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## **VILLAGE OF DELBURNE**

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

## 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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Stettler, Alberta  
April 6, 2016



CHARTERED PROFESSIONAL ACCOUNTANTS

**VILLAGE OF DELBURNE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 1,400,009	\$ 866,380
Taxes and grants in place of taxes receivable (Note 4)	100,544	120,812
Trade and other receivables	53,648	69,456
Local improvement taxes receivable	40,371	45,418
Due from other Government	36,993	28,279
Land held for resale	55,436	83,798
Long-term investments (Note 5)	<u>1,661</u>	<u>1,661</u>
	<u>1,688,662</u>	<u>1,215,804</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	58,798	109,281
Deferred revenue (Note 6)	631,205	251,509
Capital lease obligation (Note 7)	<u>-</u>	<u>6,334</u>
	<u>690,003</u>	<u>367,124</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>998,659</u>	<u>848,680</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	6,991,817	6,933,528
Inventory for consumption	4,506	4,867
Prepaid expenses	<u>22,663</u>	<u>17,103</u>
	<u>7,018,986</u>	<u>6,955,498</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	\$ <u>8,017,645</u>	\$ <u>7,804,178</u>
<b>CONTINGENCIES – Note 12</b>		

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

\_\_\_\_\_ Mayor

\_\_\_\_\_ Coucillor



**VILLAGE OF DELBURNE**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget (Unaudited)	2015	2014
<b>REVENUES</b>			
Net taxes (Schedule 3)	\$ 720,952	\$ 708,389	\$ 678,489
Sales and user fees	499,002	527,776	633,082
Government transfers for operating (Schedule 4)	119,150	151,309	152,803
Investment income	8,160	7,292	13,851
Penalties and costs of taxes	21,420	21,201	21,390
Fines and costs	4,500	3,717	8,434
Licenses and permits	9,500	11,988	6,420
Franchise agreement	32,640	46,342	46,593
Other	81,487	476,196	112,638
Gain on disposal of tangible capital assets	54,000	10,210	48,940
Total Revenue	<u>1,550,811</u>	<u>1,964,420</u>	<u>1,722,640</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	82,250	76,789	67,293
Administration	329,929	339,216	324,560
Protective services	119,123	131,346	137,156
Transportation services	405,857	417,118	454,782
Water and wastewater	248,676	241,372	336,214
Waste management and recycling	117,010	112,591	86,415
Recreation and parks	132,994	239,272	188,361
Family and community support	124,649	127,517	137,704
Land use planning, zoning and development	83,030	80,420	136,295
Total Expenses	<u>1,643,518</u>	<u>1,765,641</u>	<u>1,868,780</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>	<u>(92,707)</u>	<u>198,779</u>	<u>(146,140)</u>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	14,688	176,498
	-	14,688	176,498
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	(92,707)	213,467	30,358
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	<u>7,804,178</u>	<u>7,804,178</u>	<u>7,773,820</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	<u>\$ 7,711,471</u>	<u>\$ 8,017,645</u>	<u>\$ 7,804,178</u>

# VILLAGE OF DELBURNE

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

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ <u>213,467</u>	\$ <u>30,358</u>
Acquisition of tangible capital assets	(420,088)	(253,074)
Proceeds on disposal of tangible capital assets	50,676	110,407
Amortization of tangible capital assets	315,853	304,757
(Gain) loss on disposal of tangible capital assets	<u>(4,730)</u>	<u>(35,875)</u>
	<u>(58,289)</u>	<u>126,215</u>
Net use (acquisition) of supplies inventories	361	(1,339)
Net use (acquisition) of prepaid assets	<u>(5,560)</u>	<u>(49)</u>
	<u>(5,199)</u>	<u>(1,388)</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	149,979	155,185
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>848,680</u>	<u>693,495</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ <u><u>998,659</u></u>	\$ <u><u>848,680</u></u>

