

**Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2018**

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2018

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Independent Auditor's Report

To the Mayor and Council of the Town of Didsbury

Opinion

We have audited the consolidated financial statements of Town of Didsbury and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and its consolidated financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

Independent Auditor's Report, continued

- obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants,
Red Deer, Alberta
April 23, 2019

Town of Didsbury
Consolidated Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash and cash equivalents (Note 1)	\$ 4,310,076	\$ 3,063,494
Short-term investment (Note 2)	12,567	11,998
Taxes receivable (Note 3)	424,884	596,043
Accounts receivable (Note 4)	1,861,103	989,005
Loans receivable (Note 5)	330,178	624,835
Inventory held for resale (Note 6)	1,616,669	1,616,669
	<u>8,555,477</u>	<u>6,902,044</u>
Liabilities		
Accounts payable and accrued liabilities	1,537,473	627,334
Employee benefit obligation (Note 7)	131,171	149,517
Deposit liabilities	17,512	18,382
Deferred revenue (Note 8)	1,458,207	1,645,787
Long-term debt (Note 9)	4,991,775	5,732,727
	<u>8,136,138</u>	<u>8,173,747</u>
Net financial assets (debt)	<u>419,339</u>	<u>(1,271,703)</u>
Non-financial assets		
Tangible capital assets (Note 10)	61,682,890	60,679,585
Inventory for consumption	86,059	90,323
Prepaid expenses	121,586	21,327
	<u>61,890,535</u>	<u>60,791,235</u>
Accumulated surplus (Note 12)	<u>\$ 62,309,874</u>	<u>\$ 59,519,532</u>
Debt and contingencies		
Debenture debt limits (Note 19)		
Contingencies (Note 20)		
Funds held in trust (Note 21)		

Town of Didsbury
Consolidated Statement of Operations

For the year ended December 31	Budget 2018	2018	2017
Revenue			
Net municipal taxes (Note 14)	\$ 4,896,590	\$ 4,893,710	\$ 4,776,376
Government transfers for operating (Note 15)	816,650	886,628	708,613
Sales and user fees	4,929,558	4,173,130	4,604,408
Franchises and concessions	730,000	716,074	743,178
Investment income	10,000	72,939	14,035
Penalties and fines	60,900	235,157	211,126
Licenses and permits	118,500	139,073	140,716
	<u>11,562,198</u>	<u>11,116,711</u>	<u>11,198,452</u>
Expenditures (Note 16)			
Legislative	241,114	202,776	226,579
Administration	761,292	656,765	683,682
Protective services	1,284,539	1,261,065	1,205,460
Transportation services	1,778,880	1,853,829	1,802,025
Water and wastewater	2,051,556	2,129,504	2,055,661
Waste management	458,748	439,633	462,009
Planning and development	735,066	567,733	552,941
Recreation, parks and culture	2,932,793	2,668,894	2,659,849
Community services	688,300	599,215	689,493
	<u>10,932,288</u>	<u>10,379,414</u>	<u>10,337,699</u>
Excess of revenue over expenditures before other	629,910	737,297	860,753
Other			
Government transfers for capital (Note 15)	1,537,202	2,128,150	2,464,014
Gain (loss) on disposal of capital assets	-	(75,105)	(29,753)
Contributed assets	-	-	318,500
	<u>2,167,112</u>	<u>2,790,342</u>	<u>3,613,514</u>
Excess of revenue over expenditures	2,167,112	2,790,342	3,613,514
Accumulated surplus, beginning of the year	59,519,532	59,519,532	55,906,018
Accumulated surplus, end of year	<u>\$ 61,686,644</u>	<u>\$ 62,309,874</u>	<u>\$ 59,519,532</u>

