



Gitzel Krejci Dand Peterson

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VILLAGE OF DELBURNE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

VILLAGE OF DELBURNE

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2014

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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, 2014, 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Stettler, Alberta
May 26, 2015



CHARTERED ACCOUNTANTS

VILLAGE OF DELBURNE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

| | 2014 | 2013 |
|--|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (Note 3) | \$ 866,380 | \$ 682,511 |
| Taxes and grants in place of taxes receivable (Note 4) | 120,812 | 92,795 |
| Trade and other receivables | 69,456 | 53,289 |
| Local improvement taxes receivable | 45,418 | 50,464 |
| Due from other Government | 28,279 | 28,767 |
| Land held for resale | 83,798 | 134,849 |
| Long-term investments (Note 5) | <u>1,661</u> | <u>1,661</u> |
| | <u>1,215,804</u> | <u>1,044,336</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 109,281 | 92,938 |
| Deferred revenue (Note 6) | 251,509 | 110,435 |
| Long term debt (Note 7) | - | 118,546 |
| Capital lease obligation (Note 8) | <u>6,334</u> | <u>28,922</u> |
| | <u>367,124</u> | <u>350,841</u> |
| NET FINANCIAL ASSETS (DEBT) | <u>848,680</u> | <u>693,495</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 6,933,528 | 7,059,743 |
| Inventory for consumption | 4,867 | 3,528 |
| Prepaid expenses | <u>17,103</u> | <u>17,054</u> |
| | <u>6,955,498</u> | <u>7,080,325</u> |
| ACCUMULATED SURPLUS (Schedule 1) | \$ <u>7,804,178</u> | \$ <u>7,773,820</u> |
| CONTINGENCIES – NOTE 13 | | |

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:

 Mayor

 Coucillor

VILLAGE OF DELBURNE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budget (Unaudited) | 2014 | 2013 |
|---|-----------------------|---------------------|---------------------|
| REVENUES | | | |
| Net taxes (Schedule 3) | \$ 676,296 | \$ 678,489 | \$ 671,081 |
| Sales and user fees | 429,251 | 633,082 | 498,782 |
| Government transfers for operating (Schedule 4) | 116,431 | 152,803 | 262,660 |
| Investment income | 8,000 | 13,851 | 12,598 |
| Penalties and costs of taxes | 20,000 | 21,390 | 19,301 |
| Fines and costs | 7,550 | 8,434 | 5,142 |
| Licenses and permits | 6,847 | 6,420 | 7,560 |
| Franchise agreement | 32,000 | 46,593 | 41,522 |
| Other | 76,420 | 112,638 | 84,176 |
| Gain on disposal of tangible capital assets | 54,100 | 48,940 | 575 |
| Total Revenue | <u>1,426,895</u> | <u>1,722,640</u> | <u>1,603,397</u> |
| EXPENSES (Schedule 5) | | | |
| Legislative | 84,641 | 67,293 | 87,866 |
| Administration | 301,849 | 324,560 | 316,987 |
| Protective services | 118,343 | 137,156 | 119,874 |
| Transportation services | 380,589 | 454,782 | 460,877 |
| Water and wastewater | 189,793 | 336,214 | 238,211 |
| Waste management and recycling | 96,743 | 86,415 | 105,943 |
| Recreation and parks | 135,690 | 188,361 | 126,985 |
| Family and community support | 117,378 | 137,704 | 114,903 |
| Land use planning, zoning and development | 82,204 | 136,295 | 135,663 |
| Total Expenses | <u>1,507,230</u> | <u>1,868,780</u> | <u>1,707,309</u> |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER | <u>(80,335)</u> | <u>(146,140)</u> | <u>(103,912)</u> |
| OTHER | | | |
| Government transfers for capital (Schedule 4) | <u>194,600</u> | <u>176,498</u> | <u>462,856</u> |
| | <u>194,600</u> | <u>176,498</u> | <u>462,856</u> |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | 114,265 | 30,358 | 358,944 |
| ACCUMULATED SURPLUS – BEGINNING OF YEAR | <u>7,773,820</u> | <u>7,773,820</u> | <u>7,414,876</u> |
| ACCUMULATED SURPLUS – END OF YEAR | \$ <u>7,888,085</u> | \$ <u>7,804,178</u> | \$ <u>7,773,820</u> |

