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**VILLAGE OF DELBURNE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

# VILLAGE OF DELBURNE

## FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

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## INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council

Village of Delburne

We have audited the accompanying financial statements of the Village of Delburne, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net financial assets/debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Village of Delburne as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

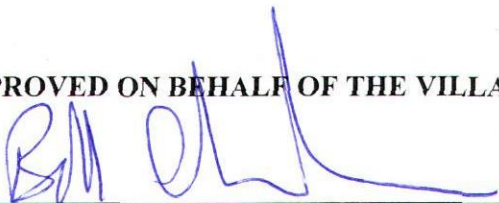
Stettler, Alberta  
April 24, 2018

  
CHARTERED PROFESSIONAL ACCOUNTANTS

**VILLAGE OF DELBURNE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 1,043,044	\$ 1,227,157
Taxes and grants in place of taxes receivable (Note 4)	105,024	126,481
Trade and other receivables	52,460	101,115
Local improvement taxes receivable	30,278	35,325
Due from other Government	360,919	207,542
Land held for resale	32,747	79,916
Long-term investments (Note 5)	<u>1,661</u>	<u>1,661</u>
	<u>1,626,133</u>	<u>1,779,197</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	69,038	64,040
Deferred revenue (Note 6)	<u>157,667</u>	<u>465,566</u>
	<u>226,705</u>	<u>529,606</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>1,399,428</u>	<u>1,249,591</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	7,846,550	7,495,793
Inventory for consumption	1,450	5,215
Prepaid expenses	<u>16,346</u>	<u>22,268</u>
	<u>7,864,346</u>	<u>7,523,276</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	\$ <u>9,263,774</u>	\$ <u>8,772,867</u>
<b>CONTINGENCIES – Note 11</b>		

**APPROVED ON BEHALF OF THE VILLAGE COUNCIL:**

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Councillor



# VILLAGE OF DELBURNE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
<b>REVENUES</b>			
Net taxes (Schedule 3)	\$ 731,430	\$ 726,730	\$ 721,068
Sales and user fees	523,813	504,150	503,993
Government transfers for operating (Schedule 4)	308,764	272,462	192,714
Investment income	8,415	13,946	10,989
Rentals	23,901	19,503	23,950
Insurance proceeds	-	17,561	-
Penalties and costs of taxes	22,087	18,042	17,580
Fines and costs	7,686	8,628	3,129
Licenses and permits	6,703	7,155	7,830
Franchise agreement	33,656	54,728	49,926
Other	155,391	111,358	128,352
Gain on disposal of tangible capital assets	49,100	6,798	2,450
Total Revenue	<u>1,870,946</u>	<u>1,761,061</u>	<u>1,661,981</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	93,684	78,866	68,407
Administration	403,459	356,050	331,438
Protective services	123,018	89,939	112,416
Transportation services	442,987	523,539	441,357
Water and wastewater	213,487	216,827	233,259
Waste management and recycling	129,779	129,531	120,726
Recreation and parks	227,974	264,817	249,060
Family and community support	138,858	131,587	119,155
Land use planning, zoning and development	45,906	168,838	89,870
Total Expenses	<u>1,819,152</u>	<u>1,959,994</u>	<u>1,765,688</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>			
	51,794	(198,933)	(103,707)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>493,230</u>	<u>689,840</u>	<u>858,929</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>			
	545,024	490,907	755,222
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	<u>8,772,867</u>	<u>8,772,867</u>	<u>8,017,645</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	\$ <u>9,317,891</u>	\$ <u>9,263,774</u>	\$ <u>8,772,867</u>

# VILLAGE OF DELBURNE

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ <u>490,907</u>	\$ <u>755,222</u>
Acquisition of tangible capital assets	(772,429)	(928,266)
Proceeds on disposal of tangible capital assets	57,356	49,001
Amortization of tangible capital assets	346,652	335,660
(Gain) loss on disposal of tangible capital assets	<u>17,664</u>	<u>39,629</u>
	<u>(350,757)</u>	<u>(503,976)</u>
Net use (acquisition) of supplies inventories	3,765	(709)
Net use (acquisition) of prepaid assets	<u>5,922</u>	<u>395</u>
	<u>9,687</u>	<u>(314)</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	149,837	250,932
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>1,249,591</u>	<u>998,659</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ <u>1,399,428</u>	\$ <u>1,249,591</u>

