

DRAFT FOR DISCUSSION PURPOSES ONLY

Village of Caroline
Consolidated Financial Statements
For the year ended December 31, 2016

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Consolidated Financial Statements
For the year ended December 31, 2016

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Independent Auditor's Report

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, 2016, 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, 2016 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 11, 2017

Chartered Professional Accountants

Village of Caroline
Consolidated Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,007,446	\$ 1,776,610
Taxes receivable (Note 2)	212,479	224,805
Accounts receivable (Note 3)	390,391	220,961
	1,610,316	2,222,376
Liabilities		
Accounts payable and accrued liabilities	33,469	175,289
Deferred revenue (Note 4)	50,390	1,058,448
Long-term debt (Note 5)	381,710	-
	465,569	1,233,737
Net financial assets	1,144,747	988,639
Non-financial assets		
Tangible capital assets (Note 6)	8,855,437	8,008,241
Prepaid expenses	5,287	9,054
	8,860,724	8,017,295
Accumulated Surplus (Note 8)	\$ 10,005,471	\$ 9,005,934
Debt limits (Note 14)		
Contingencies (Note 15)		
Commitments (Note 15)		

Village of Caroline
Consolidated Statement of Operations

For the year ended December 31	Budget 2016	2016	2015
Revenue			
Net municipal taxes (Note 10)	\$ 453,453	\$ 451,675	\$ 426,484
Government transfers for operating (Note 11)	162,500	157,678	225,828
Sales and user fees	267,675	311,149	324,746
Franchises and concessions	50,000	66,455	56,181
Investment income	500	3,376	1,798
Penalties and costs on taxes	8,000	33,215	34,568
Licences and permits	3,800	7,290	3,631
Gain (loss) on disposal of assets	-	5,753	(800)
	<u>945,928</u>	<u>1,036,591</u>	<u>1,072,436</u>
Expenditures (Note 12)			
Legislative	36,200	36,276	31,696
Administration	292,088	244,724	259,700
Protective services	71,512	16,571	69,558
Transportation services	549,863	482,541	497,900
Water and wastewater	290,718	261,801	275,274
Waste management	84,038	78,992	74,255
Planning and development	8,000	1,965	4,926
Recreation and parks	185,553	171,790	165,149
Public health and welfare	7,001	11,307	6,399
	<u>1,524,973</u>	<u>1,305,967</u>	<u>1,384,857</u>
Excess (deficiency) of revenue over expenditures - before other	(579,045)	(269,376)	(312,421)
Other			
Government transfers for capital (Note 11)	279,918	1,268,913	544,946
Excess (deficiency) of revenue over expenditures	<u>(299,127)</u>	<u>999,537</u>	<u>232,525</u>
Accumulated surplus, beginning of the year	<u>9,005,934</u>	<u>9,005,934</u>	<u>8,773,409</u>
Accumulated surplus, end of year	<u>\$ 8,706,807</u>	<u>\$ 10,005,471</u>	<u>\$ 9,005,934</u>

Village of Caroline
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2016	Budget 2016	2016	2015
Excess (deficiency) of revenue over expenditures	\$ (299,127)	\$ 999,537	\$ 232,525
Acquisition of tangible capital assets	-	(1,433,423)	(620,358)
Amortization of tangible capital assets	547,818	547,818	530,060
Net (gain) loss on sale of tangible capital assets	-	(5,753)	800
Proceeds on sale of tangible capital assets	-	44,162	43,906
	<u>248,691</u>	<u>152,341</u>	<u>186,933</u>
Change in prepaid expenses	-	3,767	(80)
Net change in net financial assets	248,691	156,108	186,853
Net financial assets, beginning of year	988,639	988,639	801,786
Net financial assets, end of year	\$ 1,237,330	\$ 1,144,747	\$ 988,639

Village of Caroline
Consolidated Statement of Cash Flows

For the year ended December 31	2016	2015
Operating transactions		
Excess of revenue over expenditures	\$ 999,537	\$ 232,525
Items not involving cash		
Amortization	547,818	530,060
Net loss (gain) on disposal of tangible capital assets	(5,753)	800
Changes in non-cash operating balances		
Taxes receivable	12,326	(18,777)
Accounts receivable	(169,430)	(63,472)
Prepaid expenses	3,767	(80)
Accounts payable and accrued liabilities	(141,820)	(457,577)
Deferred revenue	(1,008,058)	(280,544)
	<u>238,387</u>	<u>(57,065)</u>
Capital transactions		
Acquisition of tangible capital assets	(1,433,423)	(620,358)
Proceeds on sale of tangible capital assets	44,162	43,906
	<u>(1,389,261)</u>	<u>(576,452)</u>
Investing transactions		
Restricted cash balances	<u>1,008,058</u>	<u>280,543</u>
Financing transactions		
Proceeds from issuance of long-term debt	400,000	-
Repayment of long-term debt	(18,290)	-
	<u>238,894</u>	<u>(352,974)</u>
Net change in cash and cash equivalents	238,894	(352,974)
Cash and cash equivalents, beginning of year	<u>718,162</u>	<u>1,071,136</u>
Cash and cash equivalents, end of year	<u>\$ 957,056</u>	<u>\$ 718,162</u>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 1,007,446	\$ 1,776,610
Less: restricted (Note 1)	(50,390)	(1,058,448)
	<u>\$ 957,056</u>	<u>\$ 718,162</u>

