

# **VILLAGE OF CREMONA**

## **CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

December 31, 2015

## INDEPENDENT AUDITOR'S REPORT

### To the Mayor and Council of Village of Cremona

#### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Village of Cremona, which comprises of the consolidated statement of financial position as at December 31, 2015 and the consolidated 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 Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Village of Cremona as at December 31, 2015, 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.

Red Deer, Alberta  
April 27, 2016

*Collins Barrow Red Deer LLP*

Chartered Professional Accountants

**VILLAGE OF CREMONA**  
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**December 31, 2015**

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**Financial Statements**

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**VILLAGE OF CREMONA**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 1,332,433	\$ 1,279,660
Receivables		
Taxes and grants in place of taxes <i>(Note 3)</i>	68,701	87,512
Trade and other receivables	255,851	190,241
Land held for resale	24,398	24,398
Investments <i>(Note 4)</i>	11,543	11,235
	<u>1,692,926</u>	<u>1,593,046</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	70,871	97,572
Deposit liabilities <i>(Note 5)</i>	26,640	24,670
Deferred revenue <i>(Note 6)</i>	-	589,372
Capital lease obligation <i>(Note 7)</i>	34,377	48,601
	<u>131,888</u>	<u>760,215</u>
<b>CONTINGENCY <i>(Note 13)</i></b>		
	<u>1,561,038</u>	<u>832,831</u>
<b>NET FINANCIAL ASSETS</b>		
	<u>1,561,038</u>	<u>832,831</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 2)</i>	4,240,688	3,985,115
Prepaid expenses	9,478	9,798
	<u>4,250,166</u>	<u>3,994,913</u>
<b>ACCUMULATED SURPLUS <i>(Schedule 1, Note 8)</i></b>		
	<u>\$ 5,811,204</u>	<u>\$ 4,827,744</u>

**VILLAGE OF CREMONA**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2015**

	Budget (unaudited)	2015	2014
<b>REVENUE</b>			
Net Municipal Taxes (Schedule 3)	\$ 377,300	\$ 374,766	\$ 358,222
User fees and sales of goods	219,400	224,672	230,501
Government transfers for operating (Schedule 4)	115,295	58,356	316,934
Investment Income	18,000	15,098	11,228
Penalties and costs on taxes	15,000	5,043	23,710
Licenses and permits	6,200	4,963	3,808
Franchise and concession contracts	57,000	52,994	51,922
Other	24,400	18,918	8,795
	<u>832,595</u>	<u>754,810</u>	<u>1,005,120</u>
<b>EXPENSES</b>			
Legislative	18,750	21,584	16,152
Administration	260,100	271,643	280,782
Protective services	49,650	40,002	36,641
Public works	173,900	229,590	217,920
Utilities	326,000	413,131	279,793
Community services	74,575	60,039	70,341
Subdivision land and development	6,000	9,082	1,690
Parks and recreation	11,300	17,877	21,369
Culture	10,940	6,681	19,237
	<u>931,215</u>	<u>1,069,629</u>	<u>943,926</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(98,620)	(314,819)	61,194
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>1,407,000</u>	<u>1,298,279</u>	<u>188,720</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,308,380	983,460	249,914
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,827,744</u>	<u>4,827,744</u>	<u>4,577,830</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Schedule 1, Note 8)</b>	<u>\$ 6,136,124</u>	<u>\$ 5,811,204</u>	<u>\$ 4,827,744</u>

## VILLAGE OF CREMONA

### Consolidated Statement of Changes in Net Financial Assets For the year ended December 31, 2015

	Budget (unaudited)	2015	2014
<b>EXCESS OF REVENUE OVER EXPENSES</b>			
	\$ 1,308,380	\$ 983,460	\$ 249,914
Acquisition of tangible capital assets	-	(391,357)	(314,456)
Amortization of tangible capital assets	96,200	135,784	111,368
Proceeds from disposition of tangible capital assets	-	-	14,100
Gain on disposal of tangible capital assets	-	-	(3,700)
Change in inventories and prepaid expenses	-	320	(6,168)
<b>Increase in net financial assets</b>	1,404,580	728,207	51,058
<b>Net Financial Assets, Beginning of Year</b>	832,831	832,831	781,773
<b>Net Financial Assets, End of Year</b>	\$ 2,237,411	\$ 1,561,038	\$ 832,831

