

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2014

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2014

	Contents
Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Debt	4
Consolidated Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 - 8
Notes to the Consolidated Financial Statements	9 - 28

Independent Auditors' Report

To the Mayor and Council of the Town of Didsbury

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Didsbury, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net debt 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 Town of Didsbury as at December 31, 2014 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters - Comparative Information

The consolidated financial statements of the Town of Didsbury for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on June 10, 2014.

**Red Deer, Alberta
April 28, 2015**

Chartered Accountants

Town of Didsbury
Consolidated Statement of Financial Position

December 31 **2014** **2013**

Financial assets

Cash and cash equivalents (Note 1)	\$ 5,258,035	\$ 5,831,792
Short-term investment (Note 2)	11,073	10,699
Taxes receivable (Note 3)	299,868	508,966
Accounts receivable	1,648,716	1,294,803
Inventory held for resale (Note 4)	6,092,387	1,944,570
	<u>13,310,079</u>	<u>9,590,830</u>

Liabilities

Accounts payable and accrued liabilities	2,227,892	1,239,104
Employee benefit obligation (Note 5)	106,127	-
Deposit liabilities	37,064	37,154
Deferred revenue (Note 6)	3,887,392	4,953,100
Long-term debt (Note 7)	9,061,474	7,083,719
Obligations under capital lease (Note 8)	23,410	31,057
	<u>15,343,359</u>	<u>13,344,134</u>

Net debt

(2,033,280) (3,753,304)

Non-financial assets

Tangible capital assets (Note 9)	47,418,742	42,109,215
Inventory for consumption	68,024	98,881
Prepaid expenses	13,459	5,156
	<u>47,500,225</u>	<u>42,213,252</u>

Accumulated surplus (Note 11) **\$ 45,466,945** **\$ 38,459,948**

Debenture debt limits (Note 18)

Contingencies (Note 19)

Funds held in trust (Note 20)



Chief Administrative Officer



Mayor

Town of Didsbury
Consolidated Statement of Operations

For the year ended December 31	Budget 2014	2014	2013
Revenue			
Net municipal taxes (Note 13)	\$ 4,385,069	\$ 4,359,049	\$ 4,266,130
Government transfers for operating (Note 14)	655,833	717,017	1,111,578
Sales and user fees	5,091,541	3,910,566	3,552,235
Franchises and concessions	442,000	522,128	449,605
Investment income	15,000	13,656	13,925
Penalties and fines	60,100	139,482	186,949
Licenses and permits	111,000	121,738	105,949
Contributed assets	-	882,726	-
	<u>10,760,543</u>	<u>10,666,362</u>	<u>9,686,371</u>
Expenses (Note 15)			
Legislative	214,359	240,470	190,252
Administration	741,403	772,575	829,530
Protective services	801,276	850,279	734,878
Transportation services	1,681,943	1,800,800	1,704,958
Water and wastewater	1,798,429	1,826,076	1,813,321
Waste management	424,589	503,215	487,975
Planning and development	852,815	627,252	560,050
Recreation, parks and culture	3,170,165	2,829,188	2,556,891
Community services	800,295	841,342	652,149
	<u>10,485,274</u>	<u>10,291,197</u>	<u>9,530,004</u>
Excess (deficiency) of revenue over expenditures - before other	275,269	375,165	156,367
Other			
Government transfers for capital (Note 14)	9,102,500	6,627,385	1,666,652
Gain (loss) on disposal of capital assets	-	4,447	(26,961)
	<u>9,377,769</u>	<u>7,006,997</u>	<u>1,796,058</u>
Excess (deficiency) of revenue over expenditures	9,377,769	7,006,997	1,796,058
Accumulated surplus, beginning of year	38,459,948	38,459,948	36,663,890
Accumulated surplus, end of year	<u>\$ 47,837,717</u>	<u>\$ 45,466,945</u>	<u>\$ 38,459,948</u>

