

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2017

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2017

	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



Tel: 403 342 2500
Fax: 403 346 3070
www.bdo.ca

BDO Canada LLP
Millennium Centre
600, 4909 49 Street
Red Deer AB T4N 1V1 Canada

Independent Auditor's 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, 2017, 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, 2017 and the results of its operations, change in net debt 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

Town of Didsbury
Consolidated Statement of Financial Position

December 31	2017	2016
Financial assets		
Cash and cash equivalents (Note 1)	\$ 3,063,494	\$ 4,109,578
Short-term investment (Note 2)	11,998	11,661
Taxes receivable (Note 3)	596,043	472,407
Accounts receivable	1,613,840	1,738,861
Inventory held for resale (Note 4)	1,616,669	1,616,669
	6,902,044	7,949,176
Liabilities		
Accounts payable and accrued liabilities	627,334	809,086
Employee benefit obligation (Note 5)	149,517	161,186
Deposit liabilities	18,382	44,799
Deferred revenue (Note 6)	1,645,787	2,836,528
Long-term debt (Note 7)	5,732,727	6,451,122
Obligations under capital lease	-	6,609
	8,173,747	10,309,330
Net debt	(1,271,703)	(2,360,154)
Non-financial assets		
Tangible capital assets (Note 8)	60,679,585	58,144,323
Inventory for consumption	90,323	77,266
Prepaid expenses	21,327	44,583
	60,791,235	58,266,172
Accumulated surplus (Note 10)	\$ 59,519,532	\$ 55,906,018
Debenture debt limits (Note 17)		
Contingencies (Note 18)		
Funds held in trust (Note 19)		

Town of Didsbury
Consolidated Statement of Operations

For the year ended December 31	Budget 2017	2017	2016
Revenue			
Net municipal taxes (Note 12)	\$ 4,836,472	\$ 4,776,376	\$ 4,761,649
Government transfers for operating (Note 13)	727,210	454,692	367,514
Sales and user fees	4,791,779	5,393,615	6,064,971
Franchises and concessions	675,000	743,178	681,547
Investment income	12,000	14,035	25,180
Penalties and fines	60,400	211,126	204,017
Licenses and permits	109,400	140,716	124,519
	<u>11,212,261</u>	<u>11,733,738</u>	<u>12,229,397</u>
Expenditures (Note 14)			
Legislative	261,014	226,579	205,724
Administration	763,192	707,671	639,268
Protective services	1,169,223	1,206,355	1,161,753
Transportation services	1,817,859	1,805,492	1,729,929
Water and wastewater	2,055,746	2,075,661	1,978,298
Waste management	476,203	464,409	582,821
Planning and development	777,642	554,584	808,897
Recreation, parks and culture	2,815,296	2,876,209	2,729,477
Community services	936,347	637,525	572,562
	<u>11,072,522</u>	<u>10,554,485</u>	<u>10,408,729</u>
Excess of revenue over expenditures before other	139,739	1,179,253	1,820,668
Other			
Government transfers for capital (Note 13)	365,000	2,464,014	3,991,238
Gain (loss) on disposal of capital assets	-	(29,753)	152,992
	<u>504,739</u>	<u>3,613,514</u>	<u>5,964,898</u>
Excess of revenue over expenditures	504,739	3,613,514	5,964,898
Accumulated surplus, beginning of the year	55,906,018	55,906,018	49,941,120
Accumulated surplus, end of year	<u>\$ 56,410,757</u>	<u>\$ 59,519,532</u>	<u>\$ 55,906,018</u>

Town of Didsbury
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2017	2017	2016
Excess of revenue over expenditures	\$ 504,739	\$ 3,613,514	\$ 5,964,898
Acquisition of tangible capital assets	(1,848,800)	(4,161,758)	(5,871,286)
Amortization of tangible capital assets	1,870,864	1,870,864	1,687,077
Net (gain) loss on sale of tangible capital assets	-	29,753	(152,992)
Proceeds on sale of tangible capital assets	-	44,379	214,179
Contributed assets	-	(318,500)	-
	526,803	1,078,252	1,841,876
Change in prepaid expenses	-	23,256	(23,240)
Use/consumption of prepaid expenses and inventory of supplies	-	(13,057)	2,050
Net change in net debt	526,803	1,088,451	1,820,686
Net debt, beginning of year	(2,360,154)	(2,360,154)	(4,180,840)
Net debt, end of year	\$ (1,833,351)	\$ (1,271,703)	\$ (2,360,154)

