

**Village of Caroline**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2015**

**Village of Caroline**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2015**

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## Independent Auditor's Report

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To the Mayor and Council of the Village of Caroline

### Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Caroline, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Caroline as at December 31, 2015 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta  
April, 25, 2016

*BDO Canada LLP*

Chartered Professional Accountants

**Village of Caroline**  
**Consolidated Statement of Financial Position**

December 31	2015	2014
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 1,776,610	\$ 2,410,127
Taxes receivable (Note 2)	224,805	206,027
Accounts receivable (Note 3)	220,961	157,489
	2,222,376	2,773,643
<b>Liabilities</b>		
Accounts payable and accrued liabilities	175,289	632,866
Deferred revenue (Note 4)	1,058,448	1,338,991
	1,233,737	1,971,857
<b>Net financial assets</b>	988,639	801,786
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	8,008,241	7,962,649
Prepaid expenses	9,054	8,974
	8,017,295	7,971,623
<b>Accumulated Surplus (Note 7)</b>	\$ 9,005,934	\$ 8,773,409
<b>Debt limits (Note 13)</b>		
<b>Contingencies (Note 14)</b>		
<b>Commitments (Note 15)</b>		

**Village of Caroline**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2015	2015	2014
<b>Revenue</b>			
Net municipal taxes (Note 9)	\$ 430,340	\$ 426,484	\$ 500,339
Government transfers for operating (Note 10)	159,960	225,828	134,339
Sales and user fees	413,701	324,746	398,919
Franchises and concessions	32,783	56,181	40,060
Investment income	500	1,798	299
Penalties and costs on taxes	13,000	34,568	61,188
Licences and permits	2,050	3,631	2,469
Gain (loss) on disposal of assets	-	(800)	4,517
	<u>1,052,334</u>	<u>1,072,436</u>	<u>1,142,130</u>
<b>Expenses (Note 11)</b>			
Legislative	33,293	31,696	24,277
Administration	313,161	259,703	299,984
Protective services	89,065	69,558	67,146
Transportation services	569,076	497,899	526,698
Water and wastewater	298,030	275,274	191,813
Waste management	76,859	74,255	68,192
Planning and development	4,500	4,926	269
Recreation and parks	190,051	165,149	205,124
Public health and welfare	7,804	6,397	6,149
	<u>1,581,839</u>	<u>1,384,857</u>	<u>1,389,652</u>
<b>Excess (deficiency) of revenue over expenditures - before other</b>	(529,505)	(312,421)	(247,522)
<b>Other</b>			
Government transfers for capital (Note 10)	279,918	544,946	657,622
Contributed assets	-	-	916,116
	<u>(249,587)</u>	<u>232,525</u>	<u>1,326,216</u>
<b>Accumulated surplus, beginning of the year</b>	<u>8,773,409</u>	<u>8,773,409</u>	<u>7,447,193</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 8,523,822</u>	<u>\$ 9,005,934</u>	<u>\$ 8,773,409</u>

**Village of Caroline**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31, 2015</b>	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
Excess (deficiency) of revenue over expenditures	\$ (249,587)	\$ 232,525	\$ 1,326,216
Acquisition of tangible capital assets	-	(620,358)	(561,515)
Amortization of tangible capital assets	530,060	530,060	513,374
Net (gain) loss on sale of tangible capital assets	-	800	(4,517)
Proceeds on sale of tangible capital assets	-	43,906	32,444
Contributed assets	-	-	(916,116)
	280,473	186,933	389,886
Change in prepaid expenses	-	(80)	(8,974)
<b>Net change in net financial assets</b>	<b>280,473</b>	<b>186,853</b>	<b>380,912</b>
<b>Net financial assets, beginning of year</b>	<b>801,786</b>	<b>801,786</b>	<b>420,874</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,082,259</b>	<b>\$ 988,639</b>	<b>\$ 801,786</b>