Town of Didsbury
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2014	2014	2013
Excess (deficiency) of revenue over expenditures	\$ 9,377,769	\$ 7,006,997	\$ 1,796,058
Acquisition of tangible capital assets	(9,646,800)	(6,999,537)	(2,475,275)
Amortization of tangible capital assets	1,674,456	1,674,457	1,433,707
Net (gain) loss on sale of tangible capital assets	-	(4,447)	26,961
Proceeds on sale of tangible capital assets	-	20,000	4,000
	1,405,425	1,697,470	785,451
Change in prepaid expenses	-	(8,303)	(143)
Use/consumption of prepaid expenses and inventory of supplies	-	30,857	7,096
Net change in net debt	1,405,425	1,720,024	792,404
Net debt, beginning of year	(3,753,304)	(3,753,304)	(4,545,708)
Net debt, end of year	\$ (2,347,879)	\$ (2,033,280)	\$ (3,753,304)

Town of Didsbury
Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
Operating transactions		
Excess (deficiency) of revenue over expenditures	\$ 7,006,997	\$ 1,796,058
Items not involving cash		
Amortization	1,674,457	1,433,708
Net loss (gain) on disposal of tangible capital assets	(4,447)	26,961
Changes in non-cash operating balances		
Taxes receivable	209,098	-
Accounts receivable	(353,913)	414,658
Bank overdraft	-	(269,423)
Inventory held for resale	(4,147,817)	(12,697)
Prepaid expenses	(8,303)	(143)
Accounts payable and accrued liabilities	988,788	234,761
Inventory for consumption	30,857	7,096
Employee benefit obligation	106,127	-
Deposit liabilities	(90)	(32,838)
Deferred revenue	(1,065,708)	(61,916)
	<u>4,436,046</u>	<u>3,536,225</u>
Capital transactions		
Acquisition of tangible capital assets	(6,999,537)	(2,457,223)
Proceeds on sale of tangible capital assets	20,000	4,000
	<u>(6,979,537)</u>	<u>(2,453,223)</u>
Investing transactions		
Change of investments	(374)	(336)
Restricted cash balances	1,065,708	(4,953,100)
	<u>1,065,334</u>	<u>(4,953,436)</u>
Financing transactions		
Proceeds from issuance of debt	2,700,000	-
Repayment of debt	(722,245)	(628,893)
Repayment of obligations under capital lease	(7,647)	(16,589)
	<u>1,970,108</u>	<u>(645,482)</u>
Net change in cash and cash equivalents	491,951	(4,515,916)
Cash and cash equivalents, beginning of year	878,692	5,394,608
Cash and cash equivalents, end of year	\$ 1,370,643	\$ 878,692
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 5,258,035	\$ 5,831,792
Less: restricted (Note 1)	(3,887,392)	(4,953,100)
	<u>\$ 1,370,643</u>	<u>\$ 878,692</u>

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

Town of Didsbury
Summary of Significant Accounting Policies

December 31, 2014

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

The consolidated financial statements of the Town 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 the Canadian Institute of Chartered Accountants.

Basis of Consolidation

The financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Family and Community Support Services
Didsbury Municipal Library

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

The statement excludes trust assets that are administered for the benefit of external parties. 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.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

Land held for Resale

Land held for resale is recorded at lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

Inventory of Supplies

Inventories of materials and supplies for consumption are valued at the lower of cost or replacement cost.

**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.

Town of Didsbury
Summary of Significant Accounting Policies

December 31, 2014

**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 45 years
Buildings	10 to 50 years
Engineered Structures	
Water system	45 to 75 years
Wastewater system	45 to 75 years
Other engineered structures	15 to 30 years
Machinery, equipment and furnishings	5 to 20 years
Vehicles	10 to 20 years

Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Town, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

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.

Town of Didsbury
Summary of Significant Accounting Policies

December 31, 2014

Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>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.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>
Use of Estimates	<p>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.</p>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

1. Cash and Cash Equivalents

	2014	2013
Current account	\$ 1,426,650	\$ 885,940
Redeemable guaranteed investment certificates, bearing interest at a rate of 1.5%	3,831,385	4,945,852
	<u>\$ 5,258,035</u>	<u>\$ 5,831,792</u>

The Town has an undrawn line of credit with a limit of \$1 million with Mountain View Credit Union Limited, which bears interest at prime rate less 0.5% per annum.

