

**Village of Caroline**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2017**

**Village of Caroline**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2017**

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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, 2017, 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, 2017 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 10, 2018

Chartered Professional Accountants

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

December 31	2017	2016
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 1,284,962	\$ 1,007,446
Taxes receivable (Note 2)	203,096	212,479
Accounts receivable (Note 3)	135,507	390,391
	1,623,565	1,610,316
<b>Liabilities</b>		
Accounts payable and accrued liabilities	120,421	33,469
Deferred revenue (Note 4)	1,250	50,390
Long-term debt (Note 5)	344,617	381,710
	466,288	465,569
<b>Net financial assets</b>	<b>1,157,277</b>	<b>1,144,747</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	8,629,517	8,855,437
Prepaid expenses	5,451	5,287
	8,634,968	8,860,724
<b>Accumulated Surplus (Note 8)</b>	<b>\$ 9,792,245</b>	<b>\$ 10,005,471</b>
<b>Debt limits (Note 14)</b>		
<b>Contingencies (Note 15)</b>		
<b>Commitments (Note 16)</b>		

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

<b>For the year ended December 31</b>	Budget 2017	2017	2016
<b>Revenue</b>			
Net municipal taxes (Note 10)	\$ 468,135	\$ 475,558	\$ 451,675
Government transfers for operating (Note 11)	156,951	182,260	157,678
Sales and user fees	351,548	339,954	311,149
Franchises and concessions	60,000	69,752	66,455
Investment income	700	10,893	3,376
Penalties and costs on taxes	12,000	15,247	33,215
Licences and permits	5,450	7,937	7,290
Gain (loss) on disposal of assets	-	-	5,753
	<u>1,054,784</u>	<u>1,101,601</u>	<u>1,036,591</u>
<b>Expenditures (Note 12)</b>			
Legislative	40,150	61,840	36,276
Administration	291,260	291,286	244,724
Protective services	76,800	114,195	16,571
Transportation services	548,473	505,981	482,541
Water and wastewater	297,109	309,204	261,801
Waste management	79,450	64,304	78,992
Planning and development	8,000	12,081	1,965
Recreation and parks	198,068	212,366	171,790
Public health and welfare	11,867	9,268	11,307
	<u>1,551,177</u>	<u>1,580,525</u>	<u>1,305,967</u>
<b>Excess (deficiency) of revenue over expenditures - before other</b>	(496,393)	(478,924)	(269,376)
<b>Other</b>			
Government transfers for capital (Note 11)	279,918	265,698	1,268,913
<b>Excess (deficiency) of revenue over expenditures</b>	<u>(216,475)</u>	<u>(213,226)</u>	<u>999,537</u>
<b>Accumulated surplus, beginning of the year</b>	<u>10,005,471</u>	<u>10,005,471</u>	<u>9,005,934</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 9,788,996</u>	<u>\$ 9,792,245</u>	<u>\$ 10,005,471</u>

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

<b>For the year ended December 31, 2017</b>	Budget 2017	2017	2016
Excess (deficiency) of revenue over expenditures	\$ (216,475)	(213,226) \$	999,537
Acquisition of tangible capital assets	-	(338,711)	(1,433,423)
Amortization of tangible capital assets	564,631	564,631	547,818
Net (gain) loss on sale of tangible capital assets	-	-	(5,753)
Proceeds on sale of tangible capital assets	-	-	44,162
	348,156	12,694	152,341
Change in prepaid expenses	-	(164)	3,767
<b>Net change in net financial assets</b>	348,156	12,530	156,108
<b>Net financial assets, beginning of year</b>	1,144,747	1,144,747	988,639
<b>Net financial assets, end of year</b>	\$ 1,492,903	\$ 1,157,277	\$ 1,144,747

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

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ (213,226)	\$ 999,537
Items not involving cash		
Amortization	564,631	547,818
Net loss (gain) on disposal of tangible capital assets	-	(5,753)
Changes in non-cash operating balances		
Taxes receivable	9,383	12,326
Accounts receivable	254,884	(169,430)
Prepaid expenses	(164)	3,771
Accounts payable and accrued liabilities	86,951	(141,820)
Deferred revenue	(49,140)	(1,008,058)
	<b>653,319</b>	<b>238,391</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(338,711)	(1,433,423)
Proceeds on sale of tangible capital assets	-	44,162
	<b>(338,711)</b>	<b>(1,389,261)</b>
<b>Investing transactions</b>		
Restricted cash balances	50,390	1,008,058
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	-	400,000
Repayment of long-term debt	(37,092)	(18,294)
	<b>327,906</b>	<b>238,894</b>
<b>Net change in cash and cash equivalents</b>	<b>327,906</b>	<b>238,894</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>957,056</b>	<b>718,162</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,284,962</b>	<b>\$ 957,056</b>
<b>Cash and cash equivalents is comprised of:</b>		
Cash and cash equivalents	\$ 1,284,962	\$ 1,007,446
Less: restricted (Note 1)	-	(50,390)
	<b>\$ 1,284,962</b>	<b>\$ 957,056</b>