**Village of Caroline**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2015</b>	<b>2014</b>
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ 232,525	\$ 1,326,216
Items not involving cash		
Contributed assets	-	(916,116)
Amortization	530,060	513,374
Net loss (gain) on disposal of tangible capital assets	800	(4,517)
Changes in non-cash operating balances		
Taxes receivable	(18,778)	(171,419)
Accounts receivable	(63,472)	(66,087)
Prepaid expenses	(80)	(8,974)
Accounts payable and accrued liabilities	(457,577)	516,597
Deferred revenue	(280,543)	32,622
	<u>(57,065)</u>	<u>1,221,696</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(620,358)	(561,515)
Proceeds on sale of tangible capital assets	43,906	32,444
	<u>(576,452)</u>	<u>(529,071)</u>
<b>Investing transactions</b>		
Restricted cash balances	280,543	(32,622)
	<u>280,543</u>	<u>(32,622)</u>
<b>Net change in cash and cash equivalents</b>	<b>(352,974)</b>	<b>660,003</b>
Cash and cash equivalents, beginning of year	1,071,136	411,133
	<u>1,071,136</u>	<u>411,133</u>
Cash and cash equivalents, end of year	\$ 718,162	\$ 1,071,136
	<u>\$ 718,162</u>	<u>\$ 1,071,136</u>
<b>Cash and cash equivalents is comprised of:</b>		
Cash and cash equivalents	\$ 1,776,610	\$ 2,410,127
Less: restricted (Note 1)	(1,058,448)	(1,338,991)
	<u>\$ 718,162</u>	<u>\$ 1,071,136</u>

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**Village of Caroline**  
**Summary of Significant Accounting Policies**

**December 31, 2015**

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**Management's  
Responsibility for the  
Financial Statements**

The consolidated financial statements of the Village are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

**Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenue and change in fund balances and in financial position of the reporting entity. The entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village council for the administration of their financial affairs and resources. Included with the municipality are the following:

Village of Caroline Public Library

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

Interdepartmental and organizational transactions and balances are eliminated.

**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	15 to 25 years
Buildings	50 years
Engineered Structures	15 to 75 years
Machinery, equipment and furnishings	5 to 40 years
Vehicles	10 years



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**Village of Caroline**  
**Summary of Significant Accounting Policies**

**December 31, 2015**

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**Excess Collections and Under-levies**

Excess collections 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 excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.

**Collection of Taxes on Behalf of Other Taxation Authorities**

The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the Village collects taxation revenue on behalf of are:  
Alberta School Foundation Fund  
Red Deer Catholic School Fund  
Seniors Requisition Fund

**Liability for Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**Revenue Recognition**

Taxes are recognized as revenue in the year they are levied. Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is

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**Village of Caroline**  
**Summary of Significant Accounting Policies**

**December 31, 2015**

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recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**Village of Caroline**  
Notes to Consolidated Financial Statements

**December 31, 2015**

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1. Cash and Cash Equivalents

	2015	2014
Current chequing and savings accounts	\$ 1,035,026	\$ 1,451,358
Redeemable guaranteed investment certificate at 0.65% (2014 - 1.05%)	741,584	958,769
	\$ 1,776,610	\$ 2,410,127

The Village has a demand revolving loan facility to a maximum of \$100,000, bearing interest at prime (effective rate of 2.70%). Security for the loan is on the property taxes of the Village. As at December 31, 2015 \$nil (2014 - \$nil) was drawn upon this credit facility.

Included in the above amounts are the following amounts received from the Government of Canada and the Province of Alberta as conditional grants held exclusively for future projects.

	2015	2014
Alberta Municipal Infrastructure Program	-	103,973
Basic Municipal Transportation grant	182,222	180,184
Federal Gas Tax grant	-	306,799
MSI Capital	876,226	748,035
	\$ 1,058,448	\$ 1,338,991

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**Village of Caroline**  
**Notes to Consolidated Financial Statements**

**December 31, 2015**

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**2. Taxes Receivable**

	2015		2014
Current taxes and grants in place	\$ 101,244	\$	61,257
Non-current taxes and grants in place	134,884		155,644
	236,128		216,901
Less: Allowance for doubtful accounts	11,323		10,874
	\$ 224,805	\$	206,027

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**3. Accounts Receivable**

	2015		2014
Trade receivables	\$ 174,688	\$	151,129
GST receivable	46,273		6,360
	\$ 220,961	\$	157,489