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
MSI grant	\$ 2,773,843	\$ 4,119,966
Federal Gas Tax Fund grant	269,390	105,016
AMIP grant	563,930	685,607
BMGT grant	224,220	35,262
Other	56,009	7,249
	<u>\$ 3,887,392</u>	<u>\$ 4,953,100</u>

2. Short-term Investments

	2014	2013
Shares of Mountain View Credit Union	\$ 11,073	\$ 10,699

3. Taxes Receivable

	2014	2013
Current taxes and grants in place	\$ 102,064	\$ 362,687
Non-current taxes and grants in place	197,804	146,279
	<u>\$ 299,868</u>	<u>\$ 508,966</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

4. Inventories for Resale

	<u>2014</u>	<u>2013</u>
Land held for resale	<u>\$ 6,092,387</u>	<u>\$ 1,944,570</u>

5. Employee Benefit Obligation

	<u>2014</u>
Accrued vacation pay	<u>\$ 106,127</u>

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

6. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
MSI grant	\$ 4,119,966	970,166	(2,316,289)	\$ 2,773,843
AMIP grant	685,607	10,443	(132,120)	563,930
Federal Gas Tax	105,016	271,549	(107,175)	269,390
BMTG Grant	35,262	298,056	(109,098)	224,220
Other deferred revenue	7,249	54,010	(5,250)	56,009
	<u>\$ 4,953,100</u>	<u>1,604,224</u>	<u>(2,669,932)</u>	<u>\$ 3,887,392</u>

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Town 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.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

7. Long-Term Debt

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

	2014	2013
Alberta Capital Finance Municipal loans		
Loan with interest at 9.50% per annum, with annual blended payments of \$45,391, maturing in 2015.	\$ 41,453	\$ 79,309
Loan with interest at 9.00% per annum, with annual blended payments of \$92,050, maturing in 2015.	\$ 92,050	\$ 176,500
Loan with interest at 6.6250% per annum, with annual blended payments of \$91,225, maturing in 2025.	\$ 697,029	\$ 739,277
Loan with interest at 4.5840% per annum, with annual blended payments of \$74,340, maturing in 2021.	\$ 440,878	\$ 493,203
Loan with interest at 4.8935% per annum, with annual blended payments of \$50,139, maturing in 2027.	\$ 478,091	\$ 503,885
Loan with interest at 4.0570% per annum, with annual blended payments of \$226,289, maturing in 2018.	\$ 827,822	\$ 1,014,818
Loan with interest at 3.5690% per year, with annual blended payments of \$148,995, maturing in 2026.	\$ 1,395,326	\$ 1,491,929
Loan with interest at 2.6760% per year, with annual blended payments of \$69,172, maturing in 2029.	\$ 1,700,000	\$ -
Canadian Minerals Inc Mortgage		
Mortgage payable, interest at 1.00% per annum for the first three years, 3.00% thereafter.		
Interest payments only for the first three years, Annual blended payments of \$91,599 thereafter, maturing in 2029.	\$ 1,093,500	\$ 1,093,500
Mountain View Credit Union Loans		
Term loan, interest at prime rate minus 0.50% per annum, with semi-annual blended payments of \$23,043, maturing in 2016.	\$ 88,802	\$ 131,269

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

7. Long-Term Debt (Continued)

Mortgage payable, interest at prime rate per annum, with semi-annual blended payments of \$41,866, maturing in 2036.	\$ 1,277,254	\$ 1,315,284
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Demand loan, interest at prime rate minus 0.50% per annum, with semi-annual blended payments of \$79,325, maturing in 2021.	\$ 929,269	\$ -
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Loan repaid during the year	\$ -	\$ 44,745
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	9,061,474	7,083,719
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Principal and interest payments relating to net debt of \$9,061,474 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2015	\$ 921,824	\$ 332,880	\$ 1,254,704
2016	817,715	291,264	1,108,979
2017	801,875	261,018	1,062,893
2018	832,266	230,627	1,062,893
2019	635,301	201,302	836,603
Thereafter	5,052,493	941,923	5,994,416
	\$ 9,061,474	\$ 2,259,014	\$ 11,320,488

