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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

RECEIVED
APR 14 2016

To the Mayor and Council of Town of Vegreville

TOWN OF VEGREVILLE

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of Vegreville, which comprise of the statement of financial position at December 31, 2015, and the statements of operations, change in net financial assets (debt) 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 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 controls 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 controls. 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 Town of Vegreville as at December 31, 2015, 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.

Vegreville, AB
April 11, 2016

Wilde + Company
Chartered Accountants

TOWN OF VEGREVILLE
Consolidated Statement of Financial Position
As at December 31, 2015

	2015	2014
Financial Assets		
Cash and temporary investments (Note 4)	\$ 5,797,967	\$ 4,913,794
Receivables		
Taxes and grants in place of taxes (Note 5)	719,477	487,926
Due from governments	250,188	340,120
Trade and other receivables	910,295	859,387
Land held for resale	886,616	886,616
Investments (Note 6)	2,577,542	4,019,000
Debt charges recoverable (Note 7)	-	159,681
	11,142,085	11,666,524
Liabilities		
Accounts payable and accrued liabilities (Note 8)	2,009,898	1,707,835
Accrued employee obligations (Note 9)	461,898	465,743
Deposit liabilities	40,000	10,000
Deferred revenue (Note 10)	450,640	963,650
Long term debt (Note 11)	7,546,210	6,875,271
	10,508,646	10,022,499
Net Financial Assets	633,439	1,644,025
Non-Financial Assets		
Tangible capital assets (Schedule 2)	57,572,869	56,597,244
Inventory for consumption	93,839	218,732
Prepaid expenses	372,195	93,275
	58,038,903	56,909,251
Accumulated Surplus (Schedule 1, Note 15)	\$ 58,672,342	\$ 58,553,276
Contingencies (Note 19)		

TOWN OF VEGREVILLE
Consolidated Statement of Operations
Year Ended December 31, 2015

	Budget (Unaudited)	2015	2014
Revenues			
Net municipal taxes (Schedule 3)	\$ 8,845,325	\$ 8,790,743	\$ 8,505,850
User fees and sales of goods and services	3,732,779	3,933,710	3,975,058
Government transfers for operating (Schedule 4)	3,245,718	3,371,255	3,129,405
Investment income	107,140	93,039	171,930
Franchise and concession contracts	835,000	972,112	907,588
Penalties and costs on taxes	50,000	107,223	138,644
Rentals	532,470	629,033	639,831
Fines, licenses and permits	106,500	142,919	119,210
Loss on disposal of assets	-	(62,773)	(32,021)
Other	225,115	215,041	165,643
	17,680,047	18,192,302	17,721,138
Expenses			
Legislative	390,190	338,303	360,376
Administration	1,495,170	1,375,224	1,263,428
Fire protection and safety services	1,891,295	1,890,077	1,649,722
Ambulance services	1,710,820	1,791,007	1,844,511
Bylaw enforcement	292,365	302,201	284,246
Roads, streets, walks, lighting	4,969,485	4,625,984	4,703,622
Airport	116,715	60,339	145,379
Water supply and distribution	2,078,175	2,019,761	1,986,328
Wastewater treatment and disposal	657,470	623,208	589,105
Waste management	1,110,675	925,313	1,020,789
Family and community support	1,268,258	1,161,668	1,183,005
Cemetery	109,675	91,006	100,641
Subdivision land and development	643,920	565,976	540,692
Community and tourism	409,788	388,686	357,607
Culture	302,666	307,093	259,495
Parks and recreation	2,777,485	2,397,532	2,434,807
Facilities	1,940,410	1,840,604	1,912,063
	22,164,562	20,703,982	20,635,816
Deficiency of revenue over expenses - before other	(4,484,515)	(2,511,680)	(2,914,678)
Other			
Contributed assets	-	361,111	-
Government transfers for capital (Schedule 4)	1,917,000	2,269,635	2,883,781
Excess (deficiency) of revenues over expenses	(2,567,515)	119,066	(30,897)
Accumulated surplus - beginning of the year	58,553,276	58,553,276	58,584,173
Accumulated surplus - end of the year	\$ 55,985,761	\$ 58,672,342	\$ 58,553,276

TOWN OF VEGREVILLE**Consolidated Statement of Change in Net Financial Assets (Debt)****Year Ended December 31, 2015**