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**Village of Caroline**  
**Notes to Consolidated Financial Statements**

**December 31, 2015**

**4. Deferred Revenue**

	Opening balance	Contributions received	Revenue recognized	Ending balance
Municipal Sustainability Initiative - Capital	748,035	208,695	(80,504)	876,226
Alberta Municipal Infrastructure Program	103,973	384	(104,357)	-
Federal Gas Tax Grant	306,799	51,927	(358,726)	-
Basic Municipal Transportation Grant	180,184	2,038	-	182,222
MCFP	-	1,530	(1,530)	-
MSI operating	-	124,556	(124,556)	-
County Revenue Sharing	-	51,000	(51,000)	-
Library	-	50,101	(50,101)	-
	<b>\$ 1,338,991</b>	<b>490,231</b>	<b>(770,774)</b>	<b>\$ 1,058,448</b>

**Grants**

Under various grant agreements with the Government of Canada and the Province of Alberta, the Village is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

Village of Caroline  
Notes to Consolidated Financial Statements

December 31, 2015

5. Tangible Capital Assets

	2015						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
Cost, beginning of year	\$ 177,902	\$ 444,906	\$ 3,150,906	\$ 9,803,818	\$ 263,516	\$ 109,553	\$ 13,950,601
Additions		-	3,665	543,386	55,876	17,431	620,358
Disposals	-	-	-	-	(44,706)	-	(44,706)
Cost, end of year	<u>\$ 177,902</u>	<u>\$ 444,906</u>	<u>\$ 3,154,571</u>	<u>\$ 10,347,204</u>	<u>\$ 274,686</u>	<u>\$ 126,984</u>	<u>\$ 14,526,253</u>
Accumulated amortization, beginning of year	\$ -	\$ 213,072	\$ 981,551	\$ 4,596,511	\$ 108,418	\$ 88,400	\$ 5,987,952
Amortization	-	20,707	62,395	424,413	15,242	7,303	530,060
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 233,779</u>	<u>\$ 1,043,946</u>	<u>\$ 5,020,924</u>	<u>\$ 123,660</u>	<u>\$ 95,703</u>	<u>\$ 6,518,012</u>
Net carrying amount, end of year	<u>\$ 177,902</u>	<u>\$ 211,127</u>	<u>\$ 2,110,625</u>	<u>\$ 5,326,280</u>	<u>\$ 151,026</u>	<u>\$ 31,281</u>	<u>\$ 8,008,241</u>

Village of Caroline  
Notes to Consolidated Financial Statements

December 31, 2015

5. Tangible Capital Assets (continued)

							2014
	Land Improvements	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
Cost, beginning of year	\$ 177,902	\$ 444,906	\$ 1,739,571	\$ 9,776,501	\$ 255,567	\$ 109,553	\$ 12,504,000
Additions		-	1,411,335	27,317	38,979	-	1,477,631
Disposals	-	-	-	-	(31,030)	-	(31,030)
Cost, end of year	<u>\$ 177,902</u>	<u>\$ 444,906</u>	<u>\$ 3,150,906</u>	<u>\$ 9,803,818</u>	<u>\$ 263,516</u>	<u>\$ 109,553</u>	<u>\$ 13,950,601</u>
Accumulated amortization, beginning of year	\$ -	\$ 192,365	\$ 919,013	\$ 4,185,348	\$ 101,391	\$ 79,564	\$ 5,477,681
Amortization		20,707	62,538	411,163	10,130	8,836	513,374
Disposals		-	-	-	(3,103)	-	(3,103)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 213,072</u>	<u>\$ 981,551</u>	<u>\$ 4,596,511</u>	<u>\$ 108,418</u>	<u>\$ 88,400</u>	<u>\$ 5,987,952</u>
Net carrying amount, end of year	<u>\$ 177,902</u>	<u>\$ 231,834</u>	<u>\$ 2,169,355</u>	<u>\$ 5,207,307</u>	<u>\$ 155,098</u>	<u>\$ 21,153</u>	<u>\$ 7,962,649</u>

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**Village of Caroline**  
Notes to Consolidated Financial Statements

December 31, 2015

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6. Equity in Tangible Capital Assets