# VILLAGE OF DELBURNE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	\$ 490,907	\$ 755,222
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	346,652	335,660
(Gain) loss on disposal of tangible capital assets	17,664	39,629
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	21,457	(25,937)
Trade and other receivables	48,655	(47,467)
Local improvement taxes receivable	5,047	5,046
Due from other Government	(153,377)	(170,549)
Decrease (Increase) in inventory for consumption	3,765	(709)
Prepaid expenses	5,922	395
Land held for resale	47,169	(24,480)
Accounts payable and accrued liabilities	4,998	5,242
Deferred revenue	<u>(307,899)</u>	<u>(165,639)</u>
Net cash provided by (used in) operating activities	<u>530,960</u>	<u>706,413</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(772,429)	(928,266)
Proceeds from disposal of tangible capital assets	<u>57,356</u>	<u>49,001</u>
Net cash provided by (used in) capital activities	<u>(715,073)</u>	<u>(879,265)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(184,113)	(172,852)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,227,157</u>	<u>1,400,009</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)</b>	<u>1,043,044</u>	<u>1,227,157</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash	558,358	747,388
Guaranteed investment certificates	<u>484,686</u>	<u>479,769</u>
	\$ <u>1,043,044</u>	\$ <u>1,227,157</u>



# VILLAGE OF DELBURNE

## SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>BALANCE - BEGINNING OF YEAR</b>	\$ <u>510,381</u>	\$ <u>766,693</u>	\$ <u>7,495,793</u>	\$ <u>8,772,867</u>	\$ <u>8,017,645</u>
Excess (deficiency) of revenues over expenses	490,907	-	-	490,907	755,222
Unrestricted funds designated for future use	(157,934)	157,934	-	-	-
Restricted funds used for operations	11	(11)	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-	-
Current year funds used for tangible capital assets	(772,429)	-	772,429	-	-
Disposal of tangible capital assets	75,020	-	(75,020)	-	-
Annual amortization expense	<u>346,652</u>	<u>-</u>	<u>(346,652)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(17,773)</u>	<u>157,923</u>	<u>350,757</u>	<u>490,907</u>	<u>755,222</u>
<b>BALANCE - END OF YEAR</b>	\$ <u><u>492,608</u></u>	\$ <u><u>924,616</u></u>	\$ <u><u>7,846,550</u></u>	\$ <u><u>9,263,774</u></u>	\$ <u><u>8,772,867</u></u>



# VILLAGE OF DELBURNE

## SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017	2016
<b>COST:</b>								
BALANCE – BEGINNING OF YEAR	\$ 261,047	\$ 1,191,557	\$ 1,091,982	\$ 8,663,500	\$ 949,579	\$ 147,061	\$ 12,304,726	\$ 11,558,611
Acquisition of tangible capital assets	48,399	-	267,050	339,459	81,935	-	736,843	924,456
Construction in progress	-	-	-	35,586	-	-	35,586	3,810
Disposal of tangible capital assets	-	-	-	(2,150)	(129,155)	(15,000)	(146,305)	(182,151)
BALANCE - END OF YEAR	<u>309,446</u>	<u>1,191,557</u>	<u>1,359,032</u>	<u>9,036,395</u>	<u>902,359</u>	<u>132,061</u>	<u>12,930,850</u>	<u>12,304,726</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	419,455	425,397	3,474,047	392,268	97,766	4,808,933	4,566,795
Annual amortization	-	76,065	24,576	183,551	54,411	8,049	346,652	335,660
Accumulated amortization on disposals	-	-	-	(1,896)	(63,089)	(6,300)	(71,285)	(93,522)
BALANCE - END OF YEAR	<u>-</u>	<u>495,520</u>	<u>449,973</u>	<u>3,655,702</u>	<u>383,590</u>	<u>99,515</u>	<u>5,084,300</u>	<u>4,808,933</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>309,446</u>	<u>696,037</u>	<u>909,059</u>	<u>5,380,693</u>	<u>518,769</u>	<u>32,546</u>	<u>7,846,550</u>	<u>\$ 7,495,793</u>
<b>2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 257,237</u>	<u>\$ 775,912</u>	<u>\$ 666,585</u>	<u>\$ 5,189,783</u>	<u>\$ 556,981</u>	<u>\$ 49,295</u>	<u>\$ 7,495,793</u>	