	Budget (Unaudited)	2015	2014
Excess (deficiency) of revenues over expenses	\$ (2,567,515)	\$ 119,066	\$ (30,897)
Acquisition of tangible capital assets	(5,995,500)	(4,447,171)	(4,182,831)
Contributed tangible capital assets	-	(361,111)	
Proceeds on disposal of tangible capital assets	40,000	24,500	9,756
Amortization of tangible capital assets	3,903,585	3,745,384	3,940,164
Loss on disposal of tangible capital assets	-	62,773	32,021
	(4,619,430)	(856,559)	(231,787)
Use of supplies inventories	-	124,893	139,867
Use (acquisition) of prepaid assets	-	(278,920)	3,788
	-	(154,027)	143,655
Decrease in net financial assets	(4,619,430)	(1,010,586)	(88,132)
Net financial assets, beginning of year	1,644,025	1,644,025	1,732,157
Net financial assets (debt), end of year	\$ (2,975,405)	\$ 633,439	\$ 1,644,025

TOWN OF VEGREVILLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
Operating		
Excess (deficiency) of revenue over expenses	\$ 119,066	\$ (30,897)
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	3,745,384	3,940,164
Loss on disposal of tangible capital assets	62,773	32,021
Tangible capital assets received as contributions	(361,111)	-
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(231,551)	(114,189)
Decrease (increase) in government receivables	89,932	(206,334)
Increase in trade and other receivables	(50,908)	(32,493)
Decrease in inventory for consumption	124,893	139,867
Decrease (increase) in prepaid expenses	(278,920)	3,788
Increase in accounts payable and accrued liabilities	302,063	593,954
Increase (decrease) in accrued employee obligations	(3,845)	70,680
Increase in deposit liabilities	30,000	10,000
Decrease in deferred revenues	(513,010)	(1,049,119)
	2,915,700	3,388,339
<i>Net cash provided by operating transactions</i>	3,034,766	3,357,442
Capital		
Acquisition of tangible capital assets	(4,447,171)	(4,182,831)
Proceeds on sale of tangible capital assets	24,500	9,756
<i>Net cash applied to capital transactions</i>	(4,422,671)	(4,173,075)
Investing		
Decrease in restricted cash or cash equivalents	513,010	1,049,119
Decrease (increase) in investments	1,441,458	(519,000)
Decrease in debt charges recoverable	159,681	61,044
<i>Net cash provided by investing transactions</i>	2,114,149	591,163
Financing		
Long term debt issued - capital	1,260,000	875,000
Long term debt repaid - operating	(147,760)	(72,963)
Long term debt repaid - capital	(441,301)	(395,629)
<i>Net cash provided by financing transactions</i>	670,939	406,408
Change in cash and cash equivalents during the year	1,397,183	181,938
Cash and cash equivalents, beginning of year	3,950,144	3,768,206
Cash and cash equivalents, end of year	\$ 5,347,327	\$ 3,950,144
Cash and cash equivalents consist of:		
Cash and temporary investments (Note 4)	\$ 5,797,967	\$ 4,913,794
Less: restricted portion of cash and temporary investments (Note 4)	(450,640)	(963,650)
	\$ 5,347,327	\$ 3,950,144
Cashflows supplementary information:		
Interest received	\$ 93,039	\$ 171,930
Interest paid	\$ 253,045	\$ 233,477

See accompanying notes

TOWN OF VEGREVILLE

**Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2015**

(Schedule 1)

	2015			2014		
	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	\$	\$
Balance, beginning of year	2,799,456	4,566,313	1,317,774	49,869,733	58,553,276	58,584,173
Excess (deficiency) of revenues over expenses	119,066	-	-	-	119,066	(30,897)
Unrestricted funds designated for future use	(348,481)	133,981	214,500	-	-	-
Restricted funds used for operations	358,645	(358,645)	-	-	-	-
Restricted funds reallocated	-	(49,864)	49,864	-	-	-
Restricted funds used for tangible capital assets	-	-	(33,000)	33,000	-	-
Current year funds used for tangible capital assets	(4,414,171)	-	-	4,414,171	-	-
Contributed tangible capital assets	(361,111)	-	-	361,111	-	-
Disposals of tangible capital assets	87,273	-	-	(87,273)	-	-
Annual amortization expense	3,745,384	-	-	(3,745,384)	-	-
Long term debt issued	1,260,000	-	-	(1,260,000)	-	-
Long term debt repaid	(441,301)	-	-	441,301	-	-
Change in accumulated surplus	5,304	(274,528)	231,364	156,926	119,066	(30,897)
Balance, end of year	2,804,760	4,291,785	1,549,138	50,026,659	58,672,342	58,553,276