Village of Caroline
Summary of Significant Accounting Policies

December 31, 2016

**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

Village of Caroline
Summary of Significant Accounting Policies

December 31, 2016

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

Village of Caroline
Summary of Significant Accounting Policies

December 31, 2016

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, 2016

1. Cash and Cash Equivalents

	2016	2015
Current chequing and savings accounts	\$ 805,629	\$ 1,035,026
Redeemable guaranteed investment certificate at 0.65% (2014 - 1.05%)	201,817	741,584
	<u>\$ 1,007,446</u>	<u>\$ 1,776,610</u>

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, 2016 \$nil (2015 - \$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.

	2016	2015
Basic Municipal Transportation grant	50,390	182,222
MSI Capital	-	876,226
	<u>\$ 50,390</u>	<u>\$ 1,058,448</u>

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

2. Taxes Receivable

	2016		2015
Current taxes and grants in place	\$ 93,072	\$	101,244
Non-current taxes and grants in place	130,625		134,884
	223,697		236,128
Less: Allowance for doubtful accounts	11,218		11,323
	\$ 212,479	\$	224,805

3. Accounts Receivable

	2016		2015
Trade receivables	\$ 278,291	\$	174,688
GST receivable	112,100		46,273
	\$ 390,391	\$	220,961

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4. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
Municipal Sustainability Initiative - Operating	\$ -	56,577	(56,577)	\$ -
Municipal Sustainability Initiative - Capital	876,226	180,081	(1,056,307)	-
Federal Gas Tax Grant	-	50,005	(50,005)	-
Basic Municipal	182,222	30,769	(162,601)	50,390
Transportation Grant	-	-	-	-
County Revenue Sharing	-	50,000	(50,000)	-
Library	-	51,101	(51,101)	-
	<u>\$ 1,058,448</u>	<u>418,533</u>	<u>(1,426,591)</u>	<u>\$ 50,390</u>

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

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5. Long-Term Debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	2016	2015
Alberta Capital Finance Authority Debenture, bearing interest at 1.86% per year, due 2026.	381,710	-

Principal and interest payments relating to net long term debt of \$381,710 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2017	\$ 37,092	\$ 6,928	\$ 44,020
2018	37,785	6,235	44,020
2019	38,492	5,529	44,021
2020	39,211	4,810	44,021
2021	39,944	4,077	44,021
Thereafter	189,186	8,905	198,091
	\$ 381,710	\$ 36,484	\$ 418,194

Village of Caroline
Notes to Consolidated Financial Statements

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6. Tangible Capital Assets

	2016						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
Cost, beginning of year	\$ 177,902	\$ 444,906	\$ 3,154,571	\$ 10,347,204	\$ 274,686	\$ 126,984	\$ 14,526,253
Additions		3,360	-	1,372,201	57,862	-	1,433,423
Disposals	-	(6,668)	-	-	(34,944)	-	(41,612)
Cost, end of year	\$ 177,902	\$ 441,598	\$ 3,154,571	\$ 11,719,405	\$ 297,604	\$ 126,984	\$ 15,918,064
Accumulated amortization, beginning of year	\$ -	\$ 233,779	\$ 1,043,946	\$ 5,020,924	\$ 123,660	\$ 95,703	\$ 6,518,012
Amortization	-	20,473	62,395	441,681	14,089	9,180	547,818
Disposals	-	-	-	-	(3,203)	-	(3,203)
Accumulated amortization, end of year	\$ -	\$ 254,252	\$ 1,106,341	\$ 5,462,605	\$ 134,546	\$ 104,883	\$ 7,062,627
Net carrying amount, end of year	\$ 177,902	\$ 187,346	\$ 2,048,230	\$ 6,256,800	\$ 163,058	\$ 22,101	\$ 8,855,437