VILLAGE OF DELBURNE

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2014

| | 2014 | 2013 |
|---|--------------------------|--------------------------|
| EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES | \$ <u>30,358</u> | \$ <u>358,944</u> |
| Acquisition of tangible capital assets | (253,074) | (587,934) |
| Proceeds on disposal of tangible capital assets | 110,407 | 30,500 |
| Amortization of tangible capital assets | 304,757 | 294,833 |
| (Gain) loss on disposal of tangible capital assets | <u>(35,875)</u> | <u>(575)</u> |
| | <u>126,215</u> | <u>(263,176)</u> |
| Net use (acquisition) of supplies inventories | (1,339) | (118) |
| Net use (acquisition) of prepaid assets | <u>(49)</u> | <u>52,295</u> |
| | <u>(1,388)</u> | <u>52,177</u> |
| INCREASE (DECREASE) IN NET DEBT | 155,185 | 147,945 |
| NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR | <u>693,495</u> | <u>545,550</u> |
| NET FINANCIAL ASSETS (DEBT) - END OF YEAR | \$ <u><u>848,680</u></u> | \$ <u><u>693,495</u></u> |

VILLAGE OF DELBURNE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

| | 2014 | 2013 |
|--|--------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Excess (shortfall) of revenues over expenses | \$ 30,358 | \$ 358,944 |
| Non-cash items included in excess (shortfall) of revenues over expenses: | | |
| Amortization of tangible capital assets | 304,757 | 294,833 |
| (Gain) loss on disposal of tangible capital assets | (35,875) | (575) |
| Non-cash changes to operations (net change) | | |
| Taxes and grants in place of taxes receivables | (28,017) | 1,406 |
| Trade and other receivables | (16,167) | 1,176 |
| Local improvement taxes receivable | 5,046 | 5,047 |
| Due from other Government | 488 | 220,710 |
| Decrease (Increase) in inventory for consumption | (1,339) | (118) |
| Prepaid expenses | (49) | 52,295 |
| Land held for resale | 51,051 | 4,300 |
| Accounts payable and accrued liabilities | 16,343 | (24,220) |
| Deferred revenue | <u>141,074</u> | <u>(205,100)</u> |
| Net cash provided by (used in) operating activities | <u>467,670</u> | <u>708,698</u> |
| CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (253,074) | (587,934) |
| Proceeds from disposal of tangible capital assets | <u>110,407</u> | <u>30,500</u> |
| Net cash provided by (used in) capital activities | <u>(142,667)</u> | <u>(557,434)</u> |
| INVESTING ACTIVITIES | | |
| Long term investments disposed | - | 451,170 |
| Long term investments purchased | <u>-</u> | <u>-</u> |
| Net cash provided by (used in) financing activities | <u>-</u> | <u>451,170</u> |
| FINANCING ACTIVITIES | | |
| Repayment of long term debt and capital leases | <u>(141,134)</u> | <u>(113,871)</u> |
| Net cash provided by (used in) financing activities | <u>(141,134)</u> | <u>(113,871)</u> |
| CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR | 183,869 | 488,563 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>682,511</u> | <u>193,948</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3) | <u><u>866,380</u></u> | <u><u>682,511</u></u> |
| CASH AND CASH EQUIVALENTS IS MADE UP OF: | | |
| Cash | 405,651 | 225,718 |
| Guaranteed investment certificates | <u>460,729</u> | <u>456,793</u> |
| | \$ <u><u>866,380</u></u> | \$ <u><u>682,511</u></u> |