Town of Didsbury
Consolidated Statement of Cash Flows

For the year ended December 31	2017	2016
Operating transactions		
Excess of revenue over expenditures	\$ 3,613,514	\$ 5,964,898
Items not involving cash		
Contributed assets	(318,500)	-
Amortization	1,870,864	1,687,077
Net loss (gain) on disposal of tangible capital assets	29,753	(152,992)
Changes in non-cash operating balances		
Taxes receivable	(123,636)	(97,017)
Accounts receivable	125,021	1,572,753
Inventory held for resale	-	213,551
Prepaid expenses	23,256	(23,240)
Accounts payable and accrued liabilities	(181,752)	(94,597)
Inventory for consumption	(13,057)	2,047
Employee benefit obligation	(11,669)	39,108
Deposit liabilities	(26,417)	9,481
Deferred revenue	(1,190,741)	32,438
	<u>3,796,636</u>	<u>9,153,507</u>
Capital transactions		
Acquisition of tangible capital assets	(4,161,758)	(5,871,286)
Proceeds on sale of tangible capital assets	44,379	214,179
	<u>(4,117,379)</u>	<u>(5,657,107)</u>
Investing transactions		
Change of investments	(337)	(285)
Restricted cash balances	1,190,741	(23,032)
	<u>1,190,404</u>	<u>(23,317)</u>
Financing transactions		
Repayment of debt	(718,395)	(1,688,513)
Repayment of obligations under capital lease	(6,609)	(8,663)
	<u>(725,004)</u>	<u>(1,697,176)</u>
Net change in cash and cash equivalents	144,657	1,775,907
Cash and cash equivalents, beginning of year	<u>1,273,050</u>	<u>(502,857)</u>
Cash and cash equivalents, end of year	<u>\$ 1,417,707</u>	<u>\$ 1,273,050</u>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 3,063,494	\$ 4,109,578
Less: restricted (Note 1)	<u>(1,645,787)</u>	<u>(2,836,528)</u>
	<u>\$ 1,417,707</u>	<u>\$ 1,273,050</u>

Town of Didsbury
Summary of Significant Accounting Policies

December 31, 2017

**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 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, 2017

**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, 2017

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, 2017

1. Cash and Cash Equivalents

	2017	2016
Current account	\$ 245,352	\$ 900,356
Redeemable guaranteed investment certificates, bearing interest at a rate of 1.5%	<u>2,818,142</u>	<u>3,209,222</u>
	<u>\$ 3,063,494</u>	<u>\$ 4,109,578</u>

The Town has a 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. The Bank's prime rate at year end was 3.20% (2016 - 2.70%). The line of credit is secured by a General Security Agreement.

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
MSI grant	\$ 1,144,835	\$ 1,433,008
Federal Gas Tax Fund grant	372,002	644,770
BMTG grant	-	490,907
Other	<u>128,950</u>	<u>267,843</u>
	<u>\$ 1,645,787</u>	<u>\$ 2,836,528</u>

2. Short-term Investments

	2017	2016
Shares of Mountain View Credit Union	<u>\$ 11,998</u>	<u>\$ 11,661</u>

3. Taxes Receivable

	2017	2016
Current taxes and grants in place	\$ 369,485	\$ 358,614
Non-current taxes and grants in place	<u>226,558</u>	<u>113,793</u>
	<u>\$ 596,043</u>	<u>\$ 472,407</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

4. Inventories for Resale

	<u>2017</u>	<u>2016</u>
DHS Land	\$ 800,000	\$ 800,000
Shantz Crossing	<u>816,669</u>	<u>816,669</u>
	<u>1,616,669</u>	<u>1,616,669</u>

The Shantz Crossing development has incurred the following development costs the Town plans to recover upon sale of the remaining individual lots.