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

6. Tangible Capital Assets (continued)

	2015						
	Land	Land	Buildings	Engineered	Machinery	Vehicles	Total
	Improvements	Improvements		Structures	and		
					Equipment		
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	\$ 177,902	\$ 444,906	\$ 3,154,571	\$ 10,347,204	\$ 274,686	\$ 126,984	\$ 14,526,253
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
Accumulated amortization, end of year	\$ -	\$ 233,779	\$ 1,043,946	\$ 5,020,924	\$ 123,660	\$ 95,703	\$ 6,518,012
Net carrying amount, end of year	\$ 177,902	\$ 211,127	\$ 2,110,625	\$ 5,326,280	\$ 151,026	\$ 31,281	\$ 8,008,241

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

7. Equity in Tangible Capital Assets

	2016	2015
Tangible capital assets	\$ 15,918,064	\$ 14,526,253
Accumulated amortization	(7,062,627)	(6,518,012)
Debenture debt	(381,710)	-
	\$ 8,473,727	\$ 8,008,241

8. Accumulated Surplus

	2016	2015
Equity in tangible capital assets	\$ 8,473,727	\$ 8,008,241
Unrestricted surplus	1,208,464	674,413
	9,682,191	8,682,654
Restricted surplus		
Administration	286,280	286,280
Equipment and Maintenance reserve	37,000	37,000
	323,280	323,280
	\$ 10,005,471	\$ 9,005,934

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.

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

9. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2016	2015
Balance, beginning of year	\$ 674,413	\$ 323,280	\$ 8,008,241	\$ 9,005,934	\$ 8,773,409
Excess of revenue over expenses	999,537	-	-	999,537	232,525
Proceeds from long term debt	400,000	-	(400,000)	-	-
Debenture principal payments	(18,290)	-	18,290	-	-
Acquisition of capital	(1,433,423)	-	1,433,423	-	-
Contributed assets	-	-	-	-	-
Disposals and write-down of assets	44,162	-	(44,162)	-	-
Amortization	547,818	-	(547,818)	-	-
Gain on disposal of assets	(5,753)	-	5,753	-	-
Change in accumulated surplus	\$ 534,051	\$ -	\$ 465,486	\$ 999,537	\$ 232,525
Balance, end of year	\$ 1,208,464	\$ 323,280	\$ 8,473,727	\$ 10,005,471	\$ 9,005,934

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

10. Taxation - Net

	Budget 2016	2016	2015
Real property	\$ 551,524	\$ 549,107	\$ 524,428
Government grants in place of property taxes	2,629	2,124	2,047
	<u>554,153</u>	<u>551,231</u>	<u>526,475</u>
Requisitions			
Alberta School Foundation Fund	97,230	96,228	96,866
Red Deer Catholic School	770	769	566
Seniors Requisition	2,700	2,559	2,559
	<u>100,700</u>	<u>99,556</u>	<u>99,991</u>
Available for general municipal purposes	<u>\$ 453,453</u>	<u>\$ 451,675</u>	<u>\$ 426,484</u>

11. Government Transfers

	Budget 2016	2016	2015
Operating			
Provincial government	162,500	157,678	225,828
Capital			
Provincial government	\$ 279,918	\$ 1,268,913	\$ 544,946
Total government transfers	<u>\$ 442,418</u>	<u>\$ 1,426,591</u>	<u>\$ 770,774</u>

12. Expenses by Object

	Budget 2016	2016	2015
Salaries and wages	\$ 303,941	\$ 302,061	\$ 319,261
Contracted and general services	363,150	282,485	323,967
Materials, goods and utilities	203,100	113,650	110,764
Transfer to local agencies	106,964	56,233	100,805
Interest on long-term debt	-	3,720	-
Amortization	547,818	547,818	530,060
	<u>\$ 1,524,973</u>	<u>\$ 1,305,967</u>	<u>\$ 1,384,857</u>

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

13. 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:

	<u>Salary</u>	<u>Benefits & Allowances</u>	<u>Total 2016</u>	<u>Total 2015</u>
Councilor Peters	10,175	-	10,175	11,175
Councilor Parsons	3,400	-	3,400	3,525
Councilor Van Slyke	3,550	-	3,550	525
Councilor Bugbee	5,675	-	5,675	4,375
Councilor Sumyk	-	-	-	1,807
Councilor John Rimmer	3,550	-	3,550	-
Chief Administrative Officer Beebe	73,844	325	74,169	71,907

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.

14. 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:

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ 1,554,887	\$ 1,569,915
Total debt	381,709	-
Total debt limit available	<u>1,173,178</u>	<u>1,569,915</u>
Debt servicing limit	259,148	261,653
Debt servicing	44,020	-
Total debt servicing limit available	<u>215,128</u>	<u>261,653</u>

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.