Town of Didsbury

Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31	Budget 2018	2018	2017
Excess of revenue over expenditures	\$ 2,167,112	\$ 2,790,342	\$ 3,613,514
Acquisition of tangible capital assets	1,854,282	(3,048,734)	(4,161,758)
Amortization of tangible capital assets	1,926,898	1,926,897	1,870,864
Net loss on disposal of tangible capital assets	-	75,105	29,753
Proceeds on disposal of tangible capital assets	-	43,427	44,379
Contributed assets	-	-	(318,500)
	5,948,292	1,787,037	1,078,252
Change in prepaid expenses	-	(100,259)	23,256
Consumption of inventory of supplies	-	4,264	(13,057)
Net change in net financial assets (debt)	5,948,292	1,691,042	1,088,451
Net debt, beginning of year	(1,271,703)	(1,271,703)	(2,360,154)
Net financial assets (debt), end of year	\$ 4,676,589	\$ 419,339	\$ (1,271,703)

Town of Didsbury
Consolidated Statement of Cash Flows

For the year ended December 31	2018	2017
Operating transactions		
Excess of revenue over expenditures	\$ 2,790,342	\$ 3,613,514
Items not involving cash		
Contributed assets	-	(318,500)
Amortization	1,926,897	1,870,864
Net loss on disposal of tangible capital assets	75,105	29,753
Changes in non-cash operating balances		
Taxes receivable	171,159	(123,636)
Accounts receivable	(872,098)	145,687
Prepaid expenses	(100,259)	23,256
Accounts payable and accrued liabilities	910,139	(181,752)
Inventory for consumption	4,264	(13,057)
Employee benefit obligation	(18,346)	(11,669)
Deposit liabilities	(870)	(26,417)
Deferred revenue	(187,580)	(1,190,741)
	<u>4,698,753</u>	<u>3,817,302</u>
Capital transactions		
Acquisition of tangible capital assets	(3,048,734)	(4,161,758)
Proceeds on disposal of tangible capital assets	43,427	44,379
	<u>(3,005,307)</u>	<u>(4,117,379)</u>
Investing transactions		
Change of investments	(569)	(337)
Restricted cash balances	1,246,546	1,319,691
Loans receivable	294,657	(20,666)
	<u>1,540,634</u>	<u>1,298,688</u>
Financing transactions		
Repayment of debt	(740,952)	(718,395)
Repayment of obligations under capital lease	-	(6,609)
	<u>(740,952)</u>	<u>(725,004)</u>
Net change in cash and cash equivalents	2,493,128	273,607
Cash and cash equivalents, beginning of year	<u>1,546,657</u>	<u>1,273,050</u>
Cash and cash equivalents, end of year	<u>\$ 4,039,785</u>	<u>\$ 1,546,657</u>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 4,310,076	\$ 3,063,494
Less: restricted (Note 1)	(270,291)	(1,516,837)
	<u>\$ 4,039,785</u>	<u>\$ 1,546,657</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, 2018

**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 Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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:

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, 2018

**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, 2018

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>
Liability for Contaminated Sites	<p>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.</p>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

1. Cash and Cash Equivalents

	2018	2017
Current account, bearing interest at 2.25%	\$ 1,186,460	\$ 168,474
Savings, bearing interest at 2.25%	3,123,616	2,895,020
	<u>\$ 4,310,076</u>	<u>\$ 3,063,494</u>

The Town of Didsbury has established a line of credit with Mountain View Financial ("MVF") to a maximum of \$1,000,000 which bears interest at prime rate. As of December 31, 2018 \$nil (2017 - \$nil) was drawn on this line of credit. At December 31, 2018, prime rate was 3.95% (2017 - 3.20%).

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

	2018	2017
Municipal Sustainability Initiative ("MSI")	\$ 259,234	\$ 1,144,835
Gas Tax Fund ("GTF")	11,057	372,002
	<u>\$ 270,291</u>	<u>\$ 1,516,837</u>

2. Short-term Investments

	2018	2017
Mountain View Financial Shares	\$ 12,567	\$ 11,998

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

3. Taxes Receivable

	2018	2017
Current taxes and grants in place	\$ 272,210	\$ 369,485
Non-current taxes	152,674	226,558
	<u>\$ 424,884</u>	<u>\$ 596,043</u>

