Health & Welfare	612,202	596,858	644,127
Planning & Development	1,373,319	1,868,331	2,846,499
Recreation & Culture	9,972,713	9,792,574	9,370,084
Total expenses	45,575,703	44,764,846	43,679,263
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES FOR THE YEAR BEFORE UNDERNOTED	(1,513,217)	8,063,359	10,373,418
OTHER:			
Contributed tangible capital assets (Note 18)	-	(19,772,318)	-
Government transfers for capital (Schedule 4)	6,370,000	7,213,445	16,078,935
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES FOR THE YEAR	4,856,783	(4,495,514)	26,452,353
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
As previously reported	254,556,115	254,556,115	229,851,093
Prior period adjustments	-	-	(1,747,331)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	254,556,115	254,556,115	228,103,762
ACCUMULATED SURPLUS, END OF YEAR	\$ 259,412,898	\$ 250,060,601	\$ 254,556,115

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

City of Camrose
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015
(with prior year's figures for comparison)

	2015	2014
FINANCIAL ASSETS		
Cash and term investments (Note 2)	\$ 59,510,433	\$ 50,823,760
Receivables:		
Taxes and grants in place of taxes (Note 3)	3,476,154	3,310,220
Trade and other receivables	3,810,434	5,951,503
Land for resale inventory	7,166,778	7,578,670
Total financial assets	73,963,799	67,664,153
LIABILITIES		
Temporary loans payable (Note 4)	2,135,049	-
Accounts payable and accrued liabilities	3,486,596	5,494,772
Deposit liabilities	1,422,796	1,508,421
Deferred revenue (Note 5)	9,793,858	10,655,037
Employee benefit obligations (Note 6)	4,006,231	4,004,925
Provision for landfill closure and post-closure costs (Note 8)	805,239	779,234
Long-term debt (Note 10)	19,033,005	20,531,997
Total liabilities	40,682,774	42,974,386
NET FINANCIAL ASSETS	33,281,025	24,689,767
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	215,140,872	228,109,003
Inventory for consumption	1,527,182	1,632,930
Prepaid expenses	111,522	124,415
Total non-financial assets	216,779,576	229,866,348
ACCUMULATED SURPLUS (Note 13) (Schedule 1)	\$ 250,060,601	\$ 254,556,115

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 CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

(with budget and prior year's figures for comparison)

	Budget (See Note 22)	2015	2014
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 4,856,783	\$ (4,495,514)	\$ 26,452,353
Acquisition of tangible capital assets	(13,679,341)	(14,642,629)	(25,021,015)
Contributed tangible capital assets	-	19,772,318	-
Proceeds on disposal of tangible capital assets	175,500	234,470	241,853
Amortization of tangible capital assets	7,544,826	7,544,826	7,118,787
Loss (gain) on disposal of tangible capital assets	-	59,146	(57,152)
	(5,959,015)	12,968,131	(17,717,527)
Acquisition of supplies inventories	-	-	(69,717)
Acquisition of prepaid assets	-	-	(38,240)
Use of supplies inventories	-	105,748	-
Use of prepaid assets	-	12,893	-
	-	118,641	(107,957)
INCREASE IN NET FINANCIAL ASSETS	(1,102,232)	8,591,258	8,626,869
NET FINANCIAL ASSETS, BEGINNING OF YEAR	24,689,767	24,689,767	16,062,898
NET FINANCIAL ASSETS, END OF YEAR	\$ 23,587,535	\$ 33,281,025	\$ 24,689,767