TOWN OF VEGREVILLE
Schedule of Property and Other Taxes
Year Ended December 31, 2015

(Schedule 3)

	Budget (Unaudited)	2015	2014
Taxation			
Real property taxes	\$ 9,415,348	\$ 9,360,766	\$ 9,046,979
Linear property	493,583	493,583	481,569
Government grants in place of property taxes	1,159,200	1,159,200	1,120,008
	11,068,131	11,013,549	10,648,556
Requisitions			
Alberta School Foundation Fund	2,114,643	2,114,643	2,034,004
Minburn Senior's Foundation	108,163	108,163	108,702
	2,222,806	2,222,806	2,142,706
Net Municipal Taxes	\$ 8,845,325	\$ 8,790,743	\$ 8,505,850

TOWN OF VEGREVILLE
Schedule of Government Transfers
Year Ended December 31, 2015

(Schedule 4)

	Budget (Unaudited)	2015	2014
Transfers for Operating			
Federal Government	\$ 69,500	\$ 74,863	\$ 9,101
Provincial Government	2,707,928	2,789,854	2,636,457
Local Government	468,290	506,538	483,847
	3,245,718	3,371,255	3,129,405
Transfers for Capital			
Provincial Government	1,917,000	2,269,635	2,859,441
Local Government	-	-	24,340
	1,917,000	2,269,635	2,883,781
Total Government Transfers	\$ 5,162,718	\$ 5,640,890	\$ 6,013,186

TOWN OF VEGREVILLE*(Schedule 5)***Schedule of Consolidated Expenses by Object
Year Ended December 31, 2015**

	Budget (Unaudited)	2015	2014
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 9,276,385	\$ 9,013,226	\$ 8,553,142
Contracted and general services	4,473,966	3,869,548	3,931,261
Purchases from other governments	1,120,135	1,061,901	1,058,001
Materials, goods, supplies and utilities	2,884,321	2,542,323	2,647,462
Other transactions, allowances and adjustments	73,052	94,159	135,784
Transfers to local boards and agencies	148,538	86,078	91,444
Bank charges and short term interest	48,000	38,318	45,081
Interest on long term debt	236,580	253,045	233,477
Amortization of tangible capital assets	3,903,585	3,745,384	3,940,164
	\$ 22,164,562	\$ 20,703,982	\$ 20,635,816

TOWN OF VEGREVILLE
Schedule of Segmented Disclosure
Year Ended December 31, 2015

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	8,790,743	8,790,743
Government transfers	54,400	1,987,828	989,945	1,211,781	862,542	31,636	482,171	20,587	5,640,890
User fees and sales of goods	5,325	540,770	236,513	2,658,954	232,186	164,540	804,601	107,223	4,750,112
Investment income	-	-	-	-	24,770	-	-	68,269	93,039
Other revenues	41,531	69,420	5,227	31,256	31,035	24,723	448,706	896,366	1,548,264
	101,256	2,598,018	1,231,685	3,901,991	1,150,533	220,899	1,735,478	9,883,188	20,823,048
Expenses									
Salaries, wages and benefits	1,262,911	2,206,248	1,043,724	1,207,520	854,883	533,354	1,904,586	-	9,013,226
Contracted and general services	304,327	1,313,154	309,627	266,831	323,744	273,599	1,078,266	-	3,869,548
Materials, goods, supplies and utilities	105,664	227,908	753,699	1,515,470	65,249	30,269	905,965	-	3,604,224
Transfers to local boards and agencies	-	-	-	-	1,000	85,078	-	-	86,078
Interest on long term debt	-	-	53,761	27,306	24,770	-	147,208	-	253,045
Other expenses	39,318	25,173	62,159	2,646	1,059	-	2,122	-	132,477
	1,712,220	3,772,483	2,222,970	3,019,773	1,270,705	922,300	4,038,147	-	16,958,598
Net revenue before amortization	(1,610,964)	(1,174,465)	(991,285)	882,218	(120,172)	(701,401)	(2,302,669)	9,883,188	3,864,450
Amortization of tangible capital assets	1,307	210,802	2,463,353	548,509	9,652	4,680	507,081	-	3,745,384
2015 net revenue (expense)	(1,612,271)	(1,385,267)	(3,454,638)	333,709	(129,824)	(706,081)	(2,809,750)	9,883,188	119,066
2014 net revenue (expense)	(1,581,764)	(1,183,196)	(3,200,938)	529,915	(185,517)	(652,542)	(3,474,129)	9,717,274	(30,897)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. Significant accounting policies

The consolidated financial statements of the municipality 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

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 of the organizations that are owned or controlled by the Town and are therefore, accountable to 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.

