

Village of Empress
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Management's Responsibility

To the Members of Council:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Village. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

March 17, 2016



Management

Auditor's Report

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Empress, which comprise the statement of financial position at December 31, 2015, the statements of operations, change in net financial assets, cash flows, and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 the 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 the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Village was not able to provide sufficient evidence on gravel pit post-closure costs as at December 31, 2015. As such, we were unable to satisfy ourselves concerning the estimate of the landfill post-closure liability of \$41,645. Since gravel pit post-closure costs enter in to the determination of the results of operations, we were unable to determine whether adjustments to expenditures for the year might be necessary.

Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village of Empress as at December 31, 2015, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Medicine Hat, Alberta
March 17, 2016



Chartered Professional Accountants

Village of Empress
Statement of Financial Position

As at December 31, 2015

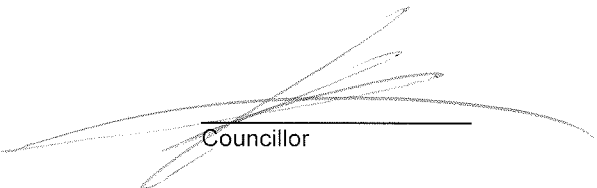
	2015	2014
FINANCIAL ASSETS		
Cash (Note 2)	610,960	327,548
Portfolio investments (Note 2)	-	106,915
Receivables		
Taxes and grants in place of taxes (Note 3)	27,527	58,933
Trade and other accounts receivable	38,058	51,457
Land held for resale inventory	50,998	25,407
Investments (Note 4)	2,154	2,104
	729,697	572,364
LIABILITIES		
Accounts payable and accrued liabilities	27,127	28,241
Deposit liabilities (Note 5)	1,400	1,400
Deferred revenue (Note 6)	425,556	253,211
Provision for gravel pit closure and post-closure costs (Note 7)	41,645	41,645
	495,728	324,497
NET FINANCIAL ASSETS	233,969	247,867
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	2,780,117	2,418,936
Prepaid expenses	2,420	2,204
	2,782,537	2,421,140
ACCUMULATED SURPLUS (Schedule I, Note 10)	3,016,506	2,669,007

Commitments and contingencies - See Notes 14 and 15

Approved by



Mayor



Councillor

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Operations

For the year ended December 31, 2015

	Budget	2015	2014
REVENUE			
Net municipal taxes (Schedule III)	151,928	150,463	141,092
User fees and sales of goods	103,080	98,932	73,572
Government transfers for operating (Schedule IV)	123,399	109,338	188,161
Investment income	1,800	964	-
Penalties and costs of taxes	6,825	8,863	4,857
Licenses and permits	40	-	-
Franchise and concession contracts	3,200	2,996	3,174
Other	40,380	33,653	34,898
	430,652	405,209	445,754
EXPENSES			
Legislative	16,350	12,325	12,866
Administrative	181,019	178,641	183,740
Bylaws enforcement	18,979	12,305	12,285
Water supply and distribution	113,105	91,757	107,816
Wastewater treatment and disposal	20,326	19,604	21,312
Waste management	5,957	4,502	20,074
Family and community support	11,967	9,041	6,001
Land use planning, zoning and development	7,100	7,669	5,207
Common	-	289	-
Cultural	157,641	143,864	128,261
Recreation and culture	66,121	51,633	76,527
	598,565	531,630	574,089
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	(167,913)	(126,421)	(128,335)
OTHER			
Loss on disposal of tangible capital assets	-	(14,772)	-
Government transfers for capital (Schedule IV)	831,363	488,692	240,563
EXCESS OF REVENUE OVER EXPENSES	663,450	347,499	112,228
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,669,007	2,669,007	2,556,779
ACCUMULATED SURPLUS, END OF YEAR	3,332,457	3,016,506	2,669,007

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Changes in Net Financial Assets