**VILLAGE OF CREMONA**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2015**

	2015	2014
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 983,460	\$ 249,914
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	135,784	111,368
Gain on disposal of tangible capital assets	-	(3,700)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and accounts receivable	(46,799)	(123,523)
Increase (decrease) in accounts payable	(24,731)	38,147
Net change in other working capital balances	321	(8,167)
Increase (decrease) in deferred revenue	(589,372)	215,719
Cash provided by operating transactions	<u>458,663</u>	<u>479,758</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(391,357)	(257,558)
Proceeds of disposal of tangible capital assets	-	14,100
	<u>(391,357)</u>	<u>(243,458)</u>
<b>INVESTING</b>		
Lease cost repaid	(14,224)	(8,298)
Change in investments	(308)	(380)
	<u>(14,533)</u>	<u>(8,678)</u>
Net increase in cash and cash equivalents	52,773	227,622
Cash and Cash Equivalents, Beginning of Year	<u>1,279,660</u>	<u>1,052,038</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,332,433</u>	<u>\$ 1,279,660</u>

**VILLAGE OF CREMONA**  
**Consolidated Schedule of Changes in Accumulated Surplus**  
**For the year ended December 31, 2015**

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 51,100	\$ 840,130	\$ 3,936,514	\$ 4,827,744	\$ 4,577,830
Excess (shortfall) of revenues over expenses	983,460	-	-	983,460	249,914
Unrestricted funds designated for future use	(904,452)	904,452	-	-	-
Reserves used for tangible capital assets	-	(217,884)	217,884	-	-
Current year funds used for tangible capital assets	(173,473)	-	173,473	-	-
Annual amortization expense	135,784	-	(135,784)	-	-
Capital leases repaid	(14,224)	-	14,224	-	-
Change in accumulated surplus	27,095	686,568	269,798	983,460	249,914
<b>BALANCE, END OF YEAR (Note 8)</b>	<b>\$ 78,195</b>	<b>\$ 1,526,698</b>	<b>\$ 4,206,311</b>	<b>\$ 5,811,204</b>	<b>\$ 4,827,744</b>



**VILLAGE OF CREMONA**  
**Consolidated Schedule of Tangible Capital Assets**  
**For the year ended December 31, 2015**

**Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
<b>COST:</b>								
Balance, beginning of year	\$ 111,940	\$ 80,161	\$ 82,536	\$ 5,427,810	\$ 198,198	\$ 25,000	\$ 5,925,645	\$ 5,683,983
Acquisition of tangible capital assets	-	-	-	391,357	-	-	391,357	314,456
Disposal of tangible capital assets	-	-	-	-	-	-	-	(72,794)
Balance, end of year	111,940	80,161	82,536	5,819,167	198,198	25,000	6,317,002	5,925,645
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	38,695	54,575	1,787,727	58,283	1,250	1,940,530	1,891,557
Annual amortization	-	2,470	1,648	118,046	11,120	2,500	135,784	111,368
Accumulated amortization on disposals	-	-	-	-	-	-	-	(62,395)
Balance, end of year	-	41,165	56,223	1,905,773	69,403	3,750	2,076,314	1,940,530
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 111,940</b>	<b>\$ 38,996</b>	<b>\$ 26,313</b>	<b>\$ 3,913,394</b>	<b>\$ 128,795</b>	<b>\$ 21,250</b>	<b>\$ 4,240,688</b>	<b>\$ 3,985,115</b>

**VILLAGE OF CREMONA**  
**Consolidated Schedule of Property and Other Taxes**  
**For the year ended December 31, 2015**

	Budget (unaudited)	2015	2014
<b>TAXATION</b>			
Real property taxes	\$ 391,850	\$ 387,830	\$ 382,664
Non-residential and linear property taxes	107,050	<b>107,905</b>	105,258
	<u>498,900</u>	<u><b>495,735</b></u>	<u>487,922</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	114,700	<b>114,065</b>	122,796
Mountain View Seniors' Housing	6,900	<b>6,904</b>	6,904
	<u>121,600</u>	<u><b>120,969</b></u>	<u>129,700</u>
<b>NET MUNICIPAL TAXES</b>	<u><u>\$ 377,300</u></u>	<u><u>\$ 374,766</u></u>	<u><u>\$ 358,222</u></u>