(continues)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. Significant accounting policies (*continued*)

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.

Significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts; and
- the recoverability of tangible assets.

Cash and temporary investments

Cash includes cash and cash equivalents. Cash equivalents are investments in money market funds, bonds and guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

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.

(*continues*)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. Significant accounting policies (*continued*)

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 assets 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 Town 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.

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.

(*continues*)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. Significant accounting policies (*continued*)

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.

a) 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	25-50
Engineered structures	
Roadway system	5-65
Water system	45-75
Wastewater system	45-75
Storm system	45-75
Other engineered structures	10-80
Machinery and equipment	5-40
Vehicles	5-40

Amortization will not be calculated in the year in which the asset is acquired, put into service, or constructed. Amortization will be calculated in the year in which the asset is disposed.

b) 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.

c) 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.

d) Inventories

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

e) Cultural and historical tangible capital assets

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

2. Adoption of recent accounting pronouncements

The following accounting standard has been issued by the Chartered Professional Accountants of Canada (CPAC). This section is effective for fiscal periods beginning on or after April 1, 2014 and has been applied retrospectively.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites of governments and those organizations applying the CPAC Public Sector Accounting Handbook.

TOWN OF VEGREVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

3. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3450 - Financial Instruments

The new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS1201, section PS 2601 and section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2019.

Section PS 3210 - Assets

This new section provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets. This section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3320 - Contingent Assets

This new Section defines and establishes disclosure standards on contingent assets. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3380 - Contractual Rights

This new Section defines and establishes disclosure standards on contractual rights. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3430 - Restructuring Transactions

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

Section PS 2200 - Related Party Disclosures

This new Section defines a related party and establishes disclosures required for related party transactions. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3420 - Inter-entity Transactions

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

4. Cash and temporary investments

	2015	2014
Cash	\$ 774,810	\$ 552,245
Cash held in trust	129,257	128,847
Temporary investments	4,893,900	4,232,702
	\$ 5,797,967	\$ 4,913,794

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

Council has designated funds of \$1,549,138 (2014 - \$1,317,774) included in the above amounts for capital projects.

Included in cash and temporary investments is a restricted amount of \$450,640 (2014 - \$963,650) for deferred revenue. Of the restricted amount \$129,257 (2014 - \$128,847) has been received from Alberta Housing and Urban Affairs and the balance from Municipal Sustainability Initiative, Fire Services and Emergency Preparedness, Regional Collaboration Grants, FCSS funding and donations for various projects (Note 10).

5. Taxes and grants in place of taxes receivable

	2015	2014
Current taxes and grants in place of taxes	\$ 383,636	\$ 361,855
Arrears taxes	262,882	54,701
Property acquired	195,892	194,303
	842,410	610,859
Less: allowance for doubtful accounts	(122,933)	(122,933)
	\$ 719,477	\$ 487,926

6. Investments

	2015		2014	
	Cost	Market Value	Cost	Market Value
Term deposits	\$ 2,577,542	\$ 2,577,542	\$ 4,019,000	\$ 4,019,000

Term deposits have effective interest rates of 0.7% to 1.25% (2014 - 1.68% to 2.02%) with maturity dates from March 15, 2016 to December 30, 2016.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

7. Debt charges recoverable

	2015	2014
Current debt charges recoverable	\$ -	\$ 28,624
Non-current debt charges recoverable	-	131,057
	\$ -	\$ 159,681

The Town of Vegreville undertook a joint project to assist the MD of Minburn Foundation with a senior citizen's lodge. The debenture was repaid in full in 2015.

8. Accounts payable and accrued liabilities

Included in accounts payable are the following:

	2015	2014
Trade accounts payable and accrued liabilities	\$ 1,866,032	\$ 1,587,238
Government payroll remittance payable	143,866	120,597
	\$ 2,009,898	\$ 1,707,835

9. Employee benefit obligations

	2015	2014
Vacation	\$ 461,898	\$ 465,743

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

The Town also has accumulating non-vesting sick leave benefits.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

10. Deferred revenue

	2015	2014
Municipal Sustainability grant	\$ 165,265	\$ 667,940
Emergency Services grant	38,046	59,250
Family Community Support Services grant programs	43,698	36,928
Alberta Housing and Urban Affairs	129,257	128,847
Specified donations	11,776	11,776
Other items	62,598	58,909
	\$ 450,640	\$ 963,650

Funding received from the various grant programs noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. Unexpended funds related to the funding advances are supported by cash and temporary investments (Note 4).