For the year ended December 31, 2015

	Budget	2015	2014
EXCESS OF REVENUE OVER EXPENSES	663,450	347,499	112,228
Acquisition of tangible capital assets	(839,364)	(493,726)	(301,225)
Proceeds on disposal of tangible capital assets	-	1,916	-
Amortization of tangible capital assets	126,212	130,049	121,812
Loss on sale of tangible capital assets	-	580	-
Use (acquisition) of prepaid assets	(713,152)	(361,181)	(179,413)
	-	(216)	1,683
DECREASE IN NET FINANCIAL ASSETS	(49,702)	(13,898)	(65,502)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	247,867	247,867	313,369
NET FINANCIAL ASSETS, END OF YEAR	198,165	233,969	247,867

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Cash Flows
For the year ended December 31, 2015

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expense	347,499	112,228
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	130,049	121,812
Loss on disposal of tangible capital assets	580	-
Non-cash charges to operations (net change):		
Increase (decrease) in taxes and grants in lieu receivable	31,406	(7,112)
Decrease in trade and other accounts receivable	13,399	25,142
Increase in land held for resale	(25,591)	-
Decrease (increase) in prepaid expenses	(216)	1,683
Increase (decrease) in accounts payable and accrued liabilities	(1,114)	8,348
Increase (decrease) in deferred revenue	172,345	(23,448)
Cash provided by operating transactions	668,357	238,653
CAPITAL		
Proceeds on sale of tangible capital assets	1,916	-
Acquisition of tangible capital assets	(493,726)	(301,225)
Increase in other investments	(50)	(68)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	176,497	(62,640)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	434,463	497,103
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	610,960	434,463

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule I - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2015

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE, BEGINNING OF YEAR	1,071	249,000	2,418,936	2,669,007	2,556,779
Excess of revenue over expenses	347,499	-	-	347,499	112,228
Restricted funds for operations	13,683	(13,683)	-	-	-
Current year funds used for tangible capital assets	(493,726)	-	493,726	-	-
Annual amortization expense	130,049	-	(130,049)	-	-
Disposal of tangible capital assets	2,495	-	(2,495)	-	-
Change in accumulated surplus	-	(13,683)	361,182	347,499	112,228
BALANCE, END OF YEAR	1,071	235,317	2,780,117	3,016,506	2,669,007

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule II - Schedule of Tangible Capital Assets

For the year ended December 31, 2015

	Land	Land Improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2015	2014
COST:								
BALANCE, BEGINNING OF YEAR	38,407	193,666	254,822	2,957,758	359,225	179,724	3,983,602	3,682,375
Acquisition of tangible capital assets	5,000	-	402,500	25,595	60,631	-	493,726	301,225
Disposal of tangible capital assets	-	-	-	-	(8,955)	(1)	(8,956)	-
BALANCE, END OF YEAR	43,407	193,666	657,322	2,983,353	410,901	179,723	4,468,372	3,983,600
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	21,071	149,123	1,156,796	176,344	61,332	1,564,666	1,442,852
Annual amortization	-	6,157	6,195	71,705	22,034	23,958	130,049	121,812
Accumulated amortization on disposals	-	-	-	-	(6,460)	-	(6,460)	-
BALANCE, END OF YEAR	-	27,228	155,318	1,228,501	191,918	85,290	1,688,255	1,564,664
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	43,407	166,438	502,004	1,754,852	218,983	94,433	2,780,117	2,418,936
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	38,407	172,595	105,701	1,770,960	182,882	148,391	2,418,936	

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule III - Schedule of Net Municipal Taxes

For the year ended December 31, 2015

	Budget	2015	2014
TAXATION			
Real property taxes	170,132	168,583	163,669
Linear property taxes	5,498	5,555	5,506
Government grants in lieu of property taxes	3,844	3,871	-
	179,474	178,009	169,175
REQUISITIONS			
Alberta School Foundation Fund	21,650	21,650	22,152
Seniors Foundation	5,896	5,896	5,931
	27,546	27,546	28,083
NET MUNICIPAL TAXES	151,928	150,463	141,092