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

**December 31, 2017**

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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, 2017**

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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, 2017**

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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, 2017**

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**1. Cash and Cash Equivalents**

	2017	2016
Current chequing and savings accounts	\$ 1,081,833	\$ 805,629
Redeemable guaranteed investment certificate at 0.55% (2016 - 0.65%)	<u>203,129</u>	<u>201,817</u>
	<u>\$ 1,284,962</u>	<u>\$ 1,007,446</u>

The Village has a demand revolving loan facility to a maximum of \$100,000, bearing interest at prime (effective rate of 3.20%). Security for the loan is on the property taxes of the Village. As at December 31, 2017 \$nil (2016 - \$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.

	2017	2016
Basic Municipal Transportation grant	-	50,390
	<u>\$ -</u>	<u>\$ 50,390</u>

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

**December 31, 2017**

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**2. Taxes Receivable**

	2017		2016
Current taxes and grants in place	\$ 62,283	\$	93,072
Non-current taxes and grants in place	<u>163,776</u>		<u>130,625</u>
	226,059		223,697
Less: Allowance for doubtful accounts	<u>22,963</u>		<u>11,218</u>
	<u>\$ 203,096</u>	\$	<u>212,479</u>

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**3. Accounts Receivable**

	2017		2016
Trade receivables	\$ 98,924	\$	278,291
GST receivable	<u>36,583</u>		<u>112,100</u>
	135,507		390,391
	<u>\$ 135,507</u>	\$	<u>390,391</u>

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

**December 31, 2017**

**4. Deferred Revenue**

	Opening balance	Contributions received	Revenue recognized	Ending balance
Municipal Sustainability Initiative - Operating	\$ -	54,850	(54,850)	\$ -
Municipal Sustainability Initiative - Capital	-	169,632	(169,632)	-
Basic Municipal	50,390	31,371	(81,761)	-
Transportation Grant	-	76,308	(76,308)	-
County Revenue Sharing	-	15,556	(14,306)	1,250
Other	-	51,101	(51,101)	-
Library	-	-	-	-
	<u>\$ 50,390</u>	<u>398,818</u>	<u>(447,958)</u>	<u>\$ 1,250</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, 2017**

**5. Long-Term Debt**

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

	2017	2016
Alberta Capital Finance Authority Debenture, bearing interest at 1.86% per year, due 2026.	<b>344,617</b>	381,710

Principal and interest payments relating to net long term debt of \$344,617 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
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
2022	40,690	3,331	44,021
Thereafter	148,495	5,575	154,070
	<b>\$ 344,617</b>	<b>\$ 29,557</b>	<b>\$ 374,174</b>

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

December 31, 2017

**6. Tangible Capital Assets**

	<b>2017</b>						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
Cost, beginning of year	\$ 177,902	\$ 441,598	\$ 3,154,571	\$ 11,719,405	\$ 297,604	\$ 126,984	\$ 15,918,064
Additions		-	38,637	274,924	-	25,150	338,711
Disposals	-	-	-	-	-	-	-
Cost, end of year	<u>\$ 177,902</u>	<u>\$ 441,598</u>	<u>\$ 3,193,208</u>	<u>\$ 11,994,329</u>	<u>\$ 297,604</u>	<u>\$ 152,134</u>	<u>\$ 16,256,775</u>
Accumulated amortization, beginning of year	\$ -	\$ 254,252	\$ 1,106,341	\$ 5,462,605	\$ 134,546	\$ 104,883	\$ 7,062,627
Amortization	-	20,337	61,936	464,101	14,089	4,168	564,631
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 274,589</u>	<u>\$ 1,168,277</u>	<u>\$ 5,926,706</u>	<u>\$ 148,635</u>	<u>\$ 109,051</u>	<u>\$ 7,627,258</u>
Net carrying amount, end of year	<u>\$ 177,902</u>	<u>\$ 167,009</u>	<u>\$ 2,024,931</u>	<u>\$ 6,067,623</u>	<u>\$ 148,969</u>	<u>\$ 43,083</u>	<u>\$ 8,629,517</u>