11. Long-term debt

	2015	2014
Tax supported debentures	\$ 7,546,210	\$ 6,727,511
Recoverable from MD of Minburn Foundation (Note 7)	-	147,760
	\$ 7,546,210	\$ 6,875,271

The current portion of the long-term debt amounts to \$697,532 (2014 - \$458,004)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 697,532	\$ 235,434	\$ 932,966
2017	715,396	217,570	932,966
2018	655,207	199,413	854,620
2019	267,921	183,795	451,716
2020	277,373	174,343	451,716
Thereafter	4,932,781	1,350,353	6,283,134
	\$ 7,546,210	\$ 2,360,908	\$ 9,907,118

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 0.708% to 4.395% per annum and matures in periods 2017 through 2037. The average annual interest rate is 3.19% for 2015 (3.50% for 2014).

Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$253,045 (2014 - \$233,477).

TOWN OF VEGREVILLE**Notes to Consolidated Financial Statements****Year Ended December 31, 2015****12. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	2015	2014
Total debt limit	\$ 27,288,453	\$ 26,581,707
Total debt	(7,546,210)	(6,875,271)
Amount of debt limit unused	\$ 19,742,243	\$ 19,706,436
Debt servicing limit	\$ 4,548,076	\$ 4,430,285
Debt servicing	(932,966)	(694,579)
Amount of debt servicing limit unused	\$ 3,615,110	\$ 3,735,706

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

13. Equity in tangible capital assets

	2015	2014
Tangible capital assets (Schedule 2)	\$146,390,258	\$142,380,912
Accumulated amortization (Schedule 2)	(88,817,389)	(85,783,668)
Long-term debt (Note 11)	(7,546,210)	(6,875,271)
Operating portion of long term debt	-	147,760
	\$ 50,026,659	\$ 49,869,733

TOWN OF VEGREVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

14. Landfill closure and post-closure liability

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The accrued liabilities for closure and post-closure care of the municipality's landfill sites are recognized over the life of the sites, using the total estimated costs of closure and post-closure care, prorated on the basis of estimated life remaining.

The Town has not designated assets for settling closure and post-closure liabilities.

	2015	2014
Estimated closure costs	\$ 1,830,200	\$ 1,830,200
Estimated post-closure costs	169,800	169,800
	\$ 2,000,000	\$ 2,000,000

	2015	2014
Estimated capacity remaining	96.00 %	97.00 %
Accrued liability	\$ 80,000	\$ 60,000
Estimated capacity used	4.00 %	3.00 %
Portion of liability remaining to be recognized	\$ 1,920,000	\$ 1,940,000

At the current capacity, it is estimated that the Vegreville Sanitary Landfill has approximately 96 years of life remaining.

Post-closure is a minimum of 25 years which begins 30 days following the final landfill closure.

15. Accumulated surplus

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

	2015	2014
Unrestricted surplus	\$ 2,804,760	\$ 2,799,456
Restricted surplus		
Operating reserves	4,291,785	4,566,313
Capital reserves	1,549,138	1,317,774
Equity in tangible capital assets	50,026,659	49,869,733
	\$ 58,672,342	\$ 58,553,276

TOWN OF VEGREVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

16. Segmented disclosure

The Town provides a range of services to its ratepayers. 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).

17. Salary and benefits disclosure

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

	Salary	(1)	Benefits & allowances (2)	2015	2014
M. Hayduk, Mayor	\$ 45,600	\$	8,492	\$ 54,092	\$ 55,101
A. Kozakiewicz	28,400		6,592	34,992	40,886
T. Rudyk	31,000		6,879	37,879	37,111
M. Brodziak	27,400		6,482	33,882	35,667
M. Simpson	33,600		7,167	40,767	40,220
D. Berry	29,500		5,799	35,299	34,369
T. MacPhee	23,600		6,062	29,662	30,670
Town Manager	153,304		24,094	177,398	168,652
	\$ 372,404	\$	71,567	\$ 443,971	\$ 442,676

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. 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.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

TOWN OF VEGREVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

18. Local Authorities Pension Plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The 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.

Total current service contributions by the Town to the LAPP in 2015 were \$627,333 (2014 - \$594,367). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2015 were \$575,355 (2014 - \$545,521).

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

19. Contingencies

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). 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.

20. Financial instruments

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 fulfill 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.

21. Approval of financial statements

Council and Management have approved these financial statements.

22. Budget amounts

Budget amounts are included for information purposes only and are not audited.