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	<u>519,200</u>	<u>454,027</u>
Total investment in Shantz Crossing	<u>\$ 6,921,984</u>	<u>\$ 6,856,811</u>

5. Employee Benefit Obligation

	<u>2017</u>	<u>2016</u>
Accrued vacation pay	\$ <u>149,517</u>	\$ <u>161,186</u>

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, 2017

6. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
MSI Capital grant	\$ 1,433,007	835,486	(1,123,658)	\$ 1,144,835
MSI Operating grant	-	136,927	(136,927)	-
Federal Gas Tax	644,770	273,882	(546,650)	372,002
BMTG Grant	490,907	302,799	(793,706)	-
FCSS Grant	-	169,696	(169,696)	-
Other deferred revenue	267,844	148,069	(286,963)	128,950
	<u>\$ 2,836,528</u>	<u>1,866,859</u>	<u>(3,057,600)</u>	<u>\$ 1,645,787</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, 2017

7. Long-Term Debt

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

	<u>2017</u>	<u>2016</u>
Loan with interest at 6.6250% per annum, with annual blended payments of \$91,225, maturing in 2025.	\$ 552,738	\$ 603,951
Loan with interest at 4.5840% per annum, with annual blended payments of \$74,340, maturing in 2021.	268,893	328,839
Loan with interest at 4.8935% per annum, with annual blended payments of \$50,139, maturing in 2027.	392,788	422,608
Loan with interest at 4.0570% per annum, with annual blended payments of \$226,289, maturing in 2018.	219,586	430,527
Loan with interest at 3.5690% per year, with annual blended payments of \$148,995, maturing in 2026.	1,084,141	1,191,560
Loan with interest at 2.6760% per year, with annual blended payments of \$138,343, maturing in 2029.	1,411,960	1,510,537
Canadian Minerals Inc. mortgage payable with interest at 3.00% per year, with annual blended payments of \$91,599, maturing in 2029.	703,354	769,649
Mortgage payable, interest at prime rate per annum, with semi-annual blended payments of \$41,866, maturing in 2036. Loan repaid during the year	\$ 1,099,267	\$ 1,193,451
	<u>\$ 5,732,727</u>	<u>\$ 6,451,122</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

7. Long-Term Debt (Continued)

The bank's prime rate at year end was 3.20% (2016 - 2.70%).

Principal and interest payments relating to net debt of \$5,732,727 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2018	\$ 694,919	\$ 209,745	\$ 904,664
2019	493,801	184,574	678,375
2020	513,056	165,319	678,375
2021	533,135	145,240	678,375
2022	478,844	125,151	603,995
Thereafter	3,018,972	515,526	3,534,498
	<u>\$ 5,732,727</u>	<u>\$ 1,345,555</u>	<u>\$ 7,078,282</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

8. Tangible Capital Assets

	2017							
	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)	-
	-	-	-	-	-	-	-	-
Write-downs & 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	\$ -	\$ 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, 2017

8. Tangible Capital Assets (continued)

								2016
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,244,799	\$ 2,334,216	\$ 9,386,581	\$ 46,633,579	\$ 2,589,350	\$ 1,485,425	\$ 17,357,209	\$ 83,031,159
Additions	149,250	24,888	557,861	4,928,545	185,742	25,000	-	5,871,286
Change in work in progress		-	-	8,093,023	-	-	(8,093,023)	-
Disposals	-	-	(24,903)	-	(269,500)	(16,480)	-	(310,883)
Cost, end 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
Accumulated amortization, beginning of year, restated	\$ -	\$ 676,125	\$ 3,589,415	\$ 22,103,329	\$ 1,762,750	\$ 878,239	\$ -	\$ 29,009,858
Amortization		68,487	259,352	1,117,674	156,699	84,865	-	1,687,077
Write-downs & disposals		-	(7,222)	-	(225,994)	(16,480)	-	(249,696)
Accumulated amortization, end of year	\$ -	\$ 744,612	\$ 3,841,545	\$ 23,221,003	\$ 1,693,455	\$ 946,624	\$ -	\$ 30,447,239
Net carrying amount, end of year	\$ 3,394,049	\$ 1,614,492	\$ 6,077,994	\$ 36,434,144	\$ 812,137	\$ 547,321	\$ 9,264,186	\$ 58,144,323