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

December 31, 2017

**6. Tangible Capital Assets (continued)**

	2016						
	Land	Land	Buildings	Engineered	Machinery	Vehicles	Total
	Improvements	Improvements		Structures	and		
					Equipment		
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



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

**December 31, 2017**

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**7. Equity in Tangible Capital Assets**

	2017	2016
Tangible capital assets	\$ 16,256,775	\$ 15,918,064
Accumulated amortization	(7,627,258)	(7,062,627)
Debenture debt	(344,617)	(381,710)
	\$ 8,284,900	\$ 8,473,727

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**8. Accumulated Surplus**

	2017	2016
Equity in tangible capital assets	\$ 8,284,900	\$ 8,473,727
Unrestricted surplus	1,149,091	1,208,464
	9,433,991	9,682,191
Restricted surplus		
Administration	321,254	286,280
Equipment and Maintenance reserve	37,000	37,000
	358,254	323,280
	\$ 9,792,245	\$ 10,005,471

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, 2017

**9. Change in Accumulated Surplus**

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2017	2016
Balance, beginning of year	\$ 1,208,464	\$ 323,280	\$ 8,473,727	\$ 10,005,471	\$ 9,005,934
Excess of revenue over expenses	(213,226)	-	-	(213,226)	999,537
Proceeds from long term debt	-	-	-	-	-
Debenture principal payments	(37,093)	-	37,093	-	-
Operating transfers to restricted surplus	(34,974)	34,974	-	-	-
Acquisition of capital contributed assets	(338,711)	-	338,711	-	-
Disposals and write-down of assets	-	-	-	-	-
Amortization	564,631	-	(564,631)	-	-
Gain on disposal of assets	-	-	-	-	-
Change in accumulated surplus	\$ (59,373)	\$ 34,974	\$ (188,827)	\$ (213,226)	\$ 999,537
Balance, end of year	\$ 1,149,091	\$ 358,254	\$ 8,284,900	\$ 9,792,245	\$ 10,005,471

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Village of Caroline  
Notes to Consolidated Financial Statements

December 31, 2017

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

**December 31, 2017**

**10. Taxation - Net**

	Budget 2017	2017	2016
Real property	\$ 563,928	\$ 570,960	\$ 549,107
Government grants in place of property taxes	2,266	3,644	2,124
	<b>566,194</b>	<b>574,604</b>	551,231
Requisitions			
Alberta School Foundation Fund	91,191	90,963	96,228
Red Deer Catholic School	3,416	4,541	769
Seniors Requisition	3,452	3,542	2,559
	<b>98,059</b>	<b>99,046</b>	99,556
Available for general municipal purposes	<b>\$ 468,135</b>	<b>\$ 475,558</b>	\$ 451,675

**11. Government Transfers**

	Budget 2017	2017	2016
Operating			
Provincial government	156,951	182,260	157,678
Capital			
Provincial government	\$ 279,918	\$ 265,698	\$ 1,268,913
Total government transfers	<b>\$ 436,869</b>	<b>\$ 447,958</b>	\$ 1,426,591

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

**December 31, 2017**

**12. Expenses by Object**

	Budget 2017	2017	2016
Salaries and wages	\$ 341,642	\$ 353,300	\$ 302,061
Contracted and general services	369,760	351,111	282,486
Materials, goods and utilities	164,680	141,359	113,649
Transfer to local agencies	110,464	135,311	56,233
Interest on long-term debt	-	-	3,720
Amortization	564,631	564,631	547,818
Other expenditures	-	34,813	-
	<b>\$ 1,551,177</b>	<b>\$ 1,580,525</b>	<b>\$ 1,305,967</b>

**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 &amp; Allowances</u>	<u>Total 2017</u>	<u>Total 2016</u>
Councilor Peters	5,410	-	5,410	10,175
Councilor Parsons	2,701	-	2,701	3,400
Councilor Ceasor	550	-	550	-
Councilor Bugbee	4,625	-	4,625	5,675
Councilor Sumyk	2,450	-	2,450	3,550
Councilor Rimmer	4,400	-	4,400	3,550
Chief Administrative Officer Beebe	76,221	314	76,535	74,169

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.

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

**December 31, 2017**

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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>2017</u>	<u>2016</u>
Total debt limit	<b>\$ 1,652,400</b>	\$ 1,554,887
Total debt	<b>344,617</b>	381,709
Total debt limit available	<b><u>1,307,783</u></b>	<u>1,173,178</u>
Debt servicing limit	<b>275,400</b>	259,148
Debt servicing	<b>44,020</b>	44,020
Total debt servicing limit available	<b><u>231,380</u></b>	<u>215,128</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, 2017, the Authority held funds in excess of its liabilities.