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

8. Obligations under Capital Lease

	2014	2013
Capital equipment leases, payable in monthly instalments of \$780 including interest at 6.25% per annum until 2016, secured by equipment with a book value of \$41,461.	<u>\$ 23,410</u>	<u>\$ 31,057</u>
2015	\$ 8,140	
2016	<u>11,497</u>	
	\$ 19,637	
Add imputed interest:	<u>3,773</u>	
	<u>23,410</u>	

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

9. Tangible Capital Assets

	2014						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress
Cost, beginning of year	\$ 3,130,447	\$ 2,315,769	\$ 8,654,014	\$ 45,540,292	\$ 2,547,483	\$ 1,403,300	\$ 4,058,219
Additions		14,477	474,691	991,824	69,259	97,381	9,494,787
Change in Work in Progress	-	-	-	-	-	-	-
Moved to land held for resale	-	-	-	-	-	-	(4,142,882)
Write-downs & disposals	-	-	-	-	(45,794)	(19,200)	(64,994)
Cost, end of year	\$ 3,130,447	\$ 2,330,246	\$ 9,128,705	\$ 46,532,116	\$ 2,570,948	\$ 1,481,481	\$ 9,410,124
Accumulated amortization, beginning of year	\$ -	\$ 471,364	\$ 3,114,603	\$ 20,073,019	\$ 1,258,445	\$ 622,878	\$ -
Amortization	-	134,586	272,753	1,005,557	166,578	94,983	-
Write-downs & disposals	-	-	-	-	(41,761)	(7,680)	-
Accumulated amortization, end of year	\$ -	\$ 605,950	\$ 3,387,356	\$ 21,078,576	\$ 1,383,262	\$ 710,181	\$ -
Net carrying amount, end of year	\$ 3,130,447	\$ 1,724,296	\$ 5,741,349	\$ 25,453,540	\$ 1,187,686	\$ 771,300	\$ 9,410,124
							\$ 47,418,742

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

9. Tangible Capital Assets (continued)

	2013						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress
Cost, beginning of year	\$ 3,130,447	\$ 1,477,533	\$ 8,654,014	\$ 40,520,948	\$ 2,359,329	\$ 1,403,300	\$ 7,697,410
Additions	-	-	-	-	189,600	-	2,285,673
Change in work in progress	-	838,236	-	5,081,328	5,300	-	(5,924,864)
Disposals	-	-	-	(61,984)	(6,746)	-	-
Cost, end of year	\$ 3,130,447	\$ 2,315,769	\$ 8,654,014	\$ 45,540,292	\$ 2,547,483	\$ 1,403,300	\$ 4,058,219
Accumulated amortization, beginning of year	\$ -	\$ 404,926	\$ 2,935,188	\$ 19,154,914	\$ 1,108,078	\$ 541,264	\$ -
Amortization	-	66,438	179,415	952,501	153,740	81,614	-
Disposals	-	-	-	(34,396)	(3,373)	-	-
Accumulated amortization, end of year	\$ -	\$ 471,364	\$ 3,114,603	\$ 20,073,019	\$ 1,258,445	\$ 622,878	\$ -
Net carrying amount, end of year	\$ 3,130,447	\$ 1,844,405	\$ 5,539,411	\$ 25,467,273	\$ 1,289,038	\$ 780,422	\$ 4,058,219
							\$ 42,109,215

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

10. Equity in Tangible Capital Assets

	2014	2013
Tangible capital assets	\$ 74,584,067	\$ 67,649,524
Accumulated amortization	(27,165,325)	(25,540,309)
Debenture debt	(4,277,324)	(3,051,735)
Long-term debt	(1,366,053)	(1,446,554)
Capital lease	(23,410)	(31,057)
	<u>\$ 41,751,955</u>	<u>\$ 37,579,869</u>

11. Accumulated Surplus

	2014	2013
Equity in tangible capital assets	\$ 41,751,955	\$ 37,579,869
Unrestricted surplus (deficit)	716,612	(2,210,119)
	<u>42,468,567</u>	<u>35,369,750</u>
Restricted surplus		
Operating		
General operating	572,536	571,242
Utilities	892,758	1,109,168
DOSCA	28,881	22,673
Cemetery	13,949	13,917
Culture	121,709	120,285
Capital		
Land Development	60,102	59,966
Protective Services	540,070	441,999
Utilities	461,808	445,075
Recreation facilities	254,006	253,432
Roads, streets, walks and lighting	52,559	52,441
	<u>2,998,378</u>	<u>3,090,198</u>
	<u>\$ 45,466,945</u>	<u>\$ 38,459,948</u>