4. Accounts Receivable

	2018	2017
Grants receivable	\$ 1,146,467	\$ 268,119
Utilities receivable	257,587	281,672
Goods and service tax receivable	142,203	82,226
Other receivables	314,846	356,988
	<u>\$ 1,861,103</u>	<u>\$ 989,005</u>

5. Loans Receivable

	2018	2017
Mortgage receivable, repayable in monthly installments of \$2,333, due July 2021	\$ 89,333	\$ 119,000
Loan receivable, repayable in annual installments of \$10,000, due August 2022	50,000	-
Loan receivable, repayable in blended annual payments of \$5,862, due February 2027	45,638	50,000
Loan receivable, quarterly interest only payments until development occurs	145,207	145,207
Loan receivable	-	310,628
	<u>\$ 330,178</u>	<u>\$ 624,835</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

6. Inventories for Resale

	<u>2018</u>	<u>2017</u>
DHS Land	\$ 800,000	\$ 800,000
Shantz Crossing	816,669	816,669
	<u>1,616,669</u>	<u>1,616,669</u>

The Town has invested certain costs in the development of Shantz Crossing which are included in Tangible Capital Assets and interest on long-term debt in the year in which it was incurred.

Land held for resale as above	\$ 816,669	\$ 816,669
Infrastructure to be retained by the Town	4,147,817	4,147,817
Land to be retained by the Town	114,350	114,350
Utility adjustments	(47,506)	(47,506)
Subdivision servicing - 2007	429,250	429,250
Off-site levies per bylaw	942,204	942,204
Interest on loans related to items above	578,009	519,200
	<u>\$ 6,980,793</u>	<u>\$ 6,921,984</u>
Total investment in Shantz Crossing		

7. Employee Benefit Obligation

	<u>2018</u>	<u>2017</u>
Accrued vacation pay	\$ 131,171	\$ 149,517

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

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

8. Deferred Revenue

	Opening balance	Contributions received	Interest earned	Revenue recognized	Ending balance
MSI Capital	\$ 1,144,835	1,220,751	21,221	(1,359,158)	\$ 1,027,649
MSI Operating	-	169,360	-	(169,360)	-
Mountain View County	-	481,894	-	(481,894)	-
CWWF	-	50,000	-	(50,000)	-
FCSS	-	128,486	-	(128,486)	-
Alberta Daycare Subsidy	-	95,413	-	(95,413)	-
GTF	372,002	290,552	4,420	(365,366)	301,608
BMTG	-	316,080	45	(316,125)	-
Canada Summer Jobs	-	1,632	-	(1,632)	-
Celebrate Canada	-	1,450	-	(1,450)	-
AMWWP	-	37,500	-	(37,500)	-
Other deferred revenue	128,950	-	-	-	128,950
Summer Temporary Employment Program "STEP"	-	9,650	-	(9,650)	-
Emergency Management Preparedness Program "EMPP"	-	(2,312)	-	2,312	-
Alberta Historical Resources Foundation Heritage Partnership Program	-	1,056	-	(1,056)	-
	<u>\$ 1,645,787</u>	<u>2,801,512</u>	<u>25,686</u>	<u>(3,014,778)</u>	<u>\$ 1,458,207</u>

Grants

Under various grant agreements with the Government of Canada and the Government 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, 2018

9. Long-Term Debt

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

	<u>2018</u>	<u>2017</u>
Alberta Capital Finance Authority "ACFA"		
Loan with interest at 6.6250% per annum, with semi-annual blended payments of \$91,225, maturing in 2025.	\$ 498,132	\$ 552,738
Loan with interest at 4.5840% per annum, with semi-annual blended payments of \$37,170, maturing in 2021.	206,169	268,893
Loan with interest at 4.8935% per annum, with semi-annual blended payments of \$25,070, maturing in 2027.	361,492	392,788
Loan paid out in the year.	-	219,586
Loan with interest at 3.5690% per year, with semi-annual blended payments of \$74,498, maturing in 2026.	972,855	1,084,141
Loan with interest at 2.6760% per year, with annual blended payments of \$69,172, maturing in 2029.	1,310,728	1,411,960
Canadian Minerals Inc. mortgage payable with interest at 3.00% per year, with annual blended payments of \$91,599, maturing in 2029.	632,856	703,354
MVF mortgage payable, interest at prime rate per annum, with semi-annual blended payments of \$63,065, maturing in 2036.	\$ 1,009,543	\$ 1,099,267
	<u>\$ 4,991,775</u>	<u>\$ 5,732,727</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