VILLAGE OF DELBURN

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2014 | 2013 |
|---|--------------------------|--------------------------|--------------------------------------|----------------------------|----------------------------|
| BALANCE - BEGINNING OF YEAR | \$ <u>140,301</u> | \$ <u>721,242</u> | \$ <u>6,912,277</u> | \$ <u>7,773,820</u> | \$ <u>7,414,876</u> |
| Excess (deficiency) of revenues over expenses | 30,358 | - | - | 30,358 | 358,944 |
| Unrestricted funds designated for future use | (100,433) | 100,433 | - | - | - |
| Restricted funds used for operations | 55,538 | (55,538) | - | - | - |
| Restricted funds used for tangible capital assets | - | (51,329) | 51,329 | - | - |
| Current year funds used for tangible capital assets | (201,745) | - | 201,745 | - | - |
| Disposal of tangible capital assets | 74,531 | - | (74,531) | - | - |
| Annual amortization expense | 304,757 | - | (304,757) | - | - |
| Long term debt repaid | <u>(141,131)</u> | <u>-</u> | <u>141,131</u> | <u>-</u> | <u>-</u> |
| Change in accumulated surplus | <u>21,875</u> | <u>(6,434)</u> | <u>14,917</u> | <u>30,358</u> | <u>358,944</u> |
| BALANCE - END OF YEAR | \$ <u><u>162,176</u></u> | \$ <u><u>714,808</u></u> | \$ <u><u>6,927,194</u></u> | \$ <u><u>7,804,178</u></u> | \$ <u><u>7,773,820</u></u> |



VILLAGE OF DELBURNE

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | 2014 | 2013 |
|---|-------------------|----------------------|-------------------|--------------------------|-------------------------------|------------------|---------------------|---------------------|
| COST: | | | | | | | | |
| BALANCE – BEGINNING OF YEAR | \$ 251,528 | \$ 865,732 | \$ 1,045,340 | \$ 7,831,184 | \$ 926,511 | \$ 169,549 | \$ 11,089,844 | \$ 10,533,410 |
| Acquisition of tangible capital assets | - | 18,046 | 62,585 | - | 84,711 | - | 165,342 | 525,015 |
| Construction in progress | - | - | - | 87,732 | - | - | 87,732 | 62,919 |
| Disposal of tangible capital assets | <u>(1)</u> | <u>(21,841)</u> | <u>(26,234)</u> | <u>-</u> | <u>(76,603)</u> | <u>(22,488)</u> | <u>(147,167)</u> | <u>(31,500)</u> |
| BALANCE - END OF YEAR | <u>251,527</u> | <u>861,937</u> | <u>1,081,691</u> | <u>7,918,916</u> | <u>934,619</u> | <u>147,061</u> | <u>11,195,751</u> | <u>11,089,844</u> |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| BALANCE - BEGINNING OF YEAR | - | 247,537 | 370,489 | 3,045,040 | 290,257 | 76,778 | 4,030,101 | 3,736,843 |
| Annual amortization | - | 53,107 | 21,134 | 171,821 | 48,435 | 10,260 | 304,757 | 294,833 |
| Accumulated amortization on disposals | <u>-</u> | <u>(21,841)</u> | <u>(10,231)</u> | <u>-</u> | <u>(31,119)</u> | <u>(9,444)</u> | <u>(72,635)</u> | <u>(1,575)</u> |
| BALANCE - END OF YEAR | <u>-</u> | <u>278,803</u> | <u>381,392</u> | <u>3,216,861</u> | <u>307,573</u> | <u>77,594</u> | <u>4,262,223</u> | <u>4,030,101</u> |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | <u>251,527</u> | <u>583,134</u> | <u>700,299</u> | <u>4,702,055</u> | <u>627,046</u> | <u>69,467</u> | <u>6,933,528</u> | <u>\$ 7,059,743</u> |
| 2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | <u>\$ 251,528</u> | <u>\$ 618,195</u> | <u>\$ 674,851</u> | <u>\$ 4,786,144</u> | <u>\$ 636,254</u> | <u>\$ 92,771</u> | <u>\$ 7,059,743</u> | |

VILLAGE OF DELBURNE

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budget (Unaudited) | 2014 | 2013 |
|--|-----------------------|-------------------|-------------------|
| TAXATION | | | |
| Real property taxes | \$ 818,664 | \$ 820,800 | \$ 826,233 |
| Linear property taxes | 27,734 | 27,734 | 27,174 |
| Government grants in place of property taxes | 1,750 | 1,750 | 1,747 |
| Special assessments | <u>38,610</u> | <u>38,667</u> | <u>38,002</u> |
| | <u>886,758</u> | <u>888,951</u> | <u>893,156</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 208,817 | 208,817 | 220,451 |
| Autumn Glen Lodge | <u>1,645</u> | <u>1,645</u> | <u>1,624</u> |
| | <u>210,462</u> | <u>210,462</u> | <u>222,075</u> |
| NET MUNICIPAL TAXES | \$ <u>676,296</u> | \$ <u>678,489</u> | \$ <u>671,081</u> |