	2015	2014
Tangible capital assets	\$ 14,526,253	\$ 13,950,601
Accumulated amortization	(6,518,012)	(5,987,952)
	\$ 8,008,241	\$ 7,962,649

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7. Accumulated Surplus

	2015	2014
Equity in tangible capital assets	\$ 8,008,241	\$ 7,962,649
Unrestricted surplus	674,413	487,480
	8,682,654	8,450,129
Restricted surplus		
Administration	286,280	286,280
Equipment and Maintenance reserve	37,000	37,000
	323,280	323,280
	\$ 9,005,934	\$ 8,773,409

The equity in tangible capital assets represents amounts already spent and invested in infrastructure. Restricted surplus represents funds set aside by bylaw or council resolution for specific purposes.

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**Village of Caroline**  
Notes to Consolidated Financial Statements

December 31, 2015

**8. Change in Accumulated Surplus**

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2015	2014
Balance, beginning of year, as restated	\$ 487,480	\$ 323,280	\$ 7,962,649	\$ 8,773,409	\$ 7,447,193
Excess of revenue over expenses, as restated	232,525	-	-	232,525	1,326,216
Acquisition of capital	(620,358)	-	620,358	-	-
Contributed assets	-	-	-	-	-
Disposals and write-down of assets	44,706	-	(44,706)	-	-
Amortization	530,060	-	(530,060)	-	-
Change in accumulated surplus	\$ 186,933	\$ -	\$ 45,592	\$ 232,525	\$ 1,326,216
Balance, end of year	\$ 674,413	\$ 323,280	\$ 8,008,241	\$ 9,005,934	\$ 8,773,409

**Village of Caroline**  
**Notes to Consolidated Financial Statements**

**December 31, 2015**

**9. Taxation - Net**

	Budget 2015	2015	2014
Real property	\$ 526,934	\$ 524,428	\$ 602,447
Government grants in place of property taxes	2,629	2,047	1,019
	<u>529,563</u>	<u>526,475</u>	<u>603,466</u>
Requisitions			
Alberta School Foundation Fund	95,894	96,663	97,946
Red Deer Catholic School	770	769	566
Seniors Requisition	2,559	2,559	4,615
	<u>99,223</u>	<u>99,991</u>	<u>103,127</u>
Available for general municipal purposes	<u>\$ 430,340</u>	<u>\$ 426,484</u>	<u>\$ 500,339</u>

**10. Government Transfers**

	Budget 2015	2015	2014
Operating			
Provincial government	159,960	225,828	134,339
Capital			
Provincial government	\$ 279,918	\$ 544,946	\$ 657,622
Total government transfers	<u>\$ 439,878</u>	<u>\$ 770,774</u>	<u>\$ 791,961</u>

**11. Expenses by Object**

	Budget 2015	2015	2014
Salaries and wages	\$ 352,054	\$ 319,261	\$ 328,648
Contracted and general services	410,487	323,965	338,097
Materials, goods and utilities	165,732	110,763	126,205
Transfer to local agencies	123,506	100,808	83,328
Amortization	530,060	530,060	513,374
	<u>\$ 1,581,839</u>	<u>\$ 1,384,857</u>	<u>\$ 1,389,652</u>

**Village of Caroline**  
Notes to Consolidated Financial Statements

**December 31, 2015**

**12. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits & Allowances	Total 2015	Total 2014
Councilor Peters	11,175	-	11,175	8,425
Councilor Parsons	3,525	-	3,525	3,975
Councilor Van Slyke	525	-	525	2,600
Councilor Bugbee	4,375	-	4,375	3,725
Councilor Sumyk	2,350	-	2,350	1,807
Chief Administrative Officer Stephenson	-	-	-	40,852
Chief Administrative Officer Beebe	71,689	218	71,907	28,863

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, and vision coverage.

**13. Debt Limits**

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

	2015	2014
Total debt limit	<b>\$ 1,569,915</b>	<b>\$ 1,719,195</b>
Total debt limit available	<b>1,569,915</b>	<b>1,719,195</b>
Debt servicing limit	<b>261,653</b>	<b>286,533</b>
Total debt servicing limit available	<b>261,653</b>	<b>286,533</b>

The debt limit is calculated at 1.5 times revenue of the Village (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 which 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.