9. Long-Term Debt (Continued)

Principal and interest payments relating to long-term debt of \$4,991,775 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2019	\$ 536,064	\$ 184,707	\$ 720,771
2020	556,794	163,977	720,771
2021	578,900	141,871	720,771
2022	526,667	119,764	646,431
2023	547,162	99,269	646,431
Thereafter	2,246,188	201,697	2,447,885
	<u>\$ 4,991,775</u>	<u>\$ 911,285</u>	<u>\$ 5,903,060</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

10. Tangible Capital Assets

	2018						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress
Cost, beginning of year	\$ 3,544,049	\$ 2,359,104	\$ 15,051,919	\$ 59,973,647	\$ 2,682,104	\$ 1,468,070	\$ 7,835,282
Additions		57,752	154,886	152,351	226,461	118,175	2,339,109
Change in Work in Progress	-	314,243	-	2,389,250	-	-	(2,703,493)
Write-downs & disposals	-	-	-	-	-	-	-
Cost, end of year	\$ 3,544,049	\$ 2,731,099	\$ 15,206,805	\$ 61,903,837	\$ 2,865,086	\$ 1,586,245	\$ 7,470,898
Accumulated amortization, beginning of year	\$ -	\$ 813,023	\$ 4,162,437	\$ 24,462,060	\$ 1,792,844	\$ 1,004,226	\$ -
Amortization	-	75,352	374,741	1,248,207	156,816	71,781	-
Write-downs & disposals	-	-	-	(534,184)	(2,174)	-	-
Accumulated amortization, end of year	\$ -	\$ 888,375	\$ 4,537,178	\$ 25,176,083	\$ 1,947,486	\$ 1,076,007	\$ -
Net carrying amount, end of year	\$ 3,544,049	\$ 1,842,724	\$ 10,669,627	\$ 36,727,754	\$ 917,600	\$ 510,238	\$ 7,470,898
							\$ 61,682,890

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

10. Tangible Capital Assets (continued)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,394,049	\$ 2,359,104	\$ 9,919,539	\$ 59,655,147	\$ 2,505,592	\$ 1,493,945	\$ 9,264,186	\$ 88,591,562
Additions		-	-	318,500	308,282	-	3,853,476	4,480,258
Change in work in progress	150,000	-	5,132,380	-	-	-	(5,282,380)	-
Disposals	-	-	-	-	(131,770)	(25,875)	-	(157,645)
Cost, end of year	\$ 3,544,049	\$ 2,359,104	\$ 15,051,919	\$ 59,973,647	\$ 2,682,104	\$ 1,468,070	\$ 7,835,282	\$ 92,914,175
Accumulated amortization, beginning of year, restated	\$ -	\$ 744,612	\$ 3,841,545	\$ 23,221,003	\$ 1,693,455	\$ 946,624	\$ -	\$ 30,447,239
Amortization		68,411	320,892	1,241,057	158,320	82,184	-	1,870,864
Write-downs & disposals		-	-	-	(58,931)	(24,582)	-	(83,513)
Accumulated amortization, end of year	\$ -	\$ 813,023	\$ 4,162,437	\$ 24,462,060	\$ 1,792,844	\$ 1,004,226	\$ -	\$ 32,234,590
Net carrying amount, end of year	\$ 3,544,049	\$ 1,546,081	\$ 10,889,482	\$ 35,511,587	\$ 889,260	\$ 463,844	\$ 7,835,282	\$ 60,679,585

