

TOWN OF LEGAL
Consolidated Financial Statements
December 31, 2014

TOWN OF LEGAL
Index to Consolidated Financial Statements
December 31, 2014

	Page
AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus (<i>Schedule 1</i>)	8
Consolidated Schedule of Tangible Capital Assets (<i>Schedule 2</i>)	9
Consolidated Schedule of Property and Other Taxes (<i>Schedule 3</i>)	10
Consolidated Schedule of Government Transfers (<i>Schedule 4</i>)	11
Consolidated Schedule of Expenses by Object (<i>Schedule 5</i>)	12
Schedule of Segmented Disclosure (<i>Schedule 6</i>)	13
Notes to Consolidated Financial Statements	14 - 21

Shoemaker, Viney & Friesen

CHARTERED ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation



Timothy J. Friesen Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Town of Legal

We have audited the accompanying consolidated financial statements of Town of Legal, which comprise the consolidated statement of financial position as at December 31, 2014, 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, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Legal as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Westlock, Alberta
April 27, 2015


CHARTERED ACCOUNTANTS

TOWN OF LEGAL
Consolidated Statement of Financial Position
As at December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 2,784,327	\$ 2,588,691
Taxes and grants in place of taxes <i>(Note 3)</i>	42,350	41,371
Trade and other receivables	17,434	301,906
Land for resale inventory	1	1
	2,844,112	2,931,969
LIABILITIES		
Accounts payable and accrued liabilities	313,948	217,307
Deferred revenue <i>(Note 4)</i>	55,861	332,078
	369,809	549,385
NET FINANCIAL ASSETS (DEBT)	2,474,303	2,382,584
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 6)</i>	7,656,513	8,015,241
Prepaid expenses	3,673	5,065
	7,660,186	8,020,306
ACCUMULATED SURPLUS <i>(Note 7)</i>	\$ 10,134,489	\$ 10,402,890

TOWN OF LEGAL
Consolidated Statement of Operations
Year Ended December 31, 2014

	Budget (unaudited)	2014	2013
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 977,436	\$ 976,318	\$ 958,667
User fees and sales of goods	578,885	602,033	580,103
Government transfers for operating <i>(Schedule 4)</i>	444,595	376,604	149,641
Rental revenue	163,400	140,039	167,390
Investment income	22,000	15,634	22,534
Franchise fees	45,000	46,344	48,542
Penalties and costs of taxes	21,700	24,562	23,446
Licenses and permits	11,750	13,919	16,406
Other	20,000	26,216	13,399
Total Revenue	2,284,766	2,221,669	1,980,128
EXPENSES			
Legislative	79,100	64,846	75,702
Administration	583,350	550,869	586,204
Protective services	85,012	204,977	86,159
Roads, streets, walks, lighting	377,747	404,149	228,186
Water supply and distribution	318,623	307,928	266,495
Wastewater treatment and disposal	49,537	34,010	44,445
Waste management	90,861	92,119	88,255
Family and community support	71,517	60,419	53,848
Parks and recreation	483,067	475,633	376,183
Culture	20,000	20,000	15,500
Total Expenses	2,158,814	2,214,950	1,820,977
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	125,952	6,719	159,151
CAPITAL ITEMS			
Amortization of tangible capital assets	(456,092)	(481,470)	(456,093)
Government transfer for capital	450,000	206,350	778,270
Adjustment to prior year equity	-	-	-
	(6,092)	(275,120)	322,177
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	119,860	(268,401)	481,328
ACCUMULATED SURPLUS - BEGINNING OF YEAR	10,402,890	10,402,890	9,921,562
ACCUMULATED SURPLUS - END OF YEAR	\$ 10,522,750	\$ 10,134,489	\$ 10,402,890

TOWN OF LEGAL
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
EXCESS OF REVENUE OVER EXPENSES	\$ 119,860	\$ (268,401)	\$ 481,328
Acquisition of tangible capital assets	(1,195,004)	(287,886)	(882,140)
Proceeds on disposal of tangible capital assets	3,500	51,017	40,852
Amortization of tangible capital assets	453,124	481,470	456,093
Gain / loss on disposal of tangible capital assets	-	114,127	(3,700)
	(738,380)	358,728	(388,895)
(Acquisition) disposal of prepaid expenses	-	1,392	(1,229)
(INCREASE)/DECREASE IN NET FINANCIAL ASSETS (DEBT)	(618,520)	91,719	91,204
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	2,382,584	2,382,584	2,291,380
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ 1,764,064	\$ 2,474,303	\$ 2,382,584

TOWN OF LEGAL
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING		
Excess (deficiency) of revenue over expenses	\$ (268,401)	\$ 481,328
Items not affecting cash:		
Amortization of tangible capital assets	481,470	456,093
Loss (gain) on disposal of tangible capital assets	114,127	(3,700)
	<u>327,196</u>	<u>933,721</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(979)	9,250
Trade and other receivables	284,472	(261,928)
Prepaid expenses	1,392	(1,229)
Accounts payable and accrued liabilities	96,641	109,291
Deferred revenue	(276,217)	118,190
	<u>105,309</u>	<u>(26,426)</u>
Cash provided by (applied to) operating transactions	<u>432,505</u>	<u>907,295</u>
INVESTING		
Purchase of tangible capital assets	(287,886)	(882,140)
Proceeds on disposal of tangible capital assets	51,017	40,852
Cash applied to investing transactions	<u>(236,869)</u>	<u>(841,288)</u>
FINANCING		
Long term debt issued (repaid)	-	(25,448)
Net change in cash and cash equivalents during the year	195,636	40,559
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,588,691</u>	<u>2,548,132</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,784,327</u>	<u>\$ 2,588,691</u>