**VILLAGE OF CREMONA**  
**Consolidated Schedule of Government Transfers**  
**For the year ended December 31, 2015**

**SCHEDULE 4**

	Budget (unaudited)	2015	2014
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 68,170	\$ 11,554	\$ 260,647
Local Government	47,125	46,802	56,287
	<u>115,295</u>	<u>58,356</u>	<u>316,934</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	<u>1,407,000</u>	<u>1,298,279</u>	<u>188,720</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>\$ 1,522,295</u></u>	<u><u>\$ 1,356,635</u></u>	<u><u>\$ 505,654</u></u>

**VILLAGE OF CREMONA**  
**Consolidated Schedule of Expenses by Object**  
**For the year ended December 31, 2015**

Schedule 5

	Budget (unaudited)	2015	2014
<b>EXPENDITURES</b>			
Contracted and purchased services	\$ 319,725	\$ <b>353,370</b>	\$ 397,244
Salaries, wages, and benefits	303,650	<b>334,671</b>	248,789
Amortization of tangible capital assets	96,200	<b>135,784</b>	111,368
Materials, goods, supplies, and utilities	106,150	<b>152,611</b>	96,754
Grants to other organizations	99,490	<b>87,779</b>	88,278
Bad debts	3,000	<b>3,888</b>	2,728
Bank charges and short term interest	3,000	<b>1,526</b>	2,465
Gain on disposal of tangible capital assets	-	-	(3,700)
<b>Total Expenses</b>	<u>\$ 931,215</u>	<u>\$ <b>1,069,629</b></u>	<u>\$ 943,926</u>

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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The consolidated financial statements of the Village of Cremona are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village 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 of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village 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 Public Sector Accounting Standards 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. 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.

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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.

**Land Held for Sale**

Land held for sale 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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

**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.

**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.

**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 Changes in Net Financial Assets for the year.

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Non-Financial Assets (continued)**

**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:

	<u>Years</u>
Land Improvements	10 - 45
Buildings	25 - 50
Engineering structures	
Water system	5 - 65
Wastewater system	45 - 75
Other engineered structures	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 40

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

**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. Cultural and Historical Tangible Capital Assets**

Cultural and historical assets are not recorded in these financial statements.

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Cash	\$ 1,287,051	\$ 1,234,580
Temporary Investments	45,383	45,080
	<u>\$ 1,332,433</u>	<u>\$ 1,279,660</u>

Temporary investments are comprised of various Mountain View Credit Union Ltd. treasury bill interest savings accounts in the amount of \$45,383 (2014 - \$45,080) that earn 1% interest per year, payable monthly.

Contained in the cash account is \$26,640 (2014 - \$24,670) that is restricted and is not available for general use by the Village (Note 5).

The Village has an undrawn \$250,000 operating line of credit, bearing interest at the bank prime rate (currently 2.70%).

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Current taxes and grants in place of taxes receivables	\$ 46,062	\$ 52,105
Arrears taxes	25,139	37,907
	71,201	90,012
Less: Allowance for uncollected taxes	<u>2,500</u>	<u>2,500</u>
	<u>\$ 68,701</u>	<u>\$ 87,512</u>

**4. INVESTMENTS**

Investments consist of shares in Mountain View Credit Union.

**5. DEPOSIT LIABILITIES**

The Village maintains utility deposits of \$26,640 (2014 - \$24,670)



**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**6. DEFERRED REVENUE**

	2015	2014
Municipal Sustainability Initiative Grant (Capital)	\$ -	\$ 189,431
Federal Gas Tax Grant (New Deal)	-	153,478
Alberta Wastewater Partnership (AWWP)	-	246,463
	<u>\$ -</u>	<u>\$ 589,372</u>

For the current year, these grants have been recognized as revenue as there is currently no obligation by the Village to repay these funds back to the funders. The unspent portion of the 2014 funds have been allocated to reserves in the amount of \$577,807.

**Municipal Sustainability Initiative (Capital Grant)**

Funds received for the purpose of the above grant are to be used for the eligible approved capital projects for water and roads. All interest earned on the grant funds must be applied to the eligible project.

**Federal Gas Tax Fund**

These funds are to be utilized for eligible expenditures incurred related to road work accepted by the minister. All interest earned on the grant funds must be applied to the eligible project.

**Alberta Wastewater Partnership Grant**

Funds received for the purpose of the above grant are to be used for eligible approved projects. All interest earned on the grant funds must be applied to the eligible projects.