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

11. Equity in Tangible Capital Assets

	<u>2018</u>	<u>2017</u>
Tangible capital assets	\$ 95,308,019	\$ 92,914,175
Accumulated amortization	(33,625,129)	(32,234,590)
Debenture debt	(3,349,376)	(3,930,106)
Long-term debt	(1,642,399)	(1,802,621)
	<u>\$ 56,691,115</u>	<u>\$ 54,946,858</u>

12. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Equity in tangible capital assets	\$ 56,691,115	\$ 54,946,858
Unrestricted surplus	1,388,951	1,031,600
	<u>58,080,066</u>	<u>55,978,458</u>
Restricted surplus		
General operating	538,961	18,138
Utilities	1,717,579	1,892,459
Cemetery	14,492	14,226
Culture	40,979	40,227
Land Development	61,441	59,934
Protective Services	728,201	735,754
Recreation facilities	682,160	551,486
Roads, streets, walks and lighting	351,358	120,734
Economic Development	94,637	108,116
	<u>4,229,808</u>	<u>3,541,074</u>
	<u>\$ 62,309,874</u>	<u>\$ 59,519,532</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 or budgeted for specific purposes.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

13. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2018	2017
Balance, beginning of year	\$ 1,031,602	\$ 3,541,073	\$ 54,946,857	\$ 59,519,532	\$ 55,906,018
Excess of revenue over expenses	2,790,342	-	-	2,790,342	3,613,514
Net operating transfers to restricted surplus	(688,735)	688,735	-	-	-
Debt service principal payments on capital	(740,952)	-	740,952	-	-
Acquisition of capital	(3,048,734)	-	3,048,734	-	-
Disposals and write-down of assets	118,531	-	(118,531)	-	-
Amortization	1,926,897	-	(1,926,897)	-	-
Change in accumulated surplus	\$ 357,349	\$ 688,735	\$ 1,744,258	\$ 2,790,342	\$ 3,613,514
Balance, end of year	\$ 1,388,951	\$ 4,229,808	\$ 56,691,115	\$ 62,309,874	\$ 59,519,532

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

14. Taxation - Net

	Budget 2018	2018	2017
Real property	\$ 6,548,071	\$ 6,536,631	\$ 6,328,808
Linear property	60,816	71,797	68,974
Government grants in place of property taxes	-	2,824	2,850
Special assessments and local improvement taxes	-	909	909
	<u>6,608,887</u>	<u>6,612,161</u>	<u>6,401,541</u>
Requisitions			
Alberta School Foundation Fund	1,590,713	1,592,647	1,514,162
Mountain View Seniors Housing	95,629	99,850	85,318
MVC Annexation	25,685	25,685	25,685
Designated Industrial Property	270	269	-
	<u>1,712,297</u>	<u>1,718,451</u>	<u>1,625,165</u>
Available for general municipal purposes	<u>\$ 4,896,590</u>	<u>\$ 4,893,710</u>	<u>\$ 4,776,376</u>

15. Government Transfers

	Budget 2018	2018	2017
Operating			
Federal government	\$ 5,450	\$ 3,082	\$ 3,402
Provincial government	369,612	401,652	367,360
Other local government	441,588	481,894	337,851
	<u>\$ 816,650</u>	<u>\$ 886,628</u>	<u>\$ 708,613</u>
Capital			
Federal government	\$ -	\$ 50,000	\$ -
Provincial government	1,537,202	2,078,150	2,464,014
	<u>\$ 1,537,202</u>	<u>\$ 2,128,150</u>	<u>\$ 2,464,014</u>
Total government transfers	<u>\$ 2,353,852</u>	<u>\$ 3,014,778</u>	<u>\$ 3,172,627</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

16. Expenditures by Object

	Budget 2018	2018	2017
Salaries and wages	\$ 3,997,052	\$ 3,915,421	\$ 3,876,845
Contracted and general services	2,698,392	2,557,690	2,685,302
Materials, goods and utilities	1,668,372	1,389,934	1,335,897
Transfer to local agencies	325,756	328,823	263,554
Transfer to individuals and organizations	109,346	68,023	69,626
Bank charges and short term interest	7,775	9,331	6,895
Interest on long-term debt	198,697	183,295	228,716
Amortization	1,926,898	1,926,897	1,870,864
	<u>\$ 10,932,288</u>	<u>\$ 10,379,414</u>	<u>\$ 10,337,699</u>

17. 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 10.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 14.84% for the excess. Employees contribute to the Plan at a rate of 9.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 13.84% for the excess.