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, 2015

	2015	2014
CASH PROVIDED BY (USED FOR):		
OPERATIONS ACTIVITIES:		
Excess (shortfall) of revenues over expenditures for the year	\$ (4,495,514)	\$ 26,452,353
Amortization	7,544,826	7,118,787
Loss (gain) on sale of capital assets	59,146	(57,152)
Contributed tangible capital assets	19,772,318	-
	22,880,776	33,513,988
Net changes in non-cash working capital balances:		
(Increase) decrease in taxes receivable	(165,934)	102,625
(Increase) decrease in trade and other receivables	2,141,069	(2,823,965)
(Increase) decrease in inventory of material and supplies	105,748	(69,717)
(Increase) decrease in land held for sale	411,892	417,593
(Increase) decrease in prepaid expenses	12,893	(38,240)
Increase (decrease) in temporary loans payable	2,135,049	-
Increase (decrease) in accounts payable and accrued liabilities	(2,008,176)	(522,576)
Increase (decrease) in deposit liabilities	(85,625)	96,418
Increase (decrease) in deferred revenue	(861,179)	(9,671,798)
Increase (decrease) in employee benefit obligations	1,306	469,947
Increase in provision for landfill closure and post closure costs	26,005	43,583
Net cash from operating activities	24,593,824	21,517,858
INVESTING ACTIVITIES:		
Proceeds from disposal of tangible capital assets	234,470	241,853
Acquisition of tangible capital assets	(14,642,629)	(25,021,015)
Net cash to investing activities	(14,408,159)	(24,779,162)
FINANCING ACTIVITIES:		
Long-term debt issued	334,582	269,852
Long-term debt repaid	(1,833,574)	(4,489,619)
Net cash to financing activities	(1,498,992)	(4,219,767)
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	8,686,673	(7,481,071)
NET CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR	50,823,760	58,304,831
NET CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 59,510,433	\$ 50,823,760

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, 2015

(with prior year's figures for comparison)

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE AT BEGINNING OF THE YEAR (restated)	\$ 9,455,219	\$ 35,136,947	\$ 209,963,949	\$ 254,556,115	\$ 228,103,762
Excess (shortfall) of revenues over expenses for the year	(4,495,514)	-	-	(4,495,514)	26,452,353
Unrestricted funds designated for future use	(13,459,485)	13,459,485	-	-	-
Restricted funds used for operations	736,281	(736,281)	-	-	-
Restricted funds used for tangible capital assets	-	(2,717,924)	2,717,924	-	-
Current year funds used for tangible capital assets	(11,924,705)	-	11,924,705	-	-
Contributed tangible capital assets	19,772,318	-	(19,772,318)	-	-
Disposal of tangible capital assets (at net book value)	293,616	-	(293,616)	-	-
Annual amortization expense	7,544,826	-	(7,544,826)	-	-
Long term debt repaid	(1,344,957)	-	1,344,957	-	-
Change in accumulated surplus for the year	(2,877,620)	10,005,280	(11,623,174)	(4,495,514)	26,452,353
BALANCE AT END OF THE YEAR	\$ 6,577,599	\$ 45,142,227	\$ 198,340,775	\$ 250,060,601	\$ 254,556,115

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, 2015

(with prior year's figures for comparison)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2015	2014
COST:									
BALANCE, BEGINNING OF YEAR	\$ 6,561,459	\$ 9,333,598	\$ 56,646,974	\$ 211,648,450	\$ 7,313,720	\$ 5,938,017	\$ 40,393,645	\$ 337,835,863	\$ 313,997,445
Acquisition of tangible capital assets	69,237	426,404	18,037,592	12,163,648	1,111,339	480,091	(17,645,682)	14,642,629	25,021,015
Disposal of tangible capital assets	-	-	(581,080)	(83,563)	(606,480)	(383,851)	(19,772,318)	(21,427,292)	(1,182,597)
BALANCE, END 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
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	5,404,657	14,318,336	84,665,154	3,025,634	2,313,079	-	109,726,860	103,605,969
Annual amortization	-	257,046	1,408,711	4,731,434	709,760	437,875	-	7,544,826	7,118,787
Accumulated amortization on disposals	-	-	(459,053)	(80,674)	(509,280)	(312,351)	-	(1,361,358)	(997,896)
BALANCE, END OF YEAR	-	5,661,703	15,267,994	89,315,914	3,226,114	2,438,603	-	115,910,328	109,726,860
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,630,696	\$ 4,098,299	\$ 58,835,492	\$ 134,412,621	\$ 4,592,465	\$ 3,595,654	\$ 2,975,645	\$ 215,140,872	\$ 228,109,003