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budget (Unaudited) | 2014 | 2013 |
|-----------------------------------|-----------------------|-------------------|-------------------|
| TRANSFER FOR OPERATING | | | |
| Federal government | \$ 4,200 | \$ 5,597 | \$ 6,180 |
| Provincial government | 24,000 | 24,971 | 167,238 |
| Other local government | <u>88,231</u> | <u>122,235</u> | <u>89,242</u> |
| | <u>116,431</u> | <u>152,803</u> | <u>262,660</u> |
| TRANSFERS FOR CAPITAL | | | |
| Federal government | - | - | 128,785 |
| Provincial government | <u>194,600</u> | <u>176,498</u> | <u>334,071</u> |
| | <u>194,600</u> | <u>176,498</u> | <u>462,856</u> |
| TOTAL GOVERNMENT TRANSFERS | \$ <u>311,031</u> | \$ <u>329,301</u> | \$ <u>725,516</u> |

VILLAGE OF DELBURNE
SCHEDULE 5 –EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budget (Unaudited) | 2014 | 2013 |
|--|-----------------------|---------------------|---------------------|
| EXPENSES BY OBJECT | | | |
| Salaries, wages, and benefits | \$ 511,540 | \$ 516,113 | \$ 502,207 |
| Contracted and general services | 411,372 | 598,587 | 498,137 |
| Materials, goods, supplies and utilities | 210,800 | 273,465 | 211,947 |
| Transfer to local agencies | 64,637 | 110,933 | 144,863 |
| Transfer to other governments | 36,304 | 35,592 | 36,189 |
| Bank charges and short-term interest | 650 | 804 | 644 |
| Interest on long term debt | 8,819 | 3,908 | 6,931 |
| Amortization of tangible capital assets | 251,608 | 304,757 | 294,833 |
| Other expenses | 11,500 | 11,556 | 11,558 |
| Loss on disposal of capital assets | - | 13,065 | - |
| | <u>\$ 1,507,230</u> | <u>\$ 1,868,780</u> | <u>\$ 1,707,309</u> |

VILLAGE OF DELBURNE

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2014

| | General Government | Protective Services | Transportation Services | Planning & Development | Recreation & Culture | Environmental Services | Total |
|---|-----------------------|------------------------|----------------------------|---------------------------|-------------------------|---------------------------|------------------|
| REVENUE | | | | | | | |
| Government transfers | \$ 6,762 | \$ - | \$ 36,100 | \$ 29,677 | \$ 110,848 | \$ 145,914 | \$ 329,301 |
| Net municipal taxes | 678,489 | - | - | - | - | - | 678,489 |
| User fees and sales of goods | 3,086 | 60,526 | - | 228,110 | 4,055 | 337,305 | 633,082 |
| Franchise agreements | 46,593 | - | - | - | - | - | 46,593 |
| Penalties and costs | 21,390 | - | - | - | - | - | 21,390 |
| Investment income | 13,851 | - | - | - | - | - | 13,851 |
| License and permits | 4,045 | 2,375 | - | - | - | - | 6,420 |
| Fines | 3,840 | - | - | - | - | 4,594 | 8,434 |
| Gain on disposal of tangible capital assets | - | - | 48,940 | - | - | - | 48,940 |
| Other revenues | <u>23,487</u> | <u>4,650</u> | <u>760</u> | <u>11,021</u> | <u>71,951</u> | <u>769</u> | <u>112,638</u> |
| | <u>801,543</u> | <u>67,551</u> | <u>85,800</u> | <u>268,808</u> | <u>186,854</u> | <u>488,582</u> | <u>1,899,138</u> |
| EXPENSES | | | | | | | |
| Salaries and wages | 209,446 | 25,060 | 136,359 | - | 70,904 | 74,344 | 516,113 |
| Contract and general services | 118,529 | 36,513 | 67,350 | 101,533 | 38,960 | 235,702 | 598,587 |
| Materials, goods and supplies | 25,495 | 48,446 | 108,140 | 1,877 | 61,248 | 28,259 | 273,465 |
| Transfers to local agencies | 10,500 | - | - | 14,677 | 85,756 | - | 110,933 |
| Transfer to other governments | 11,692 | - | - | 15,000 | 8,900 | - | 35,592 |
| Long term debt interest | 665 | - | 3,243 | - | - | - | 3,908 |
| Bank charges and short term interest | 804 | - | - | - | - | - | 804 |
| Other expenses | 11,320 | - | 236 | - | - | - | 11,556 |
| Loss on disposal of tangible capital assets | <u>5,023</u> | <u>-</u> | <u>8,042</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,065</u> |
| | <u>393,474</u> | <u>110,019</u> | <u>323,370</u> | <u>133,087</u> | <u>265,768</u> | <u>338,305</u> | <u>1,564,023</u> |
| NET REVENUE, BEFORE AMORTIZATION | <u>408,069</u> | <u>(42,468)</u> | <u>(237,570)</u> | <u>135,721</u> | <u>(78,914)</u> | <u>150,277</u> | <u>335,115</u> |
| Amortization expense | <u>11,783</u> | <u>15,444</u> | <u>131,618</u> | <u>-</u> | <u>61,824</u> | <u>84,088</u> | <u>304,757</u> |
| NET REVENUE (Note 16) | <u>\$ 396,286</u> | <u>\$ (57,912)</u> | <u>\$ (369,188)</u> | <u>\$ 135,721</u> | <u>\$ (140,738)</u> | <u>\$ 66,189</u> | <u>\$ 30,358</u> |