Contributions for the year were:

	2018	2017
Employer contributions	\$ 256,631	\$ 279,796
Employee contributions	233,659	256,708
	<u>\$ 490,290</u>	<u>\$ 536,504</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, 2017 indicates a surplus of \$4.835 billion (2016 - \$637 million) 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, 2018

18. 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 2018</u>	<u>Total 2017</u>
Mayor Hunter	36,104	1,063	37,167	5,944
Councilor Baswick	22,386	40	22,426	4,104
Councillor Crothers	21,806	40	21,846	3,165
Councilor Engel	18,093	469	18,562	3,287
Councilor Moore	18,715	40	18,755	3,165
Councilor Poggemiller	19,540	517	20,057	3,165
Councilor Windsor	22,303	608	22,911	3,165
Mayor Mousseau	-	-	-	21,584
Councilor Adams	-	-	-	12,910
Councilor Hollinger	-	-	-	12,826
Councilor McCoy	-	-	-	12,520
Councilor Moore	-	-	-	13,589
Councillor Nowlan	-	-	-	12,832
Councilor Schulz	-	-	-	15,991
Chief Administration Officer	160,906	32,554	193,460	173,381

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, 2018

19. 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:

	2018	2017
Total debt limit	\$ 16,675,067	\$ 17,275,427
Total debt	4,991,775	5,732,727
Total debt limit available	<u>11,683,292</u>	<u>11,542,700</u>
Debt servicing limit	2,779,178	2,879,238
Debt servicing	720,771	923,521
Total debt servicing limit available	<u>2,058,407</u>	<u>1,955,717</u>

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.

20. 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.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

21. Funds Held in Trust

The Town administers funds for certain local organizations. The following amounts were held in trust as at year end.

	2018	2017
Japanese Garden Art Project	\$ 505	\$ 505
Mountain View Regional Emergency Management Agency	1,701	514
Didsbury Cemetery Committee	3,805	3,224
Charitable Donations	20,165	1,485
Didsbury Firefighters	25,495	25,343
	<u>\$ 51,671</u>	<u>\$ 31,071</u>

22. Budget

The budget adopted by Council on February 13, 2018 and amended by Council resolution on April 24, 2018, 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 financial assets (debt) represent the budget adopted by Council on February 13, 2018 and amended by Council resolution on April 24, 2018 with adjustments as follows:

	2018
Operating budget surplus (deficit)	\$ -
Adjust for:	
Debenture principal payments	748,362
Net operating transfers from reserves	2,254,949
Unbudgeted amortization expense	<u>(836,199)</u>
Budgeted combined surplus per statement of operations	<u>\$ 2,167,112</u>

December 31, 2018

23. 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, municipal enforcement, fire protection, and emergency management. 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, streets, sidewalks and lighting.

Water and Wastewater Services

Water and wastewater services 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 and disposal of solid waste, compost and recycling materials.

Planning and Development

The planning department is responsible for planning and development activities for the Town as well as subdivision and economic development.

Recreation, Parks and Culture

This service area maintains recreation infrastructure including parks, the Memorial Complex and other community centres as well as provides recreational and cultural programming and funding.