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.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

12. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2014	2013
Balance, beginning of year	\$ (2,210,119) \$	3,090,198 \$	37,579,869 \$	38,459,948 \$	36,663,890
Excess of revenue over expenses	7,006,997	-	-	7,006,997	1,796,058
Net operating transfers to restricted surplus	91,820	(91,820)	-	-	-
Debtenture and capital lease principal payments on capital	(562,559)	-	562,559	-	-
Transfer of land held for resale	4,142,882	-	(4,142,882)	-	-
Acquisition of capital	(11,142,419)	-	11,142,419	-	-
Disposals and write-down of assets	15,553	-	(15,553)	-	-
Amortization	1,674,457	-	(1,674,457)	-	-
Debtenture proceeds	1,700,000	-	(1,700,000)	-	-
Change in accumulated surplus	\$ 2,926,731 \$	(91,820) \$	4,172,086 \$	7,006,997 \$	1,796,058
Balance, end of year	\$ 716,612 \$	2,998,378 \$	41,751,955 \$	45,466,945 \$	38,459,948

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

13. Taxation - Net

	Budget 2014	2014	2013
Real property	\$ 5,744,215	\$ 5,780,620	\$ 5,651,388
Linear property	68,933	31,271	62,850
Government grants in place of property taxes	28,853	5,586	27,599
Special assessments and local improvement taxes	5,803	7,037	7,069
	<u>5,847,804</u>	<u>5,824,514</u>	<u>5,748,906</u>
Requisitions			
Alberta School Foundation Fund	1,360,268	1,362,998	1,417,843
Senior Housing Requisition	76,782	76,782	39,248
MVC Annexation	25,685	25,685	25,685
	<u>1,462,735</u>	<u>1,465,465</u>	<u>1,482,776</u>
Available for general municipal purposes	<u>\$ 4,385,069</u>	<u>\$ 4,359,049</u>	<u>\$ 4,266,130</u>

14. Government Transfers

	Budget 2014	2014	2013
Operating			
Federal government	\$ 6,000	\$ 16,106	\$ 6,685
Provincial government	616,833	668,067	1,072,049
Other local government	33,000	32,844	32,844
	<u>\$ 655,833</u>	<u>\$ 717,017</u>	<u>\$ 1,111,578</u>
Capital			
Federal government	\$ -	\$ -	\$ 112,818
Provincial government	9,102,500	6,627,385	1,553,834
	<u>\$ 9,102,500</u>	<u>\$ 6,627,385</u>	<u>\$ 1,666,652</u>
Total government transfers	<u>\$ 9,758,333</u>	<u>\$ 7,344,402</u>	<u>\$ 2,778,230</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

15. Expenses by Object

	Budget 2014	2014	2013
Salaries and wages	\$ 3,736,022	\$ 3,922,855	\$ 3,471,290
Contracted and general services	1,156,071	1,224,778	1,227,849
Purchases from other governments	10,000	-	-
Materials, goods and utilities	3,298,712	2,887,211	2,805,928
Transfer to local agencies	304,705	213,178	203,387
Transfer to individuals and organizations	-	74,459	75,985
Bank charges and short term interest	20,000	12,143	7,669
Interest on long-term debt	285,308	282,116	304,189
Amortization	1,674,456	1,674,457	1,433,707
	<u>\$ 10,485,274</u>	<u>\$ 10,291,197</u>	<u>\$ 9,530,004</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

16. Municipal Employees Pension Plans

Local Authorities Pension Plan

Certain employees of the Town are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 200,000 people and over 400 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Town contributes to the Plan at a rate of 10.43% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 14.74% for the excess. Employees contribute to the Plan at a rate of 9.43% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 13.74% for the excess.