TOWN OF LEGAL
Schedule of Changes in Accumulated Surplus **(Schedule 1)**
Year Ended December 31, 2014

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2014	Total 2013
BALANCE, BEGINNING OF YEAR	\$ 980,559	\$ 1,407,090	\$ 8,015,241	\$ 10,402,890	\$ 9,921,562
Excess (deficiency) of revenues over expenses	(268,401)	-	-	(268,401)	481,328
Unrestricted funds designated for future use	(96,500)	96,500	-	-	-
Restricted funds used for operations	23,086	(23,086)	-	-	-
Restricted funds used for tangible capital assets	-	(25,820)	25,820	-	-
Current year funds used for tangible capital assets	(262,066)	-	262,066	-	-
Disposal of tangible capital assets	165,144	-	(165,144)	-	-
Annual amortization expense	481,470	-	(481,470)	-	-
BALANCE, END OF YEAR	\$ 1,023,292	\$ 1,454,684	\$ 7,656,513	\$ 10,134,489	\$ 10,402,890

TOWN OF LEGAL
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2014
(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2014	2013
COST:								
BALANCE, BEGINNING OF YEAR	\$ 199,670	\$ 849,494	\$ 2,568,491	\$ 11,041,876	\$ 945,351	\$ 680,896	\$ 16,285,778	\$ 15,450,080
Acquisition of tangible capital assets	-	-	50,350	172,820	48,716	16,000	287,886	882,139
Disposal of tangible capital assets	-	-	-	-	(43,866)	(188,368)	(232,234)	(46,441)
BALANCE, END OF YEAR	199,670	849,494	2,618,841	11,214,696	950,201	508,528	16,341,430	16,265,778
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	424,399	1,663,301	5,191,679	575,145	416,013	8,270,537	7,823,733
Annual amortization	-	34,665	59,910	298,218	53,929	34,748	481,470	456,092
Accumulated amortization on disposals	-	-	-	-	(6,579)	(60,511)	(67,090)	(9,288)
BALANCE, END OF YEAR	-	459,064	1,723,211	5,489,897	622,485	390,250	8,684,917	8,270,537
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	199,670	390,430	895,630	5,724,799	327,706	118,278	7,656,513	8,015,241

TOWN OF LEGAL
Consolidated Schedule of Property and Other Taxes *(Schedule 3)*
Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
TAXATION			
Residential land and improvements	\$ 1,133,269	\$ 1,131,820	\$ 1,117,151
Non residential land and improvements	132,028	132,026	128,866
Linear property	34,045	34,045	32,926
Farmland	1,382	1,381	1,385
Machinery and equipment	1,118	1,118	1,116
	1,301,842	1,300,390	1,281,444
REQUISITIONS			
Alberta School Foundation Fund	312,720	312,386	318,428
Seniors Lodge	11,686	11,686	11,349
	324,406	324,072	329,777
NET MUNICIPAL TAXES	\$ 977,436	\$ 976,318	\$ 951,667

TOWN OF LEGAL
Consolidated Schedule of Government Transfers *(Schedule 4)*
Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 360,570	\$ 313,079	\$ 83,641
Local Government	84,025	63,525	66,000
	<u>444,595</u>	<u>376,604</u>	<u>149,641</u>
TRANSFERS FOR CAPITAL:			
Government transfers	449,000	206,350	778,270
Capital contributions - other	1,000	-	-
	<u>450,000</u>	<u>206,350</u>	<u>778,270</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 894,595</u>	<u>\$ 582,954</u>	<u>\$ 927,911</u>

TOWN OF LEGAL
Consolidated Schedule of Expenses by Object
Year Ended December 31, 2014

(Schedule 5)

	Budget (Unaudited)	2014	2013
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 968,129	\$ 946,605	\$ 903,269
Contracted and general services	559,265	549,030	298,489
Materials, goods and utilities	588,720	569,221	570,282
Provision for allowances	-	-	244
Transfers to local boards and agencies	22,500	21,151	23,958
Other	20,200	14,816	21,904
Interest on long term debt	-	-	2,831
Amortization of tangible capital assets	456,392	481,470	456,093
Loss on disposal of tangible capital assets	-	114,127	-
	<u>\$ 2,615,206</u>	<u>\$ 2,696,420</u>	<u>\$ 2,277,070</u>

TOWN OF LEGAL
SCHEDULE OF SEGMENTED DISCLOSURE
For the Year Ended December 31, 2014
SCHEDULE 6