# VILLAGE OF DELBURNE

## SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
<b>TAXATION</b>			
Real property taxes	\$ 925,359	\$ 920,698	\$ 867,717
Linear property taxes	26,305	26,305	27,083
Government grants in place of property taxes	1,840	1,801	2,103
Special assessments	<u>-</u>	<u>-</u>	<u>41,095</u>
	<u>953,504</u>	<u>948,804</u>	<u>937,998</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	220,490	220,490	215,320
Autumn Glen Lodge	<u>1,584</u>	<u>1,584</u>	<u>1,610</u>
	<u>222,074</u>	<u>222,074</u>	<u>216,930</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 731,430</u>	<u>\$ 726,730</u>	<u>\$ 721,068</u>

## SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
<b>TRANSFER FOR OPERATING</b>			
Federal government	\$ 4,331	\$ 12,082	\$ 7,920
Provincial government	207,658	147,584	73,635
Other local government	<u>96,775</u>	<u>112,796</u>	<u>111,159</u>
	<u>308,764</u>	<u>272,462</u>	<u>192,714</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	157,230	689,840	858,929
Federal government	<u>336,000</u>	<u>-</u>	<u>-</u>
	<u>493,230</u>	<u>689,840</u>	<u>858,929</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 801,994</u>	<u>\$ 962,302</u>	<u>\$ 1,051,643</u>

# VILLAGE OF DELBURNE

## SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
<b>EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	\$ 639,449	\$ 560,055	\$ 561,293
Contracted and general services	491,856	495,725	446,793
Materials, goods, supplies and utilities	274,370	314,246	226,783
Transfer to local agencies	120,392	179,294	97,254
Transfer to other governments	25,062	26,374	41,361
Bank charges and short-term interest	684	513	437
Amortization of tangible capital assets	251,608	346,652	335,661
Other expenses	15,731	12,673	14,027
Loss on disposal of capital assets	-	24,462	42,079
	<u>\$ 1,819,152</u>	<u>\$ 1,959,994</u>	<u>\$ 1,765,688</u>

# VILLAGE OF DELBURNE

## SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
<b>REVENUE</b>							
Government transfers	\$ 27,030	\$ -	\$ 584,078	\$ 108,831	\$ 51,145	\$ 191,218	\$ 962,302
Net municipal taxes	726,730	-	-	-	-	-	726,730
User fees and sales of goods	5,400	-	-	127,343	-	371,407	504,150
Franchise agreements	54,728	-	-	-	-	-	54,728
Rentals	-	-	-	19,503	-	-	19,503
Insurance proceeds	-	17,561	-	-	-	-	17,561
Penalties and costs	18,042	-	-	-	-	-	18,042
Investment income	13,946	-	-	-	-	-	13,946
License and permits	4,258	2,897	-	-	-	-	7,155
Fines	6,202	-	-	-	-	2,426	8,628
Gain on disposal of tangible capital assets	-	-	6,798	-	-	-	6,798
Other revenues	30,169	2,402	-	43,971	34,814	2	111,358
	<u>886,505</u>	<u>22,860</u>	<u>590,876</u>	<u>299,648</u>	<u>85,959</u>	<u>565,053</u>	<u>2,450,901</u>
<b>EXPENSES</b>							
Salaries and wages	232,513	6,342	103,044	72,236	46,225	99,695	560,055
Contract and general services	121,499	26,005	84,078	120,570	11,791	131,782	495,725
Materials, goods and supplies	48,826	-	199,063	23,775	20,406	22,176	314,246
Transfers to local agencies	9,663	-	-	70,029	99,602	-	179,294
Transfer to other governments	-	12,029	-	13,389	-	956	26,374
Bank charges and short term interest	513	-	-	-	-	-	513
Other expenses	12,633	-	-	-	-	40	12,673
Loss on disposal of tangible capital assets	-	24,396	-	-	-	66	24,462
	<u>425,647</u>	<u>68,772</u>	<u>386,185</u>	<u>299,999</u>	<u>178,024</u>	<u>254,715</u>	<u>1,613,342</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>460,858</u>	<u>(45,912)</u>	<u>204,691</u>	<u>(351)</u>	<u>(92,065)</u>	<u>310,338</u>	<u>837,559</u>
Amortization expense	<u>9,268</u>	<u>8,856</u>	<u>149,667</u>	<u>350</u>	<u>86,869</u>	<u>91,642</u>	<u>346,652</u>
<b>NET REVENUE (Note 13)</b>	<u>\$ 451,590</u>	<u>\$ (54,768)</u>	<u>\$ 55,024</u>	<u>\$ (701)</u>	<u>\$ (178,934)</u>	<u>\$ 218,696</u>	<u>\$ 490,907</u>