Contributions for the year were:

	2014	2013
Employer contributions	\$ 246,923	\$ 195,920
Employee contributions	226,717	178,475
	<u>\$ 473,640</u>	<u>\$ 374,395</u>

As this is a multi-employer pension plan, these contributions are the Town's pension benefit expense. No pension liability for this type of plan is included in the Town's financial statements. The most recent valuation as at December 31, 2013 indicates a deficit of \$4.86 billion (2012 - \$4.98 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

17. 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 2014</u>	<u>Total 2013</u>
Councilor Brian Wittal	-	-	-	23,828
Councilor Rick Mousseau	33,123	902	34,025	22,415
Councilor Gail Nowlan	21,895	546	22,441	14,679
Councilor Kimberley Moore	18,530	435	18,965	4,206
Councilor Joyce McCoy	23,535	15	23,550	4,627
Councilor Sheila Schulz	22,113	554	22,667	3,879
Councilor Garth Hollinger	24,958	648	25,606	4,012
Councilor Gayle Veno	-	-	-	13,587
Councilor Donald Adams	23,788	609	24,397	16,074
Councilor Ray Anderson	-	-	-	2,458
Councilor Peter Versluys	-	-	-	12,366
Chief Administration Officer	145,879	26,784	172,663	144,499

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 pension, health care, dental coverage, group life insurance, accidental disability and dismemberment, dental coverage, vision coverage, and long and short term disability plans.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

18. Debt Limits

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

	2014	2013
Total debt limit	\$ 14,800,559	\$ 14,529,555
Total debt	9,084,882	7,114,774
Total debt limit available	5,715,677	7,414,781
Debt servicing limit	2,466,760	2,421,593
Debt servicing	2,060,785	938,803
Total debt servicing limit available	405,975	1,482,790

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

19. Contingencies

The Town is a member of the Alberta Local Municipal Reciprocal Insurance Exchange (Munix). Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town is a member of the Mountain View Regional Water Services Commission and the Mountain View Regional Waste Management Commission. Under the terms of the membership, the town is liable for its proportionate share of any losses incurred by the commissions. Any liability would be accounted for in the year the losses are determined.

The Town has entered into an agreement with Mountain View County to build a new Fire Hall. Based on the agreement, total estimated cost is 4 million dollars with Mountain View County contributing 1.75 million.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

20. Funds Held in Trust

The Town administers the Arts & Craft Guild, Mountain View Disaster Services Association and the Didsbury Cemetery Committee trust funds. The following amounts were held in trust as at year end

	2014	2013
Arts & Craft Guild	\$ 505	\$ 505
Mountain View Disaster Services Association	1,159	1,110
Didsbury Cemetery Committee	7,599	17,759
Charitable Donations	1,460	1,360
	<u>\$ 10,723</u>	<u>\$ 20,734</u>

21. Budget

The budget adopted by Council on January 28, 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 fund current year operation and capital activities. In addition, the budget expensed all tangible capital asset expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by Council on January 28, 2014, with adjustments as follows:

	2014
Operating budget surplus	\$ 67
Add:	
Debenture principal payments	647,916
Net operating transfers to reserves	604,261
Capital budget deficit	\$ -
Add:	
Capital expenditures	9,646,800
Less:	
Budgeted net transfers from operations	150,646
Amortization not budgeted	<u>(1,671,921)</u>
Budgeted combined surplus per statement of operations	<u>\$ 9,377,769</u>

December 31, 2014

22. Segmented Information

The Town 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 Town's citizens and collects and treats wastewater. The Town 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 town planning and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation, Parks and Culture

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.

Community Services

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 Town itself and cannot be directly attributed to a specific segment.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

22. 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.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

22. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation, Parks, Culture	Community Services	General Government	2014 Total
Revenue									
Taxation	\$ -	\$ -	\$ 16,629	\$ -	\$ -	\$ -	-	\$ 4,342,420	\$ 4,359,049
Government transfers for operating	-	-	-	-	5,600	169,298	542,119	-	717,017
Government transfers for capital	132,120	109,098	6,005,492	-	83,403	297,273	-	-	6,627,386
Sales and user fees	389,037	68,544	1,774,517	485,082	2,389	905,526	164,036	121,434	3,910,565
Franchises and concessions	-	-	-	-	-	-	-	522,128	522,128
Investment income	-	-	-	-	-	-	-	13,656	13,656
Penalties and fines	13,378	-	11,478	-	-	-	-	114,626	139,482
Licences and permits	19,298	-	-	-	102,440	-	-	-	121,738
Gain (loss) on disposal of assets	(1,520)	8,000	(2,033)	-	-	-	-	-	4,447
Contributed assets	-	342,000	540,726	-	-	-	-	-	882,726
	552,313	527,642	8,346,809	485,082	193,832	1,372,097	706,155	5,114,264	17,298,194
Expenses									
Salaries and wages	383,196	278,072	482,786	73,646	307,649	1,240,055	564,147	593,359	3,922,860
Contracted and general services	69,341	209,105	65,242	328,868	39,978	342,422	15,843	153,979	1,224,778
Materials, goods and utilities	272,092	366,510	933,323	87,198	197,775	617,553	193,893	218,863	2,887,207
Transfer to local agencies	-	-	-	-	-	213,178	-	-	213,178
Transfers to individuals and organizations	-	-	-	-	-	-	67,459	7,000	74,459
Bank charges and short-term interests	-	-	-	-	-	-	-	12,143	12,143
Interest on long-term debt	47,336	115,338	37,993	-	73,851	7,598	-	-	282,116
Amortization	78,314	831,825	306,732	13,503	7,999	408,382	-	27,701	1,674,456
	850,279	1,800,800	1,826,076	503,215	627,252	2,829,188	841,342	1,013,045	10,291,197
Net surplus (deficit)	\$ (297,966)	\$ (1,273,158)	\$ 6,520,733	\$ (18,133)	\$ (433,420)	\$ (1,457,091)	\$ (135,187)	\$ 4,101,219	\$ 7,006,997

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

22. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation, Parks, Culture	Community Services	General Government	2013 Total
Revenue									
Taxation	\$ -	\$ -	\$ 26,638	\$ -	\$ -	\$ -	\$ -	\$ 4,239,492	\$ 4,266,130
Government transfers for operating	-	-	-	-	10,000	688,701	412,877	-	1,111,578
Government transfers for capital	-	511,851	1,041,983	-	-	-	-	112,818	1,666,652
Sales and user fees	448,129	59,530	1,431,027	450,816	11,888	939,638	140,674	70,533	3,552,235
Franchises and concessions	-	-	-	-	-	-	-	449,605	449,605
Investment income	-	-	-	-	-	-	-	13,925	13,925
Penalties and fines	29,121	-	13,857	-	-	-	-	143,971	186,949
Licences and permits	13,587	-	-	-	90,647	-	-	1,715	105,949
Gain (loss) on disposal of assets	-	(26,961)	-	-	-	-	-	-	(26,961)
	490,837	544,420	2,513,505	450,816	112,535	1,628,339	553,551	5,032,059	11,326,062
Expenses									
Salaries and wages	318,443	243,991	393,625	47,269	298,562	1,155,370	445,490	568,540	3,471,290
Contracted and general services	47,690	207,986	162,829	339,334	66,145	265,542	9,119	129,204	1,227,849
Materials, goods and utilities	259,690	351,492	913,528	87,869	118,305	678,399	129,055	267,590	2,805,928
Transfer to local agencies	-	-	-	-	-	203,387	-	-	203,387
Transfers to individuals and organizations	-	-	-	-	2,500	-	68,485	5,000	75,985
Bank charges and short- term interest	-	-	-	-	-	-	-	7,669	7,669
Interest on long-term debt	53,713	127,707	42,995	-	66,539	13,235	-	-	304,189
Amortization	55,342	773,783	300,344	13,503	7,999	240,957	-	41,779	1,433,707
Other	-	-	-	-	-	-	-	-	-
	734,878	1,704,959	1,813,321	487,975	560,050	2,556,890	652,149	1,019,782	9,530,004
Net surplus (deficit)	\$ (244,041)	\$ (1,160,539)	\$ 700,184	\$ (37,159)	\$ (447,515)	\$ (928,551)	\$ (98,598)	\$ 4,012,277	\$ 1,796,058

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2014

23. Comparative Figures

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