

**Village of Caroline**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2014**

**Village of Caroline**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2014**

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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, 2014, 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, 2014 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.

### Other Matters - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which explains that certain comparative information for the year ended December 31, 2013 has been restated. The consolidated financial statements of the Village of Caroline for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on September 2, 2014.

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

<b>December 31</b>	<b>2014</b>	<b>2013</b>
		Restated (see Note 1)
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 2,410,127	\$ 1,717,502
Taxes receivable (Note 3)	206,027	34,608
Accounts receivable (Note 4)	157,489	91,402
	<b>2,773,643</b>	<b>1,843,512</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	632,866	116,269
Deferred revenue (Note 5)	1,338,991	1,306,369
	<b>1,971,857</b>	<b>1,422,638</b>
<b>Net financial assets</b>	<b>801,786</b>	<b>420,874</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	7,962,649	7,026,319
Prepaid expenses	8,974	-
	<b>7,971,623</b>	<b>7,026,319</b>
<b>Accumulated Surplus</b> (Note 8)	<b>\$ 8,773,409</b>	<b>\$ 7,447,193</b>
Debenture debt limits (Note 14)		
Contingencies (Note 15)		

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

<b>For the year ended December 31</b>	Budget 2014	2014	2013
			Restated (see Note 1)
<b>Revenue</b>			
Net municipal taxes (Note 10)	\$ 392,255	\$ 500,339	\$ 360,282
Government transfers for operating (Note 11)	144,681	134,339	76,922
Sales and user fees	332,231	398,919	311,761
Franchises and concessions	39,951	40,060	43,851
Investment income	500	299	851
Penalties and costs on taxes	21,730	61,188	27,814
Licences and permits	2,900	2,469	24,626
Gain on disposal of assets	-	4,517	-
	<u>934,248</u>	<u>1,142,130</u>	<u>846,107</u>
<b>Expenses (Note 12)</b>			
Legislative	31,139	24,277	25,243
Administration	325,736	299,984	271,279
Protective services	91,350	67,146	69,161
Transportation services	535,684	526,698	498,406
Water and wastewater	231,683	191,813	232,567
Waste management	80,145	68,192	55,578
Planning and development	4,150	269	-
Recreation and parks	186,684	205,124	194,811
Public health and welfare	7,921	6,149	7,973
	<u>1,494,492</u>	<u>1,389,652</u>	<u>1,355,018</u>
<b>Excess (deficiency) of revenue over expenditures - before other</b>	(560,244)	(247,522)	(508,911)
<b>Other</b>			
Government transfers for capital (Note 11)	-	657,622	173,690
Contributed assets (Note 6)	-	916,116	-
<b>Excess (deficiency) of revenue over expenditures</b>	(560,244)	1,326,216	(335,221)
<b>Accumulated surplus, beginning of the year as previously stated</b>	7,447,193	7,447,193	7,720,360
<b>Prior period adjustment (Note 1)</b>	-	-	62,054
<b>Accumulated surplus, beginning of year as restated</b>	<u>7,447,193</u>	<u>7,447,193</u>	<u>7,782,414</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 6,886,949</u>	<u>\$ 8,773,409</u>	<u>\$ 7,447,193</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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

<b>For the year ended December 31, 2014</b>	<b>Budget 2014</b>	<b>2014</b>	<b>2013</b>
			Restated (see Note 1)
Excess (deficiency) of revenue over expenditures	\$ (560,244)	\$ 1,326,216	\$ (335,221)
Acquisition of tangible capital assets	-	(561,515)	(175,185)
Amortization of tangible capital assets	513,374	513,374	479,689
Net (gain) loss on sale of tangible capital assets	-	(4,517)	-
Proceeds on sale of tangible capital assets	-	32,444	-
Contributed assets	-	(916,116)	-
	(46,870)	389,886	(30,717)
Change in prepaid expenses	-	(8,974)	-
<b>Net change in net financial assets</b>	<b>(46,870)</b>	<b>380,912</b>	<b>(30,717)</b>
<b>Net financial assets, beginning of year</b>	<b>420,874</b>	<b>420,874</b>	<b>451,591</b>
<b>Net financial assets, end of year</b>	<b>\$ 374,004</b>	<b>\$ 801,786</b>	<b>\$ 420,874</b>