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, 2014

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2014
COST:								
BALANCE, BEGINNING OF YEAR	\$ 6,286,473	\$ 8,858,237	\$ 56,161,125	\$ 209,848,362	\$ 7,093,829	\$ 5,948,329	\$ 19,801,090	\$ 313,997,445
Acquisition of tangible capital assets	275,115	638,469	524,572	2,094,682	370,908	524,714	20,592,555	25,021,015
Disposal of tangible capital assets	(129)	(163,108)	(38,723)	(294,594)	(151,017)	(535,026)	-	(1,182,597)
BALANCE, END OF YEAR	6,561,459	9,333,598	56,646,974	211,648,450	7,313,720	5,938,017	40,393,645	337,835,863
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	5,311,780	13,153,952	80,351,476	2,460,147	2,328,614	-	103,605,969
Annual amortization	-	238,768	1,172,571	4,608,272	679,505	419,671	-	7,118,787
Accumulated amortization on disposals	-	(145,891)	(8,187)	(294,594)	(114,018)	(435,206)	-	(997,896)
BALANCE, END OF YEAR	-	5,404,657	14,318,336	84,665,154	3,025,634	2,313,079	-	109,726,860
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,561,459	\$ 3,928,941	\$ 42,328,638	\$ 126,983,296	\$ 4,288,086	\$ 3,624,938	\$ 40,393,645	\$ 228,109,003

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, 2015
(with budget and prior year's figures for comparison)

	Budget (See Note 22)	2015	2014
TAXATION:			
Real property taxes	\$ 29,965,224	\$ 29,591,616	\$ 28,195,417
Linear property taxes	-	410,629	397,693
Business taxes	70,000	68,643	73,853
Government grants in lieu of property taxes	-	10,840	104,628
Special assessments and local improvement taxes	-	596,501	306,679
Total taxation	30,035,224	30,678,229	29,078,270
REQUISITIONS:			
Alberta School Foundation Fund	6,093,740	6,093,740	5,886,008
Elk Island CSRD No. 41	836,195	836,195	808,867
Total requisitions	6,929,935	6,929,935	6,694,875
NET MUNICIPAL TAXES	\$ 23,105,289	\$ 23,748,294	\$ 22,383,395

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

City of Camrose

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2015

(with budget and prior year's figures for comparison)

	Budget (See Note 22)	2015	2014
TRANSFERS FOR OPERATING:			
Provincial grants	\$ 720,900	\$ 1,052,755	\$ 1,582,100
Local government transfers	535,339	544,347	558,242
	1,256,239	1,597,102	2,140,342
TRANSFERS FOR CAPITAL:			
Provincial government	6,370,000	7,213,445	16,078,935
TOTAL GOVERNMENT TRANSFERS	\$ 7,626,239	\$ 8,810,547	\$ 18,219,277

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, 2015
(with budget and prior year's figures for comparison)

	Budget (See Note 22)	2015	2014
CONSOLIDATED EXPENSES BY OBJECT:			
Salaries, wages and benefits	\$ 19,772,739	\$ 19,739,490	\$ 19,182,607
Contracted and general services	7,061,231	6,286,015	6,056,033
Materials, goods and utilities	8,199,147	8,023,600	7,117,155
Provisions for allowances	67,303	56,486	8,686
Transfers to other governments	126,000	129,566	131,196
Transfers to local boards and agencies	1,401,706	1,563,541	2,121,626
Transfers to individuals and organizations	355,578	333,217	376,839
Bank charges and short-term interest	68,800	82,797	74,988
Interest on long-term debt	873,873	859,476	1,466,070
Amortization of tangible capital assets	7,544,826	7,544,826	7,118,787
Loss (gain) on disposal of tangible capital assets	-	59,146	(57,152)
Other expenses	104,500	86,686	82,428
	\$ 45,575,703	\$ 44,764,846	\$ 43,679,263