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(j) 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.

(k) 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.

(l) Cash and Cash Equivalents

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

(m) 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, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(m) 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, 2014

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 municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CPA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

3. CASH AND CASH EQUIVALENTS

| | 2014 | 2013 |
|------------------------------------|-------------------|-------------------|
| Cash | \$ 405,651 | \$ 225,718 |
| Guaranteed investment certificates | <u>460,729</u> | <u>456,793</u> |
| | <u>\$ 866,380</u> | <u>\$ 682,511</u> |

Council has designated funds of \$714,808 (2013 - \$721,242) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$162,157 (2013 - \$22,039) related to various deferred revenues (Note 6).

Guaranteed investment certificates mature at dates between March and September 2015 and earn interest at rates between 0.90% and 2.05% per annum.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

| | 2014 | 2013 |
|--|-------------------|------------------|
| Current taxes and grants in place of taxes | \$ 71,338 | \$ 50,373 |
| Arrears taxes | <u>49,474</u> | <u>42,422</u> |
| | 120,812 | 92,795 |
| Less: Allowance for uncollectible taxes | <u>-</u> | <u>-</u> |
| | <u>\$ 120,812</u> | <u>\$ 92,795</u> |

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. LONG TERM INVESTMENTS

| | 2014 | 2013 |
|--------------------------|------------------------|------------------------|
| UFA patronage account | \$ 1,651 | \$ 1,651 |
| A.M.F.C. shares, at cost | <u>10</u> | <u>10</u> |
| | \$ <u><u>1,661</u></u> | \$ <u><u>1,661</u></u> |

6. DEFERRED REVENUE

| | 2014 | 2013 |
|--------------------------------------|--------------------------|--------------------------|
| Municipal Sustainability Initiatives | \$ 97,319 | \$ 22,039 |
| Basic Municipal Transportation Grant | 49,800 | - |
| FCSS programs | 42,557 | 53,413 |
| Land deposits | 25,681 | 12,870 |
| City of Red Deer - FCSS | 15,038 | - |
| Prepaid property taxes | 12,245 | 17,553 |
| Other grants and programs | 6,267 | 1,469 |
| Prepaid utilities | 1,931 | 2,756 |
| Prepaid licenses | <u>671</u> | <u>335</u> |
| | \$ <u><u>251,509</u></u> | \$ <u><u>110,435</u></u> |

7. LONG TERM DEBT

| | 2014 | 2013 |
|--|--------------------|--------------------------|
| Credit Union paving loan, repaid in full during the year | \$ - | \$ 118,546 |
| | \$ <u><u>-</u></u> | \$ <u><u>118,546</u></u> |

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

8. CAPITAL LEASE OBLIGATIONS

| | 2014 | 2013 |
|--|------------------------|-------------------------|
| Capital lease, repaid in full during the year | \$ - | \$ 17,943 |
| Capital lease due \$1,331 quarterly including interest at 8.90% maturing March 2016. | <u>6,334</u> | <u>10,979</u> |
| | \$ <u><u>6,334</u></u> | \$ <u><u>28,922</u></u> |