# VILLAGE OF DELBURNE

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	\$ 213,467	\$ 30,358
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	315,853	304,757
(Gain) loss on disposal of tangible capital assets	(4,730)	(35,875)
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	20,268	(28,017)
Trade and other receivables	15,808	(16,167)
Local improvement taxes receivable	5,047	5,046
Due from other Government	(8,714)	488
Decrease (Increase) in inventory for consumption	361	(1,339)
Prepaid expenses	(5,560)	(49)
Land held for resale	28,362	51,051
Accounts payable and accrued liabilities	(50,483)	16,343
Deferred revenue	<u>379,696</u>	<u>141,074</u>
Net cash provided by (used in) operating activities	<u>909,375</u>	<u>467,670</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(420,088)	(253,074)
Proceeds from disposal of tangible capital assets	<u>50,676</u>	<u>110,407</u>
Net cash provided by (used in) capital activities	<u>(369,412)</u>	<u>(142,667)</u>
<b>INVESTING ACTIVITIES</b>		
Long term investments disposed	-	-
Long term investments purchased	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt and capital leases	<u>(6,334)</u>	<u>(141,134)</u>
Net cash provided by (used in) financing activities	<u>(6,334)</u>	<u>(141,134)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	533,629	183,869
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>866,380</u>	<u>682,511</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)</b>	<u>1,400,009</u>	<u>866,380</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash	928,694	405,651
Guaranteed investment certificates	<u>471,315</u>	<u>460,729</u>
	<u>\$ 1,400,009</u>	<u>\$ 866,380</u>



**VILLAGE OF DELBURNE**  
**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
<b>BALANCE - BEGINNING OF YEAR</b>	\$ <u>162,176</u>	\$ <u>714,808</u>	\$ <u>6,927,194</u>	\$ <u>7,804,178</u>	\$ <u>7,773,820</u>
Excess (deficiency) of revenues over expenses	213,467	-	-	213,467	30,358
Unrestricted funds designated for future use	(115,541)	115,541	-	-	-
Restricted funds used for operations	6,326	(6,326)	-	-	-
Restricted funds used for tangible capital assets	-	(6,369)	6,369	-	-
Current year funds used for tangible capital assets	(358,229)	-	358,229	-	-
Donated tangible capital assets	(55,490)	-	55,490	-	-
Disposal of tangible capital assets	45,946	-	(45,946)	-	-
Annual amortization expense	315,853	-	(315,853)	-	-
Long term debt repaid	<u>(6,334)</u>	<u>-</u>	<u>6,334</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>45,998</u>	<u>102,846</u>	<u>64,623</u>	<u>213,467</u>	<u>30,358</u>
<b>BALANCE - END OF YEAR</b>	\$ <u><u>208,174</u></u>	\$ <u><u>817,654</u></u>	\$ <u><u>6,991,817</u></u>	\$ <u><u>8,017,645</u></u>	\$ <u><u>7,804,178</u></u>

# VILLAGE OF DELBURNE

## SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2015	2014
<b>COST:</b>								
BALANCE – BEGINNING OF YEAR	\$ 251,527	\$ 861,937	\$ 1,081,690	\$ 7,926,837	\$ 926,699	\$ 147,061	\$ 11,195,751	\$ 11,089,844
Acquisition of tangible capital assets	-	329,620	1,452	-	74,328	-	405,400	165,342
Construction in progress	-	-	-	14,688	-	-	14,688	87,732
Disposal of tangible capital assets	-	-	-	-	(57,228)	-	(57,228)	(147,167)
BALANCE - END OF YEAR	<u>251,527</u>	<u>1,191,557</u>	<u>1,083,142</u>	<u>7,941,525</u>	<u>943,799</u>	<u>147,061</u>	<u>11,558,611</u>	<u>11,195,751</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	278,803	381,392	3,216,861	307,573	77,594	4,262,223	4,030,101
Annual amortization	-	64,586	21,914	166,151	53,115	10,087	315,853	304,757
Accumulated amortization on disposals	-	-	-	-	(11,282)	-	(11,282)	(72,635)
BALANCE - END OF YEAR	-	<u>343,389</u>	<u>403,306</u>	<u>3,383,012</u>	<u>349,406</u>	<u>87,681</u>	<u>4,566,794</u>	<u>4,262,223</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>251,527</u>	<u>848,168</u>	<u>679,836</u>	<u>4,558,513</u>	<u>594,393</u>	<u>59,380</u>	<u>6,991,817</u>	<u>\$ 6,933,528</u>
<b>2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ <u>251,527</u>	\$ <u>583,134</u>	\$ <u>700,298</u>	\$ <u>4,709,976</u>	\$ <u>619,126</u>	\$ <u>69,467</u>	\$ <u>6,933,528</u>	



# VILLAGE OF DELBURNE

## SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014
<b>TAXATION</b>			
Real property taxes	\$ 860,350	\$ 849,442	\$ 820,800
Linear property taxes	29,521	28,137	27,734
Government grants in place of property taxes	1,750	1,757	1,750
Special assessments	<u>40,706</u>	<u>40,416</u>	<u>38,667</u>
	<u>932,327</u>	<u>919,752</u>	<u>888,951</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	209,751	209,751	208,817
Autumn Glen Lodge	<u>1,624</u>	<u>1,612</u>	<u>1,645</u>
	<u>211,375</u>	<u>211,363</u>	<u>210,462</u>
<b>NET MUNICIPAL TAXES</b>	\$ <u>720,952</u>	\$ <u>708,389</u>	\$ <u>678,489</u>

## SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014
<b>TRANSFER FOR OPERATING</b>			
Federal government	\$ 4,200	\$ 6,391	\$ 5,597
Provincial government	20,000	45,868	24,971
Other local government	<u>94,950</u>	<u>99,050</u>	<u>122,235</u>
	<u>119,150</u>	<u>151,309</u>	<u>152,803</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>-</u>	<u>14,688</u>	<u>176,498</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ <u>119,150</u>	\$ <u>165,997</u>	\$ <u>329,301</u>

**VILLAGE OF DELBURNE**  
**SCHEDULE 5 –EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget (Unaudited)	2015	2014
<b>EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	\$ 535,792	\$ 564,470	\$ 516,113
Contracted and general services	503,109	441,155	598,587
Materials, goods, supplies and utilities	243,961	272,297	273,465
Transfer to local agencies	59,870	106,663	110,933
Transfer to other governments	36,785	40,534	35,592
Bank charges and short-term interest	663	507	804
Interest on long term debt	-	187	3,908
Amortization of tangible capital assets	251,608	315,853	304,757
Other expenses	11,730	18,495	11,556
Loss on disposal of capital assets	-	5,480	13,065
	<u>\$ 1,643,518</u>	<u>\$ 1,765,641</u>	<u>\$ 1,868,780</u>

# VILLAGE OF DELBURNE

## SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
<b>REVENUE</b>							
Government transfers	\$ 11,500	\$ 3,150	\$ 5,582	\$ 33,068	\$ 97,940	\$ 14,757	\$ 165,997
Net municipal taxes	708,389	-	-	-	-	-	708,389
User fees and sales of goods	2,635	50,135	-	113,966	5,454	355,586	527,776
Franchise agreements	46,342	-	-	-	-	-	46,342
Penalties and costs	21,201	-	-	-	-	-	21,201
Investment income	7,292	-	-	-	-	-	7,292
License and permits	7,961	4,027	-	-	-	-	11,988
Fines	474	-	-	-	-	3,243	3,717
Gain on disposal of tangible capital assets	-	-	10,210	-	-	-	10,210
Other revenues	34,522	-	-	2,380	436,541	2,753	476,196
	<u>840,316</u>	<u>57,312</u>	<u>15,792</u>	<u>149,414</u>	<u>539,935</u>	<u>376,339</u>	<u>1,979,108</u>
<b>EXPENSES</b>							
Salaries and wages	227,460	32,390	107,089	-	107,865	89,666	564,470
Contract and general services	114,376	30,591	77,847	59,542	39,754	119,045	441,155
Materials, goods and supplies	29,786	40,743	102,313	3,138	39,431	56,886	272,297
Transfers to local agencies	10,500	-	-	9,481	86,682	-	106,663
Transfer to other governments	-	12,177	-	15,000	12,326	1,031	40,534
Long term debt interest	187	-	-	-	-	-	187
Bank charges and short term interest	507	-	-	-	-	-	507
Other expenses	18,442	-	-	-	-	53	18,495
Loss on disposal of tangible capital assets	5,480	-	-	-	-	-	5,480
	<u>406,738</u>	<u>115,901</u>	<u>287,249</u>	<u>87,161</u>	<u>286,058</u>	<u>266,681</u>	<u>1,449,788</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>433,578</u>	<u>(58,589)</u>	<u>(271,457)</u>	<u>62,253</u>	<u>253,877</u>	<u>109,658</u>	<u>529,320</u>
Amortization expense	<u>9,269</u>	<u>15,444</u>	<u>132,987</u>	<u>-</u>	<u>73,989</u>	<u>84,164</u>	<u>315,853</u>
<b>NET REVENUE (Note 14)</b>	<u>\$ 424,309</u>	<u>\$ (74,033)</u>	<u>\$ (404,444)</u>	<u>\$ 62,253</u>	<u>\$ 179,888</u>	<u>\$ 25,494</u>	<u>\$ 213,467</u>



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

**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, 2015**

**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 DELBURN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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:

	<b>YEARS</b>
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, 2015**

**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 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 2016 fiscal year.

(b) Section PS 3450 – Financial Instruments

This section establishes standards on how to account for and report all types of financial instruments including derivatives. This standard is effective for the 2016 fiscal year.