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

9. Equity in Tangible Capital Assets

	<u>2017</u>	<u>2016</u>
Tangible capital assets	\$ 92,914,175	\$ 88,591,562
Accumulated amortization	(32,234,590)	(30,447,239)
Debenture debt	(3,930,107)	(4,488,021)
Long-term debt	(1,802,621)	(1,963,099)
Capital lease	-	(6,609)
	<u>\$ 54,946,857</u>	<u>\$ 51,686,594</u>

10. Accumulated Surplus

	<u>2017</u>	<u>2016</u>
Equity in tangible capital assets	\$ 54,946,857	\$ 51,686,594
Unrestricted surplus	1,031,602	751,203
	<u>55,978,459</u>	<u>52,437,797</u>
Restricted surplus		
Operating		
General operating	18,138	989,476
Utilities	1,693,330	938,335
Cemetery	14,226	14,050
Culture	148,342	146,509
Capital		
Land Development	59,934	60,719
Protective Services	735,754	494,875
Utilities	199,129	289,078
Recreation facilities	551,486	464,978
Roads, streets, walks and lighting	120,734	70,201
	<u>3,541,073</u>	<u>3,468,221</u>
	<u>\$ 59,519,532</u>	<u>\$ 55,906,018</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, 2017

11. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2017	2016
Balance, beginning of year	\$ 751,203	\$ 3,468,221	\$ 51,686,594	\$ 55,906,018	\$ 49,941,120
Excess of revenue over expenses	3,613,514	-	-	3,613,514	5,964,898
Net operating transfers to restricted surplus	(72,852)	72,852	-	-	-
Debenture and capital lease principal payments on capital	(725,000)	-	725,000	-	-
Transfer of land held for resale	-	-	-	-	-
Acquisition of capital	(4,480,259)	-	4,480,259	-	-
Disposals and write-down of assets	74,132	-	(74,132)	-	-
Amortization	1,870,864	-	(1,870,864)	-	-
Debenture proceeds	-	-	-	-	-
Change in accumulated surplus	\$ 280,399	\$ 72,852	\$ 3,260,263	\$ 3,613,514	\$ 5,964,898
Balance, end of year	\$ 1,031,602	\$ 3,541,073	\$ 54,946,857	\$ 59,519,532	\$ 55,906,018

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

12. Taxation - Net

	Budget 2017	2017	2016
Real property	\$ 6,366,468	\$ 6,328,808	\$ 6,237,020
Linear property	62,950	68,974	73,144
Government grants in place of property taxes	2,850	2,850	2,868
Special assessments and local improvement taxes	-	909	909
	6,432,268	6,401,541	6,313,941
Requisitions			
Alberta School Foundation Fund	1,484,793	1,514,162	1,446,155
Senior Housing Requisition	85,318	85,318	80,452
MVC Annexation	25,685	25,685	25,685
	1,595,796	1,625,165	1,552,292
Available for general municipal purposes	\$ 4,836,472	\$ 4,776,376	\$ 4,761,649

13. Government Transfers

	Budget 2017	2017	2016
Operating			
Federal government	\$ 10,600	\$ 6,402	\$ 5,034
Provincial government	683,766	394,100	329,636
Other local government	32,844	54,190	32,844
	\$ 727,210	\$ 454,692	\$ 367,514
Capital			
Provincial government	365,000	2,464,014	2,241,238
General government	-	-	1,750,000
	\$ 365,000	\$ 2,464,014	\$ 3,991,238
Total government transfers	\$ 1,092,210	\$ 2,918,706	\$ 4,358,752

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

14. Expenditures by Object

	Budget 2017	2017	2016
Salaries and wages	\$ 4,188,516	\$ 3,870,487	\$ 3,705,797
Contracted and general services	2,735,869	2,792,396	2,596,192
Materials, goods and utilities	1,660,716	1,413,064	1,816,368
Transfer to local agencies	73,500	263,554	233,461
Transfer to individuals and organizations	300,834	109,236	100,672
Bank charges and short term interest	11,789	6,282	7,834
Interest on long-term debt	230,434	228,602	261,332
Amortization	1,870,864	1,870,864	1,687,076
	\$ 11,072,522	\$ 10,554,485	\$ 10,408,732

15. 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 11.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 15.84% for the excess. Employees contribute 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.