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

For the year ended <b>December 31</b>	2014	2013
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ 1,326,216	\$ (335,221)
Items not involving cash		
Contributed assets	(916,116)	-
Amortization	513,374	479,689
Net loss (gain) on disposal of tangible capital assets	(4,517)	-
Changes in non-cash operating balances		
Taxes receivable	(171,419)	37,017
Accounts receivable	(66,087)	(45,572)
Prepaid expenses	(8,974)	-
Accounts payable and accrued liabilities	516,597	(139,758)
Deferred revenue	32,622	(175,800)
	<b>1,221,696</b>	<b>(179,645)</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(561,515)	(175,185)
Proceeds on sale of tangible capital assets	32,444	-
	<b>(529,071)</b>	<b>(175,185)</b>
<b>Investing transactions</b>		
Increase of investments	-	(9,957)
Restricted cash balances	(32,622)	(1,244,313)
	<b>(32,622)</b>	<b>(1,254,270)</b>
<b>Net change in cash and cash equivalents</b>	<b>660,003</b>	<b>(1,609,100)</b>
Cash and cash equivalents, beginning of year	<b>411,133</b>	<b>2,020,233</b>
Cash and cash equivalents, end of year	<b>\$ 1,071,136</b>	<b>\$ 411,133</b>
<b>Cash and cash equivalents is comprised of:</b>		
Cash and cash equivalents	\$ 2,410,127	\$ 1,717,502
Less: restricted (Note 2)	(1,338,991)	(1,306,369)
	<b>\$ 1,071,136</b>	<b>\$ 411,133</b>

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

**December 31, 2014**

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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 CPA of 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

**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.



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

**December 31, 2014**

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**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

**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 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.

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

**December 31, 2014**

**1. Prior Period Adjustment**

The prior period financial statements have been restated to record the results of one of the entities operations, the Village of Caroline Library, that was not included in the prior year. The prior period financial statement did not have the results of the Library consolidated into the financial statements, as such a prior period adjustment was made to consolidate in the Village of Caroline Library. The adjustment has lead to an increase in grant revenue of \$46,877, increase in user fee revenue of \$11,935, increase in expenses of \$65,013, increase in cash of \$59,853 and an increase to accumulated surplus of \$62,054.

**2. Cash and Cash Equivalents**

	2014	2013
Current chequing and savings accounts	\$ 1,451,358	\$ 770,103
Redeemable guaranteed investment certificate at 1.05% (2013 - 0.60% to 1.25%)	958,769	947,399
	\$ 2,410,127	\$ 1,717,502

The Village has a demand revolving loan facility to a maximum of \$100,000, bearing interest at prime (effective rate of 3%). Security for the loan is on the property taxes of the Village. As at December 31, 2014 \$nil (2013 - \$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.

	2014	2013
Alberta Municipal Infrastructure Program	103,973	102,951
Basic Municipal Transportation grant	180,184	118,437
Federal Gas Tax grant	306,799	204,669
MSI Capital	748,035	391,537
MCFP grant	-	488,775
	\$ 1,338,991	\$ 1,306,369

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

**December 31, 2014**

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**3. Taxes Receivable**

	<u>2014</u>		<u>2013</u>
Current taxes and grants in place	\$ 61,257	\$	46,675
Non-current taxes and grants in place	155,644		78,162
	<u>216,901</u>		<u>124,837</u>
Less: Allowance for doubtful accounts	10,874		90,229
	<u>\$ 206,027</u>	\$	<u>34,608</u>

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**4. Accounts Receivable**

	<u>2014</u>		<u>2013</u>
Trade receivables	\$ 151,129	\$	83,196
GST receivable	6,360		8,206
	<u>\$ 157,489</u>	\$	<u>91,402</u>

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

**December 31, 2014**

5. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
Major Community Facilities Program	\$ 488,775	6,444	(495,219) \$	-
Municipal Sustainability Initiative - Capital	391,537	356,498	-	748,035
Alberta Municipal Infrastructure Program	102,951	1,022	-	103,973
Federal Gas Tax Program	204,669	102,130	-	306,799
Basic Municipal Transportation	118,437	61,747	-	180,184
	<u>\$ 1,306,369</u>	<u>527,841</u>	<u>(495,219) \$</u>	<u>1,338,991</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

December 31, 2014

6. Tangible Capital Assets

	2014						
	Land	Land Improvements	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	\$ 177,902	\$ 444,906	\$ 3,150,906	\$ 9,803,818	\$ 263,516	\$ 109,553	\$ 13,950,601
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	\$ -	\$ 213,072	\$ 981,551	\$ 4,596,511	\$ 108,418	\$ 88,400	\$ 5,987,952
Net carrying amount, end of year	\$ 177,902	\$ 231,834	\$ 2,169,355	\$ 5,207,307	\$ 155,098	\$ 21,153	\$ 7,962,649

During the year the Village received contributed assets worth \$916,116. The Village worked with Clearwater County on the construction of a new addition to the Caroline Community Center (The "HUB"). The Village put in a portion of the money for the project by using the funds from the Major Community Facilities Program grant. The Village put \$495,219 into the project while the County covered the remaining \$916,116 of costs that were related to the construction of the HUB.