**3. CASH AND CASH EQUIVALENTS**

	2015	2014
Cash	\$ 928,694	\$ 405,651
Guaranteed investment certificates	<u>471,315</u>	<u>460,729</u>
	<u>\$ 1,400,009</u>	<u>\$ 866,380</u>

Council has designated funds of \$817,654 (2014 - \$714,808) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$447,859 (2014 - \$162,157) related to various deferred revenues (Note 6).

Guaranteed investment certificates mature at dates between April and September 2016 and earn interest at rates between 0.65% and 1.10% per annum.

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

	2015	2014
Current taxes and grants in place of taxes	\$ 52,581	\$ 71,338
Arrears taxes	<u>47,963</u>	<u>49,474</u>
	100,544	120,812
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	<u>\$ 100,544</u>	<u>\$ 120,812</u>

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015**

### 5. LONG TERM INVESTMENTS

	2015	2014
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

	2015	2014
Municipal Sustainability Initiatives	\$ 383,021	\$ 97,319
Federal Gas Tax Fund	100,340	-
Basic Municipal Transportation Grant	49,800	49,800
FCSS programs	41,381	42,557
Land deposits	16,685	25,681
Prepaid property taxes	16,528	12,245
City of Red Deer - FCSS	15,038	15,038
Other grants and programs	2,235	6,267
Prepaid utilities	2,378	1,931
Red Deer County – Recreation Board	1,604	-
Friends of Delburne	1,400	-
Prepaid licenses	<u>795</u>	<u>671</u>
	<u>\$ 631,205</u>	<u>\$ 251,509</u>

### 7. CAPITAL LEASE OBLIGATIONS

	2015	2014
Capital lease, repaid in full during the year.	\$ <u>-</u>	\$ <u>6,334</u>

### 8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the municipality be disclosed as follows:

	2015	2014
Total debt limit	\$ 2,946,630	\$ 2,583,960
Total debt	<u>-</u>	<u>6,334</u>
Amount of debt limit (exceeded) available	<u>2,946,630</u>	<u>2,577,626</u>
Debt servicing limit	491,105	430,660
Debt servicing	<u>-</u>	<u>5,325</u>
Amount of debt servicing limit (exceeded) available	<u>\$ 491,105</u>	<u>\$ 425,335</u>



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**8. DEBT LIMITS - Continued**

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.

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2015	2014
Tangible capital assets (Schedule 2)	\$ 11,558,611	\$ 11,195,751
Accumulated amortization (Schedule 2)	(4,566,794)	(4,262,223)
Capital lease obligation (Note 7)	<u>-</u>	<u>(6,334)</u>
	<u>\$ 6,991,817</u>	<u>\$ 6,927,194</u>

**10. RESTRICTED SURPLUS**

	2014	Increases	Decreases	2015
Administration	\$ 15,104	\$ 1,076	\$ -	\$ 16,180
Bunker gear	5,800	-	5,313	487
Cemetery	-	19,178	-	19,178
Citizen's Watch	4,917	-	4,917	-
Council golf tournament	2,379	-	1,013	1,366
Disaster	380	-	-	380
Economic development	7,492	22,620	-	30,112
Family and community support	7,349	-	-	7,349
Fire department	127,008	-	-	127,008
General contingency	35,465	-	1,452	34,013
Healthy communities	1,556	-	-	1,556
Lifeline	3,139	2,181	-	5,320
Public works	15,896	5,235	-	21,131
Recreation	25,135	-	-	25,135
Recreation Board	-	2,500	-	2,500
Subdivision	93,061	31,469	-	124,530
Transportation	42,509	6,282	-	48,791
Water	186,835	25,000	-	211,835
Waste water	140,783	-	-	140,783
Total	<u>\$ 714,808</u>	<u>\$ 115,541</u>	<u>\$ 12,695</u>	<u>\$ 817,654</u>

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

### 11. 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:

	2015			2014
	Salary(1)	Benefits & Allowances(2)	Total	Total
Mayor Reckseidler	\$ 11,880	\$ -	\$ 11,880	\$ 10,570
Councillor Faulk	8,135	107	8,242	8,941
Councillor Hogan	3,605	52	3,657	8,583
Councillor Dushanek	7,480	82	7,562	7,997
Councillor Wilson	8,890	128	9,018	7,231
Councillor Chandler	1,850	3	1,853	-
Karen Fegan, CAO	\$ 74,351	\$ 6,772	\$ 81,123	\$ 78,330

(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.

### 12. 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.

### 13. 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.



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**13. FINANCIAL INSTRUMENTS - Continued**

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.

Operating Lines of Credit

At December 31, 2015, the Village had short-term bank lines of credit aggregating \$50,000 (2014 - \$50,000) of which \$NIL (2014 - \$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.

**14. 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.

**15. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.