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2015

	Budget	2015	2014
TRANSFERS FOR OPERATING			
Provincial Government	61,453	39,355	96,144
Federal Government	48,284	1,591	-
Other Local Governments	13,662	68,392	92,017
	123,399	109,338	188,161
TRANSFERS FOR CAPITAL			
Provincial Government	399,422	77,389	202,261
Federal Government	27,500	10,805	29,141
Other Local Governments	404,441	400,498	9,161
	831,363	488,692	240,563
TOTAL GOVERNMENT TRANSFERS	954,762	598,030	428,724

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2015

	Budget	2015	2014
EXPENSES BY OBJECT			
Salaries, wages and benefits	198,888	199,886	183,629
Contracted and general services	100,582	59,985	109,546
Materials, goods and utilities	154,985	114,476	138,014
Transfers to local boards and agencies	17,398	25,399	20,629
Bank charges and short-term interest	500	1,835	459
Amortization of tangible capital assets	126,212	130,049	121,812
	598,565	531,630	574,089

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2015

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	150,463	-	-	-	-	-	-	150,463
Government transfers	-	-	598,030	-	-	-	-	598,030
User fees and sales of goods	-	-	-	-	-	98,932	-	98,932
Investment income	964	-	-	-	-	-	-	964
Other revenues	8,863	2,996	-	-	-	-	33,653	45,512
	160,290	2,996	598,030	-	-	98,932	33,653	893,901
EXPENSES								
Contract & general services	18,085	3,723	1,755	7,669	10,066	14,027	4,660	59,985
Salaries & wages	112,923	1,366	50,841	-	8,614	22,571	3,571	199,886
Goods & supplies	54,503	2,936	34,463	-	11,350	11,224	-	114,476
Transfers to local boards	-	-	-	-	10,000	14,589	810	25,399
Other expenses	1,835	-	-	-	-	-	14,772	16,607
	187,346	8,025	87,059	7,669	40,030	62,411	23,813	416,353
NET REVENUE, BEFORE AMORTIZATION	(27,056)	(5,029)	510,971	(7,669)	(40,030)	36,521	9,840	477,548
Amortization expense	3,620	4,568	56,805	-	11,604	53,452	-	130,049
NET REVENUE	(30,676)	(9,597)	454,166	(7,669)	(51,634)	(16,931)	9,840	347,499

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Empress (the "Village") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village of Empress are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and changes 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 Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and senior foundations that are not part of the Village's reporting entity.

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

b) Basis of Accounting

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts as provided where necessary. Amortization is based on the estimated lives of property, plant and equipment.

Expenditures that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration. Annual provisions for these costs are amortized on a straightline basis over 25 years.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

d) Investments

Investments are recorded at amortized cost, except investments in government business entities explained below. 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

e) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

f) Requisition Over-levy and Under-levy

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

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

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

g) Inventories for Resale

Land held for resale is recorded at the lower of cost 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.

h) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Village.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized into revenue by an amount equal to the debt repayment.

i) Government Transfers

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

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

j) Non-financial Assets

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

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

k) Tangible Capital Assets

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

	Years
Buildings	40
Land improvements	40
Engineered structures:	
Water system	40
Wastewater system	40
Other engineered structures	25 - 40
Machinery and equipment	4-15
Vehicles	*

* Vehicles are amortized 20% in year 1, 15% in year 2 and 10% in year 3 and thereafter.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

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

l) Employee Future Benefits

Selected employees of the Village are members of the Local Authority Pension Plan (LAPP), a multi-employer define benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Village does not recognize its share of any plan surplus or deficit.

2. CASH AND PORTFOLIO INVESTMENTS

	2015	2014
Cash	610,960	327,548
Portfolio investments	-	106,915
	610,960	434,463

Included in cash and portfolio investments are restricted amounts of \$425,556 (2014 - \$253,211) received from the Municipal Sustainability Initiative and other sources and held exclusively for approved projects (Note 6).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2015	2014
Current taxes and grants in place of taxes	19,313	56,595
Arrears taxes	8,214	2,338
	27,527	58,933

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2015

4. INVESTMENTS

	2015	2014
Equity investments in UFA and South Country Co-op	2,154	2,104

5. DEPOSIT LIABILITIES

In addition to utility deposits totaling \$300 (2014 - \$300), the Village holds deposits related to park improvements of \$1,100 (2014 - \$1,100).