Village of Caroline  
Notes to Consolidated Financial Statements

December 31, 2014

6. Tangible Capital Assets (continued)

							2013
	Land Land Improvements	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
Cost, beginning of year	\$ 177,902	\$ 444,906	\$ 1,734,890	\$ 9,620,656	\$ 240,908	\$ 119,553	\$ 12,338,815
Additions		-	4,681	155,845	14,659	-	175,185
Disposals	-	-	-	-	-	(10,000)	(10,000)
Cost, end of year	\$ 177,902	\$ 444,906	\$ 1,739,571	\$ 9,776,501	\$ 255,567	\$ 109,553	\$ 12,504,000
Accumulated amortization, beginning of year	\$ -	\$ 171,658	\$ 884,700	\$ 3,780,508	\$ 90,398	\$ 80,728	\$ 5,007,992
Amortization		20,707	34,313	404,840	10,993	8,836	479,689
Write-downs		-	-	-	-	(10,000)	(10,000)
Accumulated amortization, end of year	\$ -	\$ 192,365	\$ 919,013	\$ 4,185,348	\$ 101,391	\$ 79,564	\$ 5,477,681
Net carrying amount, end of year	\$ 177,902	\$ 252,541	\$ 820,558	\$ 5,591,153	\$ 154,176	\$ 29,989	\$ 7,026,319

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

**December 31, 2014**

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**7. Equity in Tangible Capital Assets**

	2014	2013
Tangible capital assets	\$ 13,950,601	\$ 12,504,000
Accumulated amortization	(5,987,952)	(5,477,681)
	\$ 7,962,649	\$ 7,026,319

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**8. Accumulated Surplus**

	2014	2013
Equity in tangible capital assets	\$ 7,962,649	\$ 7,026,319
Unrestricted surplus	487,480	97,594
	8,450,129	7,123,913
Restricted surplus		
Administration	286,280	286,280
Equipment and Maintenance reserve	37,000	37,000
	323,280	323,280
	\$ 8,773,409	\$ 7,447,193

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, 2014

**9. Change in Accumulated Surplus**

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2014	2013
Balance, beginning of year, as restated	\$ 97,594	\$ 323,280	\$ 7,026,319	\$ 7,447,193	\$ 7,782,414
Excess of revenue over expenses, as restated	1,326,216	-	-	1,326,216	(335,221)
Acquisition of capital	(561,515)	-	561,515	-	-
Contributed assets	(916,116)	-	916,116	-	-
Disposals and write-down of assets	27,927	-	(27,927)	-	-
Amortization	513,374	-	(513,374)	-	-
Change in accumulated surplus	\$ 389,888	\$ -	\$ 936,330	\$ 1,326,216	\$ (335,221)
Balance, end of year	\$ 487,480	\$ 323,280	\$ 7,962,649	\$ 8,773,409	\$ 7,447,193



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

**December 31, 2014**

**10. Taxation - Net**

	Budget 2014	2014	2013
Real property	\$ 496,374	\$ 602,447	\$ 470,074
Government grants in place of property taxes	-	1,019	915
Requisitions			
Alberta School Foundation Fund	98,725	97,946	107,050
Red Deer Catholic School	779	566	1,057
Seniors Requisition	4,615	4,615	2,600
	104,119	103,127	110,707
Available for general municipal purposes	\$ 392,255	\$ 500,339	\$ 360,282

**11. Government Transfers**

	Budget 2014	2014	2013
Operating			
Provincial government	144,681	134,339	76,922
Capital			
Provincial government	\$ -	\$ 657,622	\$ 173,690
Total government transfers	\$ 144,681	\$ 791,961	\$ 250,612

**12. Expenses by Object**

	Budget 2014	2014	2013
Salaries and wages	\$ 378,936	\$ 328,648	\$ 311,485
Contracted and general services	346,236	338,096	359,649
Materials, goods and utilities	140,331	126,205	127,788
Transfer to local agencies	115,615	83,328	76,408
Amortization	513,374	513,374	479,689
	\$ 1,494,492	\$ 1,389,652	\$ 1,355,018

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

**December 31, 2014**

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**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:

	Salary	Benefits & Allowances	Total 2014	Total 2013
Councilor Peters	8,425	-	8,425	1,175
Councilor Parsons	3,975	-	3,975	625
Councilor Van Slyke	2,600	-	2,600	-
Councilor Bugbee	3,725	-	3,725	1,150
Councilor Sumyk	1,807	-	1,807	925
Councilor Leek	-	-	-	3,375
Councilor Pryor	-	-	-	2,425
Councilor Nielson	-	-	-	2,650
Councilor Cudmore	-	-	-	6,075
Councilor Lengert	-	-	-	2,475
Chief Administrative Officer Stephenson	40,341	511	40,852	36,247
Chief Administrative Officer Beebe	28,863	-	28,863	-
Chief Administrative Officer Kleeburger	-	-	-	41,950

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, dental coverage, and vision coverage.