Principal and interest payments are as follows:

| | Principal | Interest | Total |
|------|------------------------|----------------------|------------------------|
| 2015 | \$ 5,006 | \$ 319 | \$ 5,325 |
| 2016 | <u>1,328</u> | <u>3</u> | <u>1,331</u> |
| | \$ <u><u>6,334</u></u> | \$ <u><u>322</u></u> | \$ <u><u>6,656</u></u> |

9. 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:

| | 2014 | 2013 |
|---|--------------------------|--------------------------|
| Total debt limit | \$ 2,583,960 | \$ 2,405,096 |
| Total debt | <u>6,334</u> | <u>147,466</u> |
| Amount of debt limit (exceeded) available | <u><u>2,577,626</u></u> | <u><u>2,257,630</u></u> |
| Debt servicing limit | 430,660 | 400,849 |
| Debt servicing | <u>5,325</u> | <u>42,649</u> |
| Amount of debt servicing limit (exceeded) available | \$ <u><u>425,335</u></u> | \$ <u><u>358,200</u></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.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

10. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2014 | 2013 |
|---------------------------------------|---------------------|---------------------|
| Tangible capital assets (Schedule 2) | \$ 11,195,751 | \$ 11,089,844 |
| Accumulated amortization (Schedule 2) | (4,262,223) | (4,030,101) |
| Long term debt (Note 7) | - | (118,546) |
| Capital lease obligation (Note 8) | <u>(6,334)</u> | <u>(28,922)</u> |
| | <u>\$ 6,927,194</u> | <u>\$ 6,912,275</u> |

11. RESTRICTED SURPLUS

| | 2013 | Increases | Decreases | 2014 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| Administration | \$ 14,028 | \$ 1,076 | \$ - | \$ 15,104 |
| Bunker gear | 5,800 | - | - | 5,800 |
| Citizen's Watch | 4,917 | - | - | 4,917 |
| Council golf tournament | 4,404 | - | 2,025 | 2,379 |
| Disaster | 380 | - | - | 380 |
| Economic development | 7,492 | - | - | 7,492 |
| Family and community support | 6,930 | 419 | - | 7,349 |
| Fire department | 131,493 | - | 4,485 | 127,008 |
| General contingency | 86,794 | - | 51,329 | 35,465 |
| Healthy communities | 1,556 | - | - | 1,556 |
| Lifeline | 2,718 | 421 | - | 3,139 |
| Public works | 10,661 | 5,235 | - | 15,896 |
| Recreation | 25,135 | - | - | 25,135 |
| Subdivision | 31,061 | 62,000 | - | 93,061 |
| Transportation | 36,227 | 6,282 | - | 42,509 |
| Water | 210,863 | 25,000 | 49,028 | 186,835 |
| Waste water | <u>140,783</u> | <u>-</u> | <u>-</u> | <u>140,783</u> |
| Total | <u>\$ 721,242</u> | <u>\$ 100,433</u> | <u>\$ 106,867</u> | <u>\$ 714,808</u> |

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

12. 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:

| | 2014 | | | 2013 |
|---------------------|-----------|--------------------------|-----------|-----------|
| | Salary(1) | Benefits & Allowances(2) | Total | Total |
| Mayor Reckseidler | \$ 10,570 | \$ - | \$ 10,570 | \$ 11,750 |
| Councillor Faulk | 8,795 | 146 | 8,941 | 1,902 |
| Councillor Hogan | 8,440 | 143 | 8,583 | 3,572 |
| Councillor Dushanek | 7,895 | 102 | 7,997 | 8,586 |
| Councillor Wilson | 7,126 | 105 | 7,231 | 2,560 |
| Councillor Paradon | - | - | - | 5,474 |
| Councillor McKenzie | - | - | - | 4,932 |
| Councillor Brett | - | - | - | 4,243 |
| Karen Fegan, CAO | \$ 71,342 | \$ 6,988 | \$ 78,330 | \$ 74,985 |

(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.

13. 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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

14. 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.

Operating Lines of Credit

At December 31, 2014, the Village had short-term bank lines of credit aggregating \$50,000(2013 - \$50,000) of which \$NIL (2013 - \$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.

15. COMPARATIVE AMOUNTS

Certain 2013 comparative figures have been reclassified in order to conform with the financial statement presentation for 2014.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

16. 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.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.