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

City of Camrose
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Wastewater & Waste Management	Public Health & Welfare	Planning and Development	Recreation & Culture	2015
REVENUE									
Net municipal taxes	\$ -	\$ 23,748,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$23,748,294
User fees and sales of goods	-	57,082	785,470	157,452	13,025,645	109,551	966,055	1,046,412	16,147,667
Government transfers	-	2,026,223	751,722	748,074	4,764,589	-	206,012	313,927	8,810,547
Sales to other governments	-	-	156,496	107,171	-	-	-	-	263,667
Penalties and costs of taxes	-	232,717	-	-	26,622	-	-	-	259,339
Licences and permits	-	-	700,819	-	-	-	63,540	-	764,359
Development levies	-	-	-	-	-	-	388,536	-	388,536
Fines	-	-	906,111	-	-	-	-	-	906,111
Franchise and concession contracts	-	1,601,433	-	-	-	-	-	-	1,601,433
Investment income	-	738,706	-	-	36,905	-	-	-	775,611
Rentals	-	-	-	30,088	451,402	-	60,927	1,533,133	2,075,550
Other revenues	1,200	(239,252)	281,711	68,238	4,000,000	-	-	188,639	4,300,536
	1,200	28,165,203	3,582,329	1,111,023	22,305,163	109,551	1,685,070	3,082,111	60,041,650
EXPENSES									
Salaries, wages and benefits	227,155	2,915,255	6,688,123	2,489,600	2,330,459	105,995	774,464	4,208,439	19,739,490
Contracted and general services	105,080	1,176,710	910,456	510,431	2,009,673	675	754,437	818,553	6,286,015
Materials, goods and utilities	36,660	297,925	752,406	2,234,605	2,777,466	24,266	40,990	1,859,282	8,023,600
Transfers to other governments	-	-	19,566	-	-	110,000	-	-	129,566
Transfers to local boards and agencies	-	6,500	-	60,800	-	322,575	227,012	946,654	1,563,541
Transfers to individuals and organizations	2,000	954	-	-	229,417	-	47,478	53,368	333,217
Interest on long-term debt	-	-	64,376	228,025	93,442	-	-	473,633	859,476
Loss (gain) on disposal of tangible capital assets	-	122,027	5,770	(20,175)	(21,360)	-	-	(27,116)	59,146
Other expenses	-	57,031	11,919	63,048	63,659	-	1,201	29,111	225,969
Contributed tangible capital assets	-	19,772,318	-	-	-	-	-	-	19,772,318
	370,895	24,348,720	8,452,616	5,566,334	7,482,756	563,511	1,845,582	8,361,924	56,992,338
NET REVENUE, BEFORE AMORTIZATION	(369,695)	3,816,483	(4,870,287)	(4,455,311)	14,822,407	(453,960)	(160,512)	(5,279,813)	3,049,312
Amortization of tangible capital assets	-	376,325	425,855	3,749,013	1,506,887	33,347	22,749	1,430,650	7,544,826
NET REVENUE	\$ (369,695)	\$ 3,440,158	\$ (5,296,142)	\$ (8,204,324)	\$13,315,520	\$ (487,307)	\$ (183,261)	\$ (6,710,463)	\$ (4,495,514)

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

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the City of Camrose are as follows.

Reporting Entity

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

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.

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 expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 asset under the respective function.

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.

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.

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.

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Non-Financial Assets

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

i. Tangible Capital Assets

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

	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	10 - 20
Vehicles	7 - 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.

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 but are disclosed.

2. CASH AND TERM INVESTMENTS

	2015	2014
Cash	\$ 2,790,066	\$ 1,219,691
Temporary investments - short-term	56,720,367	5,590,738
Temporary investments - long-term	-	44,013,331
	\$ 59,510,433	\$ 50,823,760

Short-term temporary investments are deposits with original maturities of three months or less.

Long-term temporary investments are deposits with original maturities greater than three months but no longer than one year.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2015	2014
Current:		
Current taxes and grants in place of taxes	\$ 1,085,855	\$ 806,376
Less: Allowance for doubtful accounts	(159,476)	(134,997)
Total current taxes and grants in place of taxes	926,379	671,379
Long term taxes and grants in place of taxes	2,549,775	2,638,841
Total taxes and grants in place of taxes	\$ 3,476,154	\$ 3,310,220

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

4. TEMPORARY LOANS PAYABLE

Jeanne & Peter Loughheed Performing Arts Centre - Due to the uncertainty around fundraising activities, the project was approved allowing the City to debenture up to an additional \$4.250 million to fund the project. 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 million and has been included in temporary loans payable. Future pledges receivable at December 31, 2015 were recorded at \$688,000 and as collected in 2016-2017 will pay off the line of credit. The remaining line of credit resulting from the shortfall in fundraising (approximately \$1.450 million) will be refinanced using Alberta Capital Finance Authority in 2016.