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

**December 31, 2014**

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**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>2014</u>	<u>2013</u>
Total debt limit	<u>\$ 1,719,195</u>	<u>\$ 1,269,161</u>
Total debt limit available	<u>1,719,195</u>	<u>1,269,161</u>
Debt servicing limit	<u>286,533</u>	<u>211,527</u>
Total debt servicing limit available	<u>286,533</u>	<u>211,527</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.

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**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, 2014, the Authority held funds in excess of its liabilities.

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

**December 31, 2014**

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**16. Commitments**

The Village has entered into an agreement with an independent contractor to provide utility meter readings and maintenance of the water and waste water systems. The agreement term is December 2014 to December 2015. The agreement is for \$6,600 per month plus additional charges for any services calls.

The Village has entered into an agreement with an independent contractor to provide animal bylaw enforcement. The agreement term is August 1, 2014 to July 31, 2015. The agreement provides for a minimum of 6 hours of patrol per month at a cost of \$741 per month, plus additional fees if any callouts are needed.

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 \$8,650 for 2015, \$8,800 for 2015, \$8,950 for 2016 and \$9,100 for 2017.

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.

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Village of Caroline  
Notes to Consolidated Financial Statements

December 31, 2014

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17. Budget

The budget adopted by Council on May 26, 2014 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 May 26, 2014, with adjustments as follows:

	<u>2014</u>
Budgeted surplus (deficit) for the year	\$ -
Add:	
Budgeted transfers to capital	5,000
Less:	
Budgeted transfers from accumulated surplus	(43,945)
Amortization not budgeted	(513,374)
Net consolidated library board deficit	<u>(7,925)</u>
Budgeted surplus per statement of operations	<u>\$ (560,244)</u>
Adjusted budgeted surplus (deficit)	<u>\$ (560,244)</u>

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**December 31, 2014**

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**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.

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

**December 31, 2014**

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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, 2014

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	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
	<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>



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

December 31, 2014

18. Segmented Information (continued)

For the year ended December 31, 2013	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2013 Total
<b>Revenue</b>									
Taxation	\$ 33,664	\$ 134,836	\$ 81,612	\$ 19,804	\$ -	\$ 88,498	\$ 1,868	\$ -	\$ 360,282
Government transfers for operating	-	-	-	-	-	46,877	-	30,045	76,922
Government transfers for capital	-	-	-	-	-	-	-	173,690	173,690
Sales and user fees	10,871	-	150,955	39,081	-	53,234	2,800	54,820	311,761
Franchises and concessions	-	-	-	-	-	-	-	43,851	43,851
Investment income	-	-	-	-	-	-	-	851	851
Penalties and costs on taxes	-	-	-	-	-	-	-	27,814	27,814
Licences and permits	24,626	-	-	-	-	-	-	-	24,626
	<u>69,161</u>	<u>134,836</u>	<u>232,567</u>	<u>58,885</u>	<u>-</u>	<u>188,609</u>	<u>4,668</u>	<u>331,071</u>	<u>1,019,797</u>
<b>Expenses</b>									
Salaries and wages	-	54,809	39,733	16,967	-	44,397	4,309	151,270	311,485
Contracted and general services	27,659	46,701	109,242	3,453	-	69,069	303	103,222	359,649
Materials, goods and utilities	315	28,787	27,510	6,889	-	37,012	55	27,220	127,788
Transfer to local agencies	41,187	-	-	28,269	-	3,647	3,306	-	76,409
Amortization	-	368,109	56,082	-	-	40,686	-	14,810	479,687
Other	-	-	-	-	-	-	-	-	-
	<u>69,161</u>	<u>498,406</u>	<u>232,567</u>	<u>55,578</u>	<u>-</u>	<u>194,811</u>	<u>7,973</u>	<u>296,522</u>	<u>1,355,018</u>
<b>Net surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (363,570)</b>	<b>\$ -</b>	<b>\$ 3,307</b>	<b>\$ -</b>	<b>\$ (6,202)</b>	<b>\$ (3,305)</b>	<b>\$ 34,549</b>	<b>\$ (335,221)</b>

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

**December 31, 2014**

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**19. Comparative Figures**

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

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**20. Approval of Financial Statements**

Council and Management approved these financial statements.

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