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

**(a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, and changes in financial position of the reporting entity which comprises all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

**(b) Basis of Accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Realized and unrealized gains and losses are reported in the statement of operations.

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) 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.

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### (d) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

#### (e) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

#### (f) Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

#### (g) Held-to-Maturity Financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income when the financial asset or financial liability is derecognized or impaired, and through the amortization process.

#### (h) Land Held For Resale

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks and street lighting are recorded as property and equipment under their respective function.

#### (i) Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for as long-term debt interest payable at the end of the year.



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES - Continued**

(j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. The Village's financial instruments consist of cash, receivables, long-term investments, accounts payable and accrued liabilities, deferred revenue, long-term debt and capital lease obligations. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial statements. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values. Cash, short-term investments and long-term investments have been classified as held-to-maturity.

(k) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

(l) Over-levies and Under-levies

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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

(m) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term liquid investments.

(n) 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 Change in Net Financial Assets (Debt) for the year.

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### (n) Non-Financial Assets

##### (i) Tangible Capital Assets

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

	YEARS
Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	
Roadway system	5 - 40
Water system	45 - 60
Wastewater system	45 - 60
Storm system	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 25

The annual amortization charge in the year of acquisition and in the year of disposal is pro-rated based on the number of days that the asset was owned during the year. 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) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Cost is determined by using the FIFO inventory costing method.

##### (iv) 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.



# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 2. RECENT ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

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

(a) Section PS 1201 - Financial Statement Presentation

This revised standard is effective in 2019, when sections PS 2601 and PS 3450 are adopted.

(b) Section PS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statement and is effective for fiscal years beginning on or after April 1, 2019.

(c) Section PS 3041 - Portfolio Investments

This new section establishes standards on how to account for and report portfolio investments in government financial statements. This standard is effective for the 2019 fiscal year.

(d) Section PS 3450 – Financial Instruments

This section establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2019 fiscal year.

(e) Section PS 3280 – Asset Retirement Obligations

This section establishes standards on how to account for Asset Retirement Obligations and will apply in years beginning on or after April 1, 2021.

### 3. CASH AND CASH EQUIVALENTS

	2017	2016
Cash	\$ 558,358	\$ 747,388
Guaranteed investment certificates	484,686	479,769
	<u>\$ 1,043,044</u>	<u>\$ 1,227,157</u>

Council has designated funds of \$924,616 (2016 - \$766,693) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$57,223 (2016 - \$374,132) related to various deferred revenues (Note 6).

Guaranteed investment certificate matures in September 2018 and earns interest at 1.70% per annum.

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2017	2016
Current taxes and grants in place of taxes	\$ 63,601	\$ 83,787
Arrears taxes	<u>41,423</u>	<u>42,694</u>
	105,024	126,481
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	\$ <u>105,024</u>	\$ <u>126,481</u>

### 5. LONG TERM INVESTMENTS

	2017	2016
UFA patronage account	\$ 1,651	\$ 1,651
A.M.F.C. shares, at cost	<u>10</u>	<u>10</u>
	\$ <u>1,661</u>	\$ <u>1,661</u>