Contributions for the year were:

	2017	2016
Employer contributions	\$ 279,796	\$ 273,533
Employee contributions	256,708	251,224
	\$ 536,504	\$ 524,757

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, 2016 indicates a deficit of \$637 million (2015 - \$923 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, 2017

16. 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 2017</u>	<u>Total 2016</u>
Mayor Hunter	5,693	251	5,944	-
Mayor Mousseau	20,872	712	21,584	32,761
Councilor Nowlan	12,486	346	12,832	19,559
Councilor Moore	13,230	359	13,589	19,438
Councilor McCoy	12,486	34	12,520	27,255
Councilor Schulz	15,459	532	15,991	21,349
Councilor Hollinger	12,486	340	12,826	17,565
Councilor Adams	12,486	424	12,910	20,467
Councilor Baswick	4,094	10	4,104	-
Councilor Moore	3,155	10	3,165	-
Councilor Engel	3,155	132	3,287	-
Councillor Crothers	3,155	10	3,165	-
Councilor Windsor	3,155	10	3,165	-
Councilor Poggemiller	3,155	10	3,165	-
Chief Administration Officer	147,183	26,198	173,381	180,396

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, 2017

17. 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:

	2017	2016
Total debt limit	\$ 17,122,857	\$ 18,777,963
Total debt	5,732,727	6,451,120
Total debt limit available	11,390,130	12,326,843
Debt servicing limit	2,853,810	3,129,662
Debt servicing	923,521	904,664
Total debt servicing limit available	1,930,289	2,224,998

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.

18. 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, 2017

19. 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

	<u>2017</u>	<u>2016</u>
Arts & Craft Guild	\$ 505	\$ 505
Mountain View Disaster Services Association	514	312
Didsbury Cemetery Committee	3,224	2,524
Charitable Donations	1,460	1,460
Didsbury Firefighters	25,343	13,018
Other	-	25
	<u>\$ 31,046</u>	<u>\$ 17,844</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

20. Budget

The budget adopted by Council on December 13 2016, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to 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 December 13, 2016 with adjustments as follows:

	<u>2017</u>
Operating budget surplus (deficit)	\$ (138,923)
Adjust for:	
Debenture principal payments	677,238
Net operating transfers from reserves	(911,768)
Unbudgeted amortization expense	<u>(808,665)</u>
Excess of revenue over expenditures before other	<u>\$ (1,182,118)</u>
 Capital budget surplus (deficit)	 \$ (161,943)
Adjust for:	
Capital expenditures	<u>1,848,800</u>
Budgeted capital surplus	<u>\$ 1,686,857</u>
Budgeted combined surplus per statement of operations	<u><u>\$ 504,739</u></u>