6. DEFERRED REVENUE

	2015	2014
Municipal Sustainability Initiative - Capital	332,467	249,508
Federal Gas Tax Fund	93,089	908
Other deferred revenue	-	2,795
Total	425,556	253,211

Alberta Municipal Sustainability Initiative

Funding is received annually from the Municipal Sustainability Initiative Program. The use of these funds is restricted to eligible operating costs and eligible capital projects, as approved under the funding agreement.

Federal Gas Tax Fund

Funding was received from 2014 to 2015 from the Federal Gas Tax Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement.

7. PROVISION FOR GRAVEL PIT CLOSURE AND POST-CLOSURE LIABILITY

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection Act. There is uncertainty with the respect to the measurement of estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. A third party commitment exists for those who hold claims on the stockpiles in the gravel pits owned by the Village to asset in the future reclamation however, the amount of assistance is undeterminable at this time.

8. 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 Village of Empress be disclosed as follows:

	2015	2014
Total debt limit	1,340,852	1,029,476
Total debt	-	-
Amount of debt limit unused	1,340,852	1,029,476
Debt servicing limit	223,475	171,579
Debt servicing	-	-
Amount of debt servicing limit unused	223,475	171,579

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a 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.

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2015

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets (Schedule II)	4,468,372	3,983,600
Accumulated amortization (Schedule II)	(1,688,255)	(1,564,664)
	2,780,117	2,418,936

10. ACCUMULATED SURPLUS

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

	2015	2014
Unrestricted surplus	1,072	1,071
Restricted surplus	235,317	249,000
Equity in tangible capital assets (Note 9)	2,780,117	2,418,936
	3,016,506	2,669,007

11. SEGMENTED DISCLOSURE

The Village of Empress 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 VI).

12. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & allowances ²	2015	2014
Mayor:				
C. Van Dam	-	5,319	5,319	6,161
Councilors:				
A. Johnston	-	1,919	1,919	1,731
B. Farnden	-	2,732	2,732	3,185
R. Briggs	-	-	-	-
C.A.O.	63,000	14,238 ³	77,238	76,951

- Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
- Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 230,534 people and 418 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service contributions are recorded as expenditures in the year in which they become due. Contributions for current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan of 14.47% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2015 were \$7,594 (2014 - \$7,643). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2015 were \$7,594 (2014 - \$6,961).

At December 31, 2013, the LAPP disclosed a deficiency of \$4,861 million (2012 - \$4,977 million).

14. COMMITMENTS

The Village has entered into a memorandum of understanding with the Acadia Foundation to assist with the repayment of debt associated with the Acadia Foundation's expansion. Presently, the Acadia Foundation is undertaking the Acadia Foundation Building Expansion Project which includes upgrades, renovations, construction and expansion of the three lodges in the communities of Oyen, Consort and Hanna. In order to fund the project the Foundation will borrow not more than \$25 million over the term of the project. As of December 31, 2015 the Foundation has borrowed the entire \$25 million to fund current year constructions. The Village, as a municipality to the Acadia Foundation, is committed to pay their proportional share of the borrowing based on the equalized assessment for the year in which the funds were borrowed. The Village's share of the current year borrowing will be repaid over a period of 10 years in the amount of approximately \$3,280 per year.

15. CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village 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.

16. FINANCIAL INSTRUMENTS

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

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2015

17. RECONCILIATION OF OPERATING RESULTS TO BUDGET

The December 31, 2015 budget, prepared by the Village of Empress, reflects all municipal activities including capital purchases, debt repayments and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only. It should not be used as a replacement for the statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget	2015	2014
Excess of revenue over expenditures, per financial statements	663,450	347,499	112,228
Add back:			
Amortization expense	126,212	130,049	121,812
Proceeds on disposal of tangible capital assets	-	1,916	-
Net transfers to reserves	49,702	13,683	(249,000)
Deduct:			
Tangible capital asset purchases	(839,364)	(493,726)	(301,225)
Loss on disposal of tangible capital assets	-	579	-
Results of operations	-	-	(316,185)

18. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.