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 the revenues and expenses that relate to the operations of the Town which cannot be directly attributed to a specific segment.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

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, 2018

23. 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	2018 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	4,893,710	\$ 4,893,710
Government transfers for operating	(2,312)	-	-	-	-	610,002	276,639	2,299	886,628
Government transfers for capital	-	846,057	1,081,464	-	-	-	-	200,629	2,128,150
Sales and user fees	497,615	28,779	2,386,880	524,370	39,310	535,870	132,449	27,857	4,173,130
Franchises and concessions	-	-	-	-	-	-	-	716,074	716,074
Investment income	-	-	-	-	-	-	-	72,939	72,939
Penalties and fines	58,631	-	8,603	-	-	-	-	167,923	235,157
Licences and permits	15,485	-	-	-	122,478	-	-	1,110	139,073
Gain (loss) on disposal of assets	-	(55,063)	(20,042)	-	-	-	-	-	(75,105)
	569,419	819,773	3,456,905	524,370	161,788	1,145,872	409,088	6,082,541	13,169,756
Expenses									
Salaries and wages	588,001	300,953	437,641	51,750	295,562	1,283,503	431,184	526,827	3,915,421
Contracted and general services	191,121	241,862	982,892	369,951	167,283	330,513	87,460	186,608	2,557,690
Materials, goods and utilities	270,324	451,911	98,371	10,205	44,107	418,321	13,598	83,097	1,389,934
Transfer to local agencies	-	-	-	-	-	328,823	-	-	328,823
Transfers to individuals and organizations	-	-	-	-	-	-	66,973	1,050	68,023
Bank charges and short-term interests	-	-	-	-	-	-	-	9,330	9,330
Interest on long-term debt	34,498	52,555	38,929	-	56,781	532	-	-	183,295
Amortization	177,121	806,548	571,671	7,727	4,000	307,202	-	52,629	1,926,898
	1,261,065	1,853,829	2,129,504	439,633	567,733	2,668,894	599,215	859,541	10,379,414
Net surplus (deficit)	\$ (691,646)	\$ (1,034,056)	\$ 1,327,401	\$ 84,737	\$ (405,945)	\$ (1,523,022)	\$ (190,127)	\$ 5,223,000	\$ 2,790,342

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

23. 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	2017 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,776,376	\$ 4,776,376
Government transfers for operating	3,000	-	-	-	-	368,531	275,155	61,927	708,613
Government transfers for capital	18,224	1,899,140	546,650	-	-	-	-	-	2,464,014
Sales and user fees	667,928	21,179	2,389,937	601,556	39,883	612,672	178,360	92,893	4,604,408
Franchises and concessions	-	-	-	-	-	-	-	743,178	743,178
Investment income	-	-	-	-	-	-	-	14,035	14,035
Penalties and fines	44,810	-	8,842	-	-	-	-	157,474	211,126
Licences and permits	15,935	-	-	-	123,721	-	-	1,060	140,716
Gain (loss) on disposal of assets	-	(3,404)	-	-	-	(26,349)	-	-	(29,753)
Contributed assets	-	-	-	-	-	-	-	318,500	318,500
	749,897	1,916,915	2,945,429	601,556	163,604	954,854	453,515	6,165,443	13,951,213
Expenses									
Salaries and wages	562,573	291,218	436,979	58,122	243,995	1,294,915	453,834	535,209	3,876,845
Contracted and general services	253,381	242,717	899,078	385,070	187,079	337,713	143,303	236,961	2,685,302
Materials, goods and utilities	225,678	380,781	102,933	8,202	48,899	453,345	28,730	87,329	1,335,897
Transfer to local agencies	-	-	-	-	-	263,554	-	-	263,554
Transfers to individuals and organizations	-	-	-	-	-	-	63,626	6,000	69,626
Bank charges and short- term interest	-	-	-	-	-	-	-	6,896	6,896
Interest on long-term debt	38,137	77,672	46,268	-	64,969	1,670	-	-	228,716
Amortization	125,691	809,637	570,403	10,615	7,999	308,653	-	37,865	1,870,863
	-	-	-	-	-	-	-	-	-
	1,205,460	1,802,025	2,055,661	462,009	552,941	2,659,850	689,493	910,260	10,337,699
Net surplus (deficit)	\$ (455,563)	\$ 114,890	\$ 889,768	\$ 139,547	\$ (389,337)	\$ (1,704,996)	\$ (235,978)	\$ 5,255,183	\$ 3,613,514

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2018

24. Comparative Figures

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation. There has been no effect on prior year net income.

25. Approval of Financial Statements

Council and Management approved these financial statements.