**7. CAPITAL LEASE OBLIGATION**

Capital leases payable by and issued in the name of the Village include the following amounts:

Obligations under capital lease, repayable \$1,185 monthly, expiring May, 2018, secured by the specific purchased assets as noted below. The capital leases have an interest rate of 0%.

Asset Classification	Book Value	Amortization	Net Book Value
Machinery & Equipment	60,220	8,133	52,087
<b>Total</b>	<b>60,220</b>	<b>8,133</b>	<b>52,087</b>

Principal and interest payments for the next 3 years are as follows:

	Principal	Interest	Total
2016	14,224	-	14,224
2017	14,224	-	14,224
2018	5,928	-	5,928
	<u>\$ 34,377</u>	<u>\$ -</u>	<u>\$ 34,377</u>

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**8. ACCUMULATED SURPLUS**

	<b>2015</b>	<b>2014</b>
Unrestricted Surplus	\$ 78,195	\$ 51,100
Restricted Surplus:		
Operating contingency	51,000	51,000
Roads, streets, walks and lighting	893,423	704,579
Water and wastewater	330,325	84,551
MSI general capital	251,950	-
Equity in tangible capital assets	<u>4,206,311</u>	<u>3,936,514</u>
	<u>\$ 5,811,204</u>	<u>\$ 4,827,744</u>

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2015</b>	<b>2014</b>
Tangible capital assets (Schedule 2)	\$ 6,317,002	\$ 5,925,645
Accumulated amortization (Schedule 2)	(2,076,314)	(1,940,530)
Capital lease obligation (Note 7)	<u>(34,377)</u>	<u>(48,601)</u>
	<u>\$ 4,206,311</u>	<u>\$ 3,936,514</u>

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

**10. DEBT LIMIT**

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 Cremona be disclosed as follows:

	<b>2015</b>	<b>2014</b>
Total debt limit	\$ 1,132,216	\$ 1,507,679
Total debt	34,377	48,600
Amount of debt limit unused	<u>1,097,839</u>	<u>1,459,079</u>
Debt servicing limit	188,703	251,280
Debt servicing	<u>14,224</u>	<u>14,224</u>
Amount below limit on debt service	<u>\$ 174,479</u>	<u>\$ 237,056</u>

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 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.

**11. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by provincial regulation 313/2000 is as follows:

	----- 2015 -----			----- 2014 -----		
	<u># of Persons</u>	<u>Salary (1)</u> \$	<u>Benefits &amp; Allowances (2)</u> \$	<u>Total</u> \$	<u># of Persons</u>	<u>Total</u> \$
Mayor						
Hagen, T	1	3,285	41	3,326	1	3,175
Councilors						
Bigelow, M	1	2,309	26	2,335	1	2,762
Reid, R	1	1,890	21	1,911	1	1,908
Shi, J	1	2,753	38	2,791	1	2,555
Temple, S	1	2,105	24	2,129	1	2,219
Chief Administrative Officer	1	77,404	6,919	84,323	3	56,331

(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 including CPP and Workers' Compensation.

**VILLAGE OF CREMONA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2015**

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**12. LOCAL AUTHORITIES PENSION PLAN**

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Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pensions Plan Act*. The LAPP serves about 227,000 people and 428 employers. The Plan 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 Village is required to make current service contributions to the plan of 11.39% of the pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

The current service contributions by the Village to the Local Authorities Pension Plan in 2015 were \$5,769 (2014 - Nil). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2015 were \$5,288 (2014 - Nil)

At December 31, 2014, the Plan disclosed an actuarial deficit of \$2.45 Billion (2013 - \$4.86 Billion). LAPP has not yet disclosed the actuarial deficit as at December 31, 2015.

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**13. CONTINGENCY**

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The Village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of 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.

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**14. FINANCIAL INSTRUMENTS**

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The Village's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities and deposit liabilities. It is management's opinion that the village is not exposed to significant interest, currency, credit, market or liquidity risks arising from these financial instruments except as follows:

The Village 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 village 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.

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**15. COMMITMENTS**

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In 2013, Mountain View County entered into an agreement to provide administrative support services to Cremona. The agreement began October 1, 2013. Cremona pays a monthly fee which is an approximation of variable and fixed costs associated with the administrative support and does not contain a profit component, the total amount paid in 2015 is \$36,000 (2014 - \$36,000).

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**16. APPROVAL OF FINANCIAL STATEMENTS**

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Council and management have approved these financial statements.