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

15. 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, 2016, the Authority held funds in excess of its liabilities.

16. 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 \$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 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.

Village of Caroline
Notes to Consolidated Financial Statements

December 31, 2016

17. Budget

The budget adopted by Council on March 14, 2016 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 March 14, 2016, with adjustments as follows:

	<u>2016</u>
Budgeted surplus (deficit) for the year	\$ 256,416
Add:	
Budgeted transfers to capital	5,000
Less:	
Amortization not budgeted	(547,818)
Net consolidated library board deficit	<u>(12,725)</u>
Budgeted surplus (deficit) per statement of operations	<u>\$ (299,127)</u>

December 31, 2016

18. 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.

Village of Caroline
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December 31, 2016

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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Notes to Consolidated Financial Statements

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18. 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	2016 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ 85,588	\$ 1,965	\$ 100,329	\$ 9,166	\$ 254,626	\$ 451,674
Government transfers for operating	-	-	-	-	-	51,101	-	106,577	157,678
Government transfers for capital	-	1,268,913	-	-	-	-	-	-	1,268,913
Sales and user fees	16,405	-	217,867	55,905	-	16,437	2,140	2,393	311,147
Franchises and concessions	-	-	-	-	-	-	-	66,455	66,455
Investment income	-	-	-	-	-	-	-	3,376	3,376
Penalties and costs on taxes	-	-	-	-	-	-	-	33,218	33,218
Licences and permits	7,290	-	-	-	-	-	-	-	7,290
Other	-	-	-	-	-	-	-	5,753	5,753
	<u>23,695</u>	<u>1,268,913</u>	<u>217,867</u>	<u>141,493</u>	<u>1,965</u>	<u>167,867</u>	<u>11,306</u>	<u>472,398</u>	<u>2,305,504</u>
Expenses									
Salaries and wages	-	55,063	9,886	6,188	-	58,089	5,266	167,569	302,061
Contracted and general services	16,991	25,133	130,975	24,252	1,965	6,159	2,370	74,639	282,484
Materials, goods and utilities	200	17,661	30,731	8,867	-	29,756	34	26,401	113,650
Transfer to local agencies	(619)	-	-	47,788	-	5,428	3,636	-	56,233
Interest on long-term debt	-	3,720	-	-	-	-	-	-	3,720
Amortization	-	370,744	37,929	54,398	-	68,435	-	16,313	547,819
	<u>16,572</u>	<u>472,321</u>	<u>209,521</u>	<u>141,493</u>	<u>1,965</u>	<u>167,867</u>	<u>11,306</u>	<u>284,922</u>	<u>1,305,967</u>
Net surplus (deficit)	\$ 7,123	\$ 796,592	\$ 8,346	\$ -	\$ -	\$ -	\$ -	\$ 187,476	\$ 999,537

Village of Caroline
Notes to Consolidated Financial Statements

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18. 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	2015 Total
Revenue									
Taxation	\$ 51,544	\$ -	\$ -	\$ 61,983	\$ 4,926	\$ 108,591	\$ 3,629	\$ 195,810	\$ 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	2,292	324,744
Franchises and concessions	-	-	-	-	-	-	-	56,181	56,181
Investment income	-	-	-	-	-	-	-	1,798	1,798
Penalties and costs on taxes	-	-	-	-	-	-	-	34,570	34,570
Licences and permits	3,631	-	-	-	-	-	-	-	3,631
Other	-	-	-	-	-	-	-	(800)	(800)
	<u>69,560</u>	<u>544,946</u>	<u>228,510</u>	<u>126,149</u>	<u>4,926</u>	<u>171,316</u>	<u>6,396</u>	<u>465,579</u>	<u>1,617,382</u>
Expenses									
Salaries and wages	-	78,317	21,856	15,248	-	56,364	2,766	144,710	319,261
Contracted and general services	20,267	28,183	140,719	10,770	4,926	13,684	298	105,119	323,966
Materials, goods and utilities	112	26,961	29,798	6,026	-	27,139	26	20,702	110,764
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
Other	-	-	-	-	-	-	-	-	-
	<u>69,560</u>	<u>502,817</u>	<u>218,461</u>	<u>126,149</u>	<u>4,926</u>	<u>171,316</u>	<u>6,396</u>	<u>285,232</u>	<u>1,384,857</u>
Net surplus (deficit)	\$ -	\$ 42,129	\$ 10,049	\$ -	\$ -	\$ -	\$ -	\$ 180,347	\$ 232,525

Village of Caroline
Notes to Consolidated Financial Statements

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19. Comparative Figures

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

20. Approval of Financial Statements

Council and Management approved these financial statements.

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