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**Village of Caroline**  
**Notes to Consolidated Financial Statements**

**December 31, 2015**

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**14. Contingencies**

The Village is a member of the Rocky Mountain House Solid Waste Authority (Authority). Under the agreement for the Authority, the Village, Clearwater County and the Town of Rocky Mountain House established the Authority to manage and operate a solid waste system. The Authority is governed by its own board of directors with representatives from the member municipalities. The Village could become liable for its proportionate share of any claim of losses in excess of the funds held by the Authority. As at December 31, 2015, the Authority held funds in excess of its liabilities.

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**15. Commitments**

The Village has entered into an agreement with Community Historical Society of Caroline to provide waste removal to the Society on a weekly basis throughout the operating season, distribute the MRTA grant to the Society, provide insurance and renew the lease with the province. The Society keeps the profits from operations.

The Village has entered into a revenue sharing agreement with the County to receive \$50,000 from the County annually and in return, shall act within the "Stronger Together Agreement" and provide access to Village-owned facilities / services to residents of the County. The agreement terminates Dec 31, 2019.

The Village has entered into an agreement for assessment services with an independent contractor for a 5 year term commencing April 1, 2014. The cost of these services annually is 8,800 for 2016, \$8,950 for 2017, and \$9,100 for 2018.

The Village has entered into an agreement with Clearwater County where the Village has leased to the County certain land and premises, known as the Caroline Community Complex and any additions thereto. The County is responsible for the operation and maintenance of the land and premises. The agreement is for a 10 year term commencing on December 31, 2013.

The Village has entered into a Waste Collection agreement with the Rocky Mountain Regional Solid Waste Authority to provide various waste removal services. The contract goes from Oct 13, 2015 to October 13, 2018. For 2016, weekly rates are \$2.28/240L cart, \$2.66/4 cube bin, and \$3.12/6 cube bin. For 2017, the rate is \$2.30/240L cart, \$2.68/4cube bin, and \$3.15/6cube bin. 2018 rates are \$2.32/240L cart, \$2.72/4 cube bin, and \$3.16/6 cube bin. Optional rates for 2019 and 2020 are \$2.36/240L cart, \$2.75/4 cube bin, and \$3.18/6 cube bin.

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Village of Caroline  
Notes to Consolidated Financial Statements

December 31, 2015

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16. Budget

The budget adopted by Council on April 27, 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by Council on April 27, 2015, with adjustments as follows:

	<u>2015</u>
Budgeted surplus (deficit) for the year	\$ 290,598
Add:	
Budgeted transfers to capital	5,000
Less:	
Amortization not budgeted	(530,060)
Net consolidated library board deficit	<u>(15,125)</u>
Budgeted surplus (deficit) per statement of operations	<u>\$ (249,587)</u>

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**December 31, 2015**

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**17. Segmented Information**

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**Protective Services**

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

**Transportation Services**

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

**Water and Wastewater Services**

Water and wastewater provides drinking water to the Village's citizens and collects and treats wastewater. The Village processes and cleans sewage and ensures the water system meets all Provincial standards.

**Waste Management Services**

Waste management provides collection disposal and recycling programs.

**Planning and Development**

The planning department provides a number of services including village planning and enforcement of building and construction codes and review of all property development plans through its application process.

**Recreation and Parks**

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

**Public Health and Welfare**

This service area provides and administers community support programs.

**General Government**

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.

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**Village of Caroline**  
**Notes to Consolidated Financial Statements**

**December 31, 2015**

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**18. Segmented Information continued**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

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**Village of Caroline**  
**Notes to Consolidated Financial Statements**