5. DEFERRED REVENUE

	2015	2014
Prepaid property taxes	\$ 64,736	\$ 82,428
Conditional grants	9,360,870	10,168,341
Other deferred revenue	368,252	404,268
	\$ 9,793,858	\$ 10,655,037

6. EMPLOYEE BENEFIT OBLIGATIONS

	2015	2014
Vacation accrual	\$ 871,226	\$ 907,890
Sick leave and other benefits	3,135,005	3,097,035
	\$ 4,006,231	\$ 4,004,925

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 and other benefits

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 employees 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 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.

The accounting standards (PS 3255 - Post-employment benefits, compensated absences and termination benefits) indicate that these benefits must be accrued in the year the service of the employee that generated the benefit

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

6. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

occurred, similar to a pension plan liability where an organization incurs a cost in the future for services rendered today.

The City has engaged an actuary to determine the sick leave benefit obligation for the year ended December 31, 2015. Significant assumptions used in the valuation are highlighted in Note 7.

7. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation

	2015	2014
Benefit obligation, beginning of year	\$ 3,097,035	\$ 3,248,968
Expected service cost	262,151	264,799
Interest cost	80,105	78,443
Actuarial loss (gain)	(114,976)	(304,477)
Expected benefits paid	(189,310)	(190,698)
Benefit obligation, end of year	\$ 3,135,005	\$ 3,097,035

Change in Plan Assets

	2015	2014
Fair value of plan assets, beginning of year	\$ -	\$ -
Company contribution	752,815	588,526
Actual benefits paid	(752,815)	(588,526)
Fair value of plan assets, end of year	\$ -	\$ -

Significant Assumptions

	2015	2014
Discount rate (per annum), beginning of year	2.59%	2.41%
Discount rate (per annum), end of year	2.47%	2.59%
Rate of compensation increases (per annum)	3.75%	3.50%
Estimated Average Remaining Services Life (EARSL) (years)	16.63	16.86

Net Periodic Benefit Cost

	2015	2014
Service Cost	\$ 262,151	\$ 264,799
Interest Cost	80,105	78,443
Recognized net actuarial loss (gain)	(13,736)	4,323
Net periodic benefit cost	\$ 328,520	\$ 347,565

City of Camrose

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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.

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 1.71 (2014 – 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.

	2015	2014
Estimated closure costs	\$ 256,193	\$ 211,720
Estimated post-closure costs	1,616,457	1,600,452
Estimated total liability	1,872,650	1,812,172
Estimated capacity remaining	57.0 %	57.0 %
Portion to total liability remaining to be recognized	1,067,411	1,032,938
Estimated capacity used	43.0 %	43.0 %
Estimated liability portion	\$ 805,239	\$ 779,234

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

	2015	2014
Supported by general tax levies	\$ 14,919,251	\$ 16,114,713
Supported by special levies	2,232,908	2,386,943
Supported by utility rates	1,880,846	2,030,341
	\$ 19,033,005	\$ 20,531,997

The current portion of the long-term debt amounts to \$1,620,797 (2014 - \$1,833,573).

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

10. LONG-TERM DEBT (CONTINUED)

Principle and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 1,620,797	\$ 799,520	\$ 2,420,317
2017	1,561,835	728,216	2,290,051
2018	1,597,810	658,506	2,256,316
2019	1,620,343	587,758	2,208,101
2020	1,596,189	516,659	2,112,848
Thereafter	11,036,031	1,877,141	12,913,172
	\$ 19,033,005	\$ 5,167,800	\$ 24,200,805

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.949% to 8.250% per annum, before Provincial subsidy, and mature in periods 2016 through 2035. The average annual interest rate is 4.27% for 2015 (4.31% for 2014). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$859,476 (2014 - \$1,466,070).

The City's total cash payments for interest in 2015 were \$873,249 (2014 - \$1,485,217).