December 31, 2017

21. 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, 2017

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, 2017

21. 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	-	-	-	-	76,450	313,315	61,927	454,692
Government transfers for capital	18,224	1,899,140	546,650	-	-	-	-	-	2,464,014
Sales and user fees	667,928	53,579	2,390,846	601,556	39,883	1,024,049	177,992	437,783	5,393,616
Franchises and concessions	-	-	-	-	-	-	-	743,178	743,178
Investment income	-	-	-	-	-	-	-	14,035	14,035
Penalties and fines	44,810	-	8,842	-	-	-	-	157,473	211,125
Licences and permits	15,935	-	-	-	123,721	-	-	1,060	140,716
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	(29,753)	(29,753)
	<u>749,897</u>	<u>1,952,719</u>	<u>2,946,338</u>	<u>601,556</u>	<u>163,604</u>	<u>1,100,499</u>	<u>491,307</u>	<u>6,162,079</u>	<u>14,167,999</u>
Expenses									
Salaries and wages	562,573	291,218	436,979	58,122	243,995	1,358,839	383,553	535,209	3,870,488
Contracted and general services	258,853	246,183	919,078	387,470	190,058	391,800	127,234	271,720	2,792,396
Materials, goods and utilities	221,186	380,782	102,933	8,202	47,564	551,690	23,531	77,176	1,413,064
Transfer to local agencies	-	-	-	-	-	263,554	-	-	263,554
Transfers to individuals and organizations	-	-	-	-	-	-	103,236	6,000	109,236
Bank charges and short- term interests	-	-	-	-	-	-	-	6,282	6,282
Interest on long-term debt	38,023	77,672	46,268	-	64,969	1,670	-	-	228,602
Amortization	125,691	809,637	570,403	10,615	7,999	308,653	-	37,865	1,870,863
	<u>1,206,326</u>	<u>1,805,492</u>	<u>2,075,661</u>	<u>464,409</u>	<u>554,585</u>	<u>2,876,206</u>	<u>637,554</u>	<u>934,252</u>	<u>10,554,485</u>
Net surplus (deficit)	<u>\$ (456,429)</u>	<u>\$ 147,227</u>	<u>\$ 870,677</u>	<u>\$ 137,147</u>	<u>\$ (390,981)</u>	<u>\$ (1,775,707)</u>	<u>\$ (146,247)</u>	<u>\$ 5,227,827</u>	<u>\$ 3,613,514</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

21. 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	2016 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,761,649	\$ 4,761,649
Government transfers for operating	-	-	-	-	-	76,450	291,064	-	367,514
Government transfers for capital	2,607,749	290,191	469,093	-	-	624,205	-	-	3,991,238
Sales and user fees	487,007	61,268	2,181,291	661,331	1,495,325	977,550	143,938	57,261	6,064,971
Franchises and concessions	-	-	-	-	-	-	-	681,547	681,547
Investment income	-	-	-	-	-	-	-	25,180	25,180
Penalties and fines	68,864	-	8,747	-	-	-	-	126,406	204,017
Licences and permits	17,452	-	-	-	106,352	-	-	715	124,519
Gain (loss) on disposal of assets	-	7,550	-	-	-	-	-	145,442	152,992
	<u>3,181,072</u>	<u>359,009</u>	<u>2,659,131</u>	<u>661,331</u>	<u>1,601,677</u>	<u>1,678,205</u>	<u>435,002</u>	<u>5,798,200</u>	<u>16,373,627</u>
Expenses									
Salaries and wages	540,270	282,156	471,366	52,053	206,076	1,307,721	368,328	477,823	3,705,793
Contracted and general services	169,658	219,209	810,141	394,475	209,018	420,026	83,098	290,567	2,596,192
Materials, goods and utilities	325,064	325,270	206,408	122,790	305,485	469,140	26,966	35,245	1,816,368
Transfer to local agencies	-	-	-	-	-	233,461	-	-	233,461
Transfers to individuals and organizations	-	-	-	-	-	-	94,172	6,500	100,672
Bank charges and short- term interest	-	-	-	-	-	-	-	7,834	7,834
Interest on long-term debt	41,328	86,666	50,255	-	80,319	2,764	-	-	261,332
Amortization	85,433	816,628	440,129	13,503	7,999	296,365	-	27,020	1,687,077
	<u>1,161,753</u>	<u>1,729,929</u>	<u>1,978,299</u>	<u>582,821</u>	<u>808,897</u>	<u>2,729,477</u>	<u>572,564</u>	<u>844,989</u>	<u>10,408,729</u>
Net surplus (deficit)	\$ 2,019,319	\$ (1,370,920)	\$ 680,832	\$ 78,510	\$ 792,780	\$ (1,051,272)	\$ (137,562)	\$ 4,953,211	\$ 5,964,898

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2017

22. Comparative Figures

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

23. Approval of Financial Statements

Council and Management approved these financial statements.