	General Government	Protective Services	Transportation Services	F.C.S.S.	Recreation & Culture	Environmental Services	Other	Total
REVENUE:								
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,318	\$ 976,318
Government transfers	266,132	-	-	26,505	79,661	4,306	-	376,604
User fees and sales of goods	4,279	-	8,771	2,453	36,365	550,165	-	602,033
Investment income	15,634	-	-	-	-	-	-	15,634
Rental revenue	-	-	-	-	140,039	-	-	140,039
Other revenues	153,973	-	156,000	-	-	7,418	-	317,391
	440,018	-	164,771	28,958	256,065	561,889	976,318	2,428,019
EXPENSES:								
Contract & general services	89,141	35,437	185,081	18,210	185,083	34,778	1,300	549,030
Salaries & wages	458,053	41,495	110,918	12,176	182,787	116,496	24,740	946,605
Goods & supplies	53,705	13,978	108,150	1,295	97,348	282,783	11,962	589,221
Transfers to local boards	-	-	-	150	21,001	-	-	21,151
Other expenses	14,816	114,127	-	-	-	-	-	128,943
	615,715	204,977	404,149	31,831	486,219	434,057	38,002	2,214,950
NET REVENUE, BEFORE AMORTIZATION	(175,697)	(204,977)	(239,378)	(2,873)	(230,154)	127,832	938,316	213,069
Amortization expense	7,494	18,125	261,641	-	82,475	111,735	-	481,470
NET REVENUE	(183,191)	(223,102)	(501,019)	(2,873)	(312,629)	16,097	938,316	(268,401)

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Legal are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Legal are as follows:

a) 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 Town of Legal and are, therefore, accountable to the Town 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.

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.

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.

c) 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.

(continues)

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

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

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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 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.

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 levelling 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 municipality.

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 to revenue by an amount equal to the debt repayment.

(continues)

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

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

i) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town of Legal 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.

j) Government Transfers

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

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

(continues)

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

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

k) Non-Financial Assets

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

i. Tangible Capital Assets

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

Land improvements	15 to 20 years
Buildings	25 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	3 to 20 years
Engineered structures	15 to 65 years

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.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
Cash and temporary investments	\$ 2,784,327	\$ 2,588,691

Council has designated funds of \$1,454,684 (2013 - \$1,407,090) included in the above amount for funding the Town's reserves.

Included in cash and temporary investments is a restricted amount of \$55,861 (2013 - \$332,078) received from the provincial government and others, held exclusively for a variety of capital and operating projects.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2014	2013
Taxes and grants in place of taxes	\$ 24,297	\$ 25,571
Arrears taxes	18,053	15,800
	\$ 42,350	\$ 41,371

4. DEFERRED REVENUE

	2014	2013
Federal and Other Grants	\$ 6,410	\$ 17,856
Other Local Revenues	8,000	8,000
Municipal Sustainability Initiative	41,451	148,561
Geographical Information Systems	-	157,661
	\$ 55,861	\$ 332,078

Funding received or receivable is anticipated to be spent in 2014.

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

5. 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 Town of Legal be disclosed as follows:

	2014	2013
Total debt limit	\$ 3,332,504	\$ 2,970,192
Amount of debt limit unused	3,332,504	2,970,192
Debt servicing limit	555,417	495,032
Amount of debt servicing limit unused	\$ 555,417	\$ 495,032

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.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
Tangible capital assets (<i>Schedule 2</i>)	\$ 16,341,430	\$ 16,285,778
Accumulated amortization(<i>Schedule 2</i>)	(8,684,917)	(8,270,537)
	\$ 7,656,513	\$ 8,015,241

7. ACCUMULATED SURPLUS

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

	2014	2013
Unrestricted surplus (deficit)	\$ 1,023,292	\$ 980,559
Restricted surplus		
Parks and recreation	152,118	130,627
Roads	369,894	380,714
General equipment replacement	255,357	237,857
Water, sewer, and waste management	677,315	657,892
Equity in tangible capital assets	7,656,513	8,015,241
	\$ 10,134,489	\$ 10,402,890

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

8. 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	2014 Total	2013 Total
Councillors:				
Hauptman, Kurtis	\$ 9,400	\$ -	\$ 9,400	\$ 2,300
Hills, Patrick	9,100	-	9,100	2,200
Jones, Trina	8,900	-	8,900	12,100
Sharma, Ron	-	-	-	6,900
Tremblay, Carol	11,000	-	11,000	11,300
Mayor: Baril, Kenneth	12,700	-	12,700	9,300
Mayor: Magera, Lisa	-	-	-	10,000
CAO: Proulx, Robert	105,920	22,624	128,544	125,647

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.

9. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Legal 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 are recorded as expenditures in the year in which they become due.

The Town of Legal is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town of Legal are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town of Legal to the LAPP in 2014 were \$75,761 (2013 - \$62,950). Total current service contributions by the employees of the Town of Legal to the Local Authorities Pension Plan in 2014 were \$69,800 (2013 - \$57,530).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

TOWN OF LEGAL
Notes to Consolidated Financial Statements
December 31, 2014

10. CONTINGENCIES

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

11. FINANCIAL INSTRUMENTS

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

The Town of Legal is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town of Legal 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.

12. BUDGET FIGURES

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

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