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

**December 31, 2017**

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**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 10 year term commencing April 1, 2018. The cost of these services annually \$8,950 for 2018, \$9,000 for 2019-2021, \$9,100 for 2021-2023, \$9,200 for 2023-2025, remaining years up for negotiation closer to date of service.

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 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, 2017**

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**17. Budget**

The budget adopted by Council on February 28, 2017 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 February 28, 2017, with adjustments as follows:

	<u>2017</u>
Budgeted surplus for the year	\$ 318,629
Add:	
Budgeted transfers to reserves	34,974
Less:	
Amortization not budgeted	(564,631)
Net consolidated library board deficit	<u>(5,447)</u>
Budgeted surplus (deficit) per statement of operations	<u>\$ (216,475)</u>

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**December 31, 2017**

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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, 2017**

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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, 2017

**18. Segmented Information** (continued)

<b>For the year ended December 31, 2017</b>	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	<b>2017 Total</b>
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	475,557	\$ 475,557
Government transfers for operating	-	-	-	-	-	51,101	-	131,159	182,260
Government transfers for capital	-	265,698	-	-	-	-	-	-	265,698
Sales and user fees	9,049	-	210,096	56,202	-	23,850	32,613	8,145	339,955
Franchises and concessions	-	-	-	-	-	-	-	69,752	69,752
Investment income	-	-	-	-	-	-	-	10,893	10,893
Penalties and costs on taxes	-	-	-	-	-	-	-	15,247	15,247
Licences and permits	7,937	-	-	-	-	-	-	-	7,937
	<u>16,986</u>	<u>265,698</u>	<u>210,096</u>	<u>56,202</u>	<u>-</u>	<u>74,951</u>	<u>32,613</u>	<u>710,753</u>	<u>1,367,299</u>
<b>Expenses</b>									
Salaries and wages	-	54,277	10,482	6,178	-	84,023	6,888	191,452	353,300
Contracted and general services	16,434	25,905	152,685	28,026	12,081	22,644	1,510	91,825	351,110
Materials, goods and utilities	438	51,700	30,680	6,895	-	27,658	868	23,120	141,359
Transfer to local agencies	97,325	-	-	32,488	-	5,498	-	-	135,311
Amortization	-	365,362	48,959	65,853	-	67,708	-	16,750	564,632
Other	-	-	-	-	-	-	-	34,813	34,813
	<u>114,197</u>	<u>497,244</u>	<u>242,806</u>	<u>139,440</u>	<u>12,081</u>	<u>207,531</u>	<u>9,266</u>	<u>357,960</u>	<u>1,580,525</u>
<b>Net surplus (deficit)</b>	<b>\$ (97,211)</b>	<b>\$ (231,546)</b>	<b>\$ (32,710)</b>	<b>\$ (83,238)</b>	<b>\$ (12,081)</b>	<b>\$ (132,580)</b>	<b>\$ 23,347</b>	<b>\$ 352,793</b>	<b>\$ (213,226)</b>

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

December 31, 2017

**18. Segmented Information** (continued)

<b>For the year ended December 31, 2016</b>	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	<b>2016 Total</b>
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	451,674	\$ 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	2,394	311,148
Franchises and concessions	-	-	-	-	-	-	-	66,455	66,455
Investment income	-	-	-	-	-	-	-	3,376	3,376
Penalties and costs on taxes	-	-	-	-	-	-	-	33,217	33,217
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>55,905</u>	<u>-</u>	<u>67,538</u>	<u>2,140</u>	<u>669,446</u>	<u>2,305,504</u>
<b>Expenses</b>									
Salaries and wages	-	55,065	9,886	6,187	-	58,089	5,265	167,569	302,061
Contracted and general services	16,991	25,133	130,973	24,252	1,965	6,085	2,370	74,716	282,485
Materials, goods and utilities	200	17,661	30,731	8,867	-	29,756	33	26,401	113,649
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
Other	-	-	-	-	-	-	-	-	-
	<u>16,572</u>	<u>472,323</u>	<u>209,519</u>	<u>141,492</u>	<u>1,965</u>	<u>167,793</u>	<u>11,304</u>	<u>284,999</u>	<u>1,305,967</u>
<b>Net surplus (deficit)</b>	<b>\$ 7,123</b>	<b>\$ 796,590</b>	<b>\$ 8,348</b>	<b>\$ (85,587)</b>	<b>\$ (1,965)</b>	<b>\$ (100,255)</b>	<b>\$ (9,164)</b>	<b>\$ 384,447</b>	<b>\$ 999,537</b>

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

**December 31, 2017**

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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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