### 6. DEFERRED REVENUE

	2017	2016
FCSS programs	\$ 52,593	\$ 46,641
Federal Gas Tax Fund	34,430	100,841
Medical clinic donations	28,100	-
Municipal Sustainability Initiatives	22,793	273,291
Prepaid property taxes	13,490	11,794
Land deposits	2,200	-
Prepaid utilities	2,042	1,771
Other grants and programs	1,429	2,235
Prepaid licenses	590	435
City of Red Deer - FCSS	-	15,038
Human Rights Education & Multi Fund	-	10,000
Red Deer County – Recreation Board	<u>-</u>	<u>3,520</u>
	\$ <u>157,667</u>	\$ <u>465,566</u>

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 7. 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 municipality be disclosed as follows:

	2017	2016
Total debt limit	\$ 2,641,592	\$ 2,492,971
Total debt	-	-
Amount of debt limit (exceeded) available	<u>2,641,592</u>	<u>2,492,971</u>
Debt servicing limit	440,265	415,495
Debt servicing	-	-
Amount of debt servicing limit (exceeded) available	<u>\$ 440,265</u>	<u>\$ 415,495</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.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (Schedule 2)	\$ 12,930,850	\$ 12,304,726
Accumulated amortization (Schedule 2)	<u>(5,084,300)</u>	<u>(4,808,933)</u>
	<u>\$ 7,846,550</u>	<u>\$ 7,495,793</u>



# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 9. RESTRICTED SURPLUS

	2016	Increases	Decreases	2017
Administration	\$ 16,180	\$ 1,076	\$ -	\$ 17,256
Bunker gear	487	-	-	487
Cemetery	19,350	6,806	-	26,156
Council golf tournament	784	-	-	784
Disaster	380	-	-	380
Economic development	30,112	-	-	30,112
Emergency services	-	3,923	-	3,923
Family and community support	7,525	22	11	7,536
Fire department	127,008	-	-	127,008
General contingency	34,013	47,089	-	81,102
Healthy communities	1,556	-	-	1,556
Lifeline	6,473	983	-	7,456
Public works	21,131	5,235	-	26,366
Recreation	25,135	-	-	25,135
Subdivision	79,100	61,518	-	140,618
Transportation	44,841	6,282	-	51,123
Water	211,835	-	-	211,835
Waste water	140,783	25,000	-	165,783
Total	\$ 766,693	\$ 157,934	\$ 11	\$ 924,616

### 10. SALARY & 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:

	2017			2016
	Salary(1)	Benefits & Allowances(2)	Total	Total
Mayor Chandler	\$ 6,785	\$ 75	\$ 6,860	\$ 5,763
Mayor Reckseidler	7,730	-	7,730	11,655
Councillor Faulk	4,865	36	4,901	6,787
Councillor Bourne	2,420	43	2,463	-
Councillor Dushanek	7,425	86	7,511	7,520
Councillor Wilson	7,665	93	7,758	8,513
Councillor Warner	2,240	37	2,277	-
Karen Fegan, CAO	\$ 83,153	\$ 7,586	\$ 90,739	\$ 86,968



# **VILLAGE OF DELBURNE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

### **10. SALARY & BENEFITS DISCLOSURE – Continued**

- (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.

### **11. CONTINGENCIES**

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

The Village of Delburne is a member municipality of the Central Alberta Waste Management Authority and provides funds for operations on an annual basis. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the restricted surplus.

The Village of Delburne and the City of Red Deer through a joint agreement provide funds for the operation of the Delburne Family and Community Support Services. The amounts presented in this financial statement represent only the Village of Delburne portion of contributions made to F.C.S.S.

### **12. FINANCIAL INSTRUMENTS**

The Village is exposed to various risks through its financial instruments. The following analysis provides a measure of the Village's risk exposure and concentrations at the balance sheet date.

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Village is exposed to interest rate risk on bank indebtedness and fixed rate investments as the interest rates vary with changes in the prime lending rate.

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**12. FINANCIAL INSTRUMENTS – Continued**

Operating Lines of Credit

At December 31, 2017, the Village had short-term bank lines of credit aggregating \$50,000 (2016 - \$50,000) of which \$NIL (2016 - \$NIL) had been drawn down. Lines of credit are revolving operating and term facilities that bear interest at prime. They are reviewed annually and secured by a general security agreement.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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. The carrying value of accounts receivable reflects management's assessment of credit risk.

**13. SEGMENTED DISCLOSURE**

The Village of Delburne 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 6 – Segmented Disclosure.

**14. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.