December 31, 2015

17. Segmented Information (continued)

For the year ended December 31, 2015	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2015 Total
<b>Revenue</b>									
Taxation	\$ 51,544	\$ -	\$ -	\$ 61,984	\$ 4,926	\$ 108,590	\$ 3,628	\$ 195,811	\$ 426,483
Government transfers for operating	-	-	-	-	-	50,101	-	175,728	225,829
Government transfers for capital	-	544,946	-	-	-	-	-	-	544,946
Sales and user fees	14,385	-	228,510	64,166	-	12,624	2,767	2,294	324,746
Franchises and concessions	-	-	-	-	-	-	-	56,181	56,181
Investment income	-	-	-	-	-	-	-	1,798	1,798
Penalties and costs on taxes	-	-	-	-	-	-	-	34,568	34,568
Licences and permits	3,631	-	-	-	-	-	-	-	3,631
Other	-	-	-	-	-	-	-	(800)	(800)
	<u>69,560</u>	<u>544,946</u>	<u>228,510</u>	<u>126,150</u>	<u>4,926</u>	<u>171,315</u>	<u>6,395</u>	<u>465,580</u>	<u>1,617,382</u>
<b>Expenses</b>									
Salaries and wages	-	78,315	21,856	15,249	-	56,364	2,767	144,710	319,261
Contracted and general services	20,267	28,183	140,721	10,770	4,926	13,683	298	105,119	323,967
Materials, goods and utilities	112	26,961	29,798	6,026	-	27,139	24	20,703	110,763
Transfer to local agencies	49,181	-	-	42,960	-	5,361	3,306	-	100,808
Amortization	-	369,356	26,088	51,145	-	68,768	-	14,701	530,058
	<u>69,560</u>	<u>502,815</u>	<u>218,463</u>	<u>126,150</u>	<u>4,926</u>	<u>171,315</u>	<u>6,395</u>	<u>285,233</u>	<u>1,384,857</u>
<b>Net surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 42,131</b>	<b>\$ 10,047</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 180,347</b>	<b>\$ 232,525</b>



**Village of Caroline**  
**Notes to Consolidated Financial Statements**

December 31, 2015

17. Segmented Information (continued)

For the year ended December 31, 2014	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2014 Total
<b>Revenue</b>									
Taxation	\$ 51,130	\$ 444,447	\$ -	\$ 3,799	\$ 271	\$ -	\$ 692	\$ -	\$ 500,339
Government transfers for operating	-	-	-	-	-	49,877	-	84,462	134,339
Government transfers for capital	-	-	-	-	-	-	-	657,622	657,622
Sales and user fees	13,547	-	235,843	67,699	-	54,913	2,150	24,765	398,917
Franchises and concessions	-	-	-	-	-	-	-	40,060	40,060
Investment income	-	-	-	-	-	-	-	299	299
Penalties and costs on taxes	-	-	-	-	-	-	-	61,190	61,190
Licences and permits	2,469	-	-	-	-	-	-	-	2,469
Other	-	-	-	-	-	916,116	-	4,517	920,633
	<u>67,146</u>	<u>444,447</u>	<u>235,843</u>	<u>71,498</u>	<u>271</u>	<u>1,020,906</u>	<u>2,842</u>	<u>872,915</u>	<u>2,715,868</u>
<b>Expenses</b>									
Salaries and wages	-	70,379	37,095	17,544	-	52,648	2,805	148,177	328,648
Contracted and general services	29,529	45,091	80,456	3,097	271	48,698	-	130,954	338,096
Materials, goods and utilities	110	29,584	25,762	10,252	-	29,649	36	30,812	126,205
Transfer to local agencies	37,507	-	-	37,299	-	5,216	3,306	-	83,328
Amortization	-	381,644	48,500	-	-	68,913	-	14,318	513,375
Other	-	-	-	-	-	-	-	-	-
	<u>67,146</u>	<u>526,698</u>	<u>191,813</u>	<u>68,192</u>	<u>271</u>	<u>205,124</u>	<u>6,147</u>	<u>324,261</u>	<u>1,389,652</u>
<b>Net surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (82,251)</b>	<b>\$ 44,030</b>	<b>\$ 3,306</b>	<b>\$ -</b>	<b>\$ 815,782</b>	<b>\$ (3,305)</b>	<b>\$ 548,654</b>	<b>\$ 1,326,216</b>

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**Village of Caroline**  
**Notes to Consolidated Financial Statements**

**December 31, 2015**

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**18. Comparative Figures**

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

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**19. Approval of Financial Statements**

Council and Management approved these financial statements.

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