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:

	2015	2014
Total debt limit	\$ 79,242,308	\$ 81,079,022
Total debt	(19,033,005)	(20,531,997)
Amount of debt limit unused	60,209,303	60,547,025
Debt servicing limit	13,207,051	13,513,170
Debt servicing	(2,420,317)	(5,955,689)
Amount of debt servicing limit unused	\$ 10,786,734	\$ 7,557,481

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

City of Camrose

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets (Schedule 2)	\$ 331,051,200	\$ 337,835,863
Accumulated amortization (Schedule 2)	(115,910,328)	(109,726,860)
Long-term debt (Note 10)	(19,033,005)	(20,531,997)
Long-term debt associated with local improvements receivable	2,232,908	2,386,943
	\$ 198,340,775	\$ 209,963,949

13. ACCUMULATED SURPLUS

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

	2015	2014
Unrestricted surplus	\$ 6,577,599	\$ 9,455,219
Restricted surplus:		
General administration	6,857,435	5,436,932
Protective services	628,162	514,486
Roads, streets, walks and lighting	8,399,237	7,908,549
Water, sewer, and waste management	23,404,393	17,156,352
Recreation and culture	5,753,838	4,025,747
Public health and welfare	99,162	94,881
Equity in tangible capital assets	198,340,775	209,963,949
	\$ 250,060,601	\$ 254,556,115

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

15. SALARY AND BENEFITS DISCLOSURE

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

	2015			2014
	Salary	Benefits & Allowances	Total	Total
Mayor - Mayer	\$ 59,698	\$ 700	\$ 60,398	\$ 59,005
Councillors:				
M. Lindstrand	18,760	3,249	22,009	21,243
G. Wood	18,760	3,037	21,797	21,416
W. Thronson	18,760	1,010	19,770	19,100
A. Hoveland	18,760	2,765	21,525	21,198
B. Sears	18,760	1,010	19,770	19,284
K. Hycha	18,760	3,249	22,009	21,549
PJ Stasko	18,760	3,249	22,009	21,602
D. Ofrim	16,303	2,967	19,270	-
R. McIsaac	-	-	-	20,360
City Manager	\$ 294,119	\$ 39,647	\$ 333,766	\$ 218,496

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.

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.

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 LAPP and Special Forces Pension Plan in 2015 were \$1,567,384

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

16. LOCAL AUTHORITIES PENSION PLAN (CONTINUED)

(2014 - \$1,529,401). The current service contributions by the employees of the City to the Local Authorities Pension Plan and Special Forces Pension Plan in 2015 were \$1,451,397 (2014 - \$1,422,550).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 billion.

At December 31, 2014, the Special Forces Pension plan disclosed an actuarial deficiency of \$191.0 million.

17. 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 7 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 \$140,945 in 2015 (\$138,500 in 2014).

Total current service contributions by the City to APEX in 2015 were \$14,226 (2014 - \$26,600). Total current service contributions by the employees of the City in 2015 were \$11,855 (2014 - \$22,167).

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.

18. CONTRIBUTED ASSET

In 2015, the City transferred the Jeanne & Peter Loughheed 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 has been 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 will have to debenture an additional \$1,450,000 resulting from the projects shortfall in fundraising (see Note 4).

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

19. COMMITMENTS

As at December 31, 2015, the City had no significant commitments to report.

20. CONTINGENCIES

As at December 31, 2015 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.

The City guaranteed a bank loan of the Camrose Regional Exhibition for the amount of \$1,240,689. This loan has been paid out in full in 2015.

21. 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.

City of Camrose
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

22. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2015 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 2015 actual amortization expense. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenues	
Operating budget	\$ 48,691,739
Capital budget	13,679,341
Less	
Transfers from other funds:	
Operating	(4,706,753)
Capital	(6,351,341)
Proceeds on sale of tangible capital assets	(175,500)
Proceeds on debt issue	(705,000)
Total Revenues	50,432,486
Expenses	
Operating budget	48,691,739
Capital budget	13,679,341
Less	
Transfers to other funds/internal transactions	(9,122,889)
Capital expenditures	(13,679,341)
Debt principal payments	(1,537,973)
Amortization	7,544,826
Total Expenses	45,575,703
Annual Surplus	\$ 4,856,783
