

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2015

Town of Didsbury
Consolidated Financial Statements
For the year ended December 31, 2015

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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, 2015, 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, 2015 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.


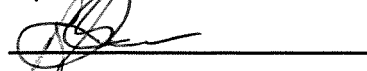
Red Deer, Alberta
April 26, 2016

BDO Canada LLP

Chartered Professional Accountants

Town of Didsbury
Consolidated Statement of Financial Position

December 31	2015	2014
		Restated (see Note 1)
Financial assets		
Cash and cash equivalents (Note 2)	\$ 2,320,046	\$ 5,258,035
Short-term investment (Note 3)	11,376	11,073
Taxes receivable (Note 4)	375,390	299,868
Accounts receivable	3,311,614	1,648,716
Inventory held for resale (Note 5)	1,830,220	1,830,220
	<u>7,848,646</u>	<u>9,047,912</u>
Liabilities		
Accounts payable and accrued liabilities	903,686	2,227,892
Employee benefit obligation (Note 6)	122,078	106,127
Deposit liabilities	35,318	37,064
Deferred revenue (Note 7)	2,813,496	3,887,392
Long-term debt (Note 8)	8,139,635	9,061,474
Obligations under capital lease (Note 9)	15,272	23,410
	<u>12,029,485</u>	<u>15,343,359</u>
Net debt	<u>(4,180,839)</u>	<u>(6,295,447)</u>
Non-financial assets		
Tangible capital assets (Note 10)	54,021,301	51,384,435
Inventory for consumption	79,313	68,024
Prepaid expenses	21,346	13,459
	<u>54,121,960</u>	<u>51,465,918</u>
Accumulated surplus (Note 12)	<u>\$ 49,941,121</u>	<u>\$ 45,170,471</u>
Debenture debt limits (Note 19)		
Contingencies (Note 20)		
Funds held in trust (Note 21)		

Chief Administrative Officer

Mayor

Town of Didsbury
Consolidated Statement of Operations

For the year ended December 31	Budget 2015	2015	2014
			Restated (see Note 1)
Revenue			
Net municipal taxes (Note 14)	\$ 4,655,968	\$ 4,639,186	\$ 4,342,420
Government transfers for operating (Note 15)	356,986	423,248	717,017
Sales and user fees	4,342,624	4,406,934	3,927,195
Franchises and concessions	530,000	549,768	522,128
Investment income	15,000	14,895	13,656
Penalties and fines	55,500	181,308	139,482
Licenses and permits	115,000	106,285	121,738
Contributed assets	-	-	882,726
	<u>10,071,078</u>	<u>10,321,624</u>	<u>10,666,362</u>
Expenses (Note 16)			
Legislative	263,087	312,322	240,470
Administration	746,274	584,466	772,575
Protective services	884,499	941,970	850,279
Transportation services	1,734,466	1,698,949	1,800,800
Water and wastewater	1,939,028	1,926,129	1,826,076
Waste management	605,881	638,951	503,215
Planning and development	761,584	467,777	627,252
Recreation, parks and culture	2,956,568	2,580,944	2,829,188
Community services	568,557	582,767	841,342
	<u>10,459,944</u>	<u>9,734,275</u>	<u>10,291,197</u>
Excess (deficiency) of revenue over expenditures before other	(388,866)	587,349	375,165
Other			
Government transfers for capital (Note 15)	6,896,665	4,188,174	6,627,385
Gain (loss) on disposal of capital assets	-	(4,873)	4,447
Excess of revenue over expenditures	<u>6,507,799</u>	<u>4,770,650</u>	<u>7,006,997</u>
Accumulated surplus, beginning of the year as previously stated	45,466,945	45,466,945	38,459,948
Prior period adjustment (Note 1)	<u>(296,474)</u>	<u>(296,474)</u>	<u>(296,474)</u>
Accumulated surplus, beginning of year as restated	<u>45,170,471</u>	<u>45,170,471</u>	<u>38,163,474</u>
Accumulated surplus, end of year	<u>\$ 51,678,270</u>	<u>\$ 49,941,121</u>	<u>\$ 45,170,471</u>

Town of Didsbury
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2015	2015	2014
			Restated (see Note 1)
Excess (deficiency) of revenue over expenditures	\$ 6,507,799	\$ 4,770,650	\$ 7,006,997
Acquisition of tangible capital assets	(7,754,000)	(4,247,155)	(11,261,704)
Amortization of tangible capital assets	1,557,485	1,557,486	1,674,457
Net (gain) loss on sale of tangible capital assets	-	4,873	(4,447)
Proceeds on sale of tangible capital assets	-	47,930	20,000
	311,284	2,133,784	(2,564,697)
Change in prepaid expenses	-	(7,887)	(8,303)
Use/consumption of prepaid expenses and inventory of supplies	-	(11,289)	30,857
Net change in net debt	311,284	2,114,608	(2,542,143)
Net debt, beginning of year	(6,295,447)	(6,295,447)	(3,753,304)
Net debt, end of year	\$ (5,984,163)	\$ (4,180,839)	\$ (6,295,447)

Town of Didsbury
Consolidated Statement of Cash Flows

For the year ended December 31	2015	2014
Operating transactions		
Excess (deficiency) of revenue over expenditures	\$ 4,770,650	\$ 7,006,997
Items not involving cash		
Amortization	1,557,486	1,674,457
Net loss (gain) on disposal of tangible capital assets	4,873	(4,447)
Changes in non-cash operating balances		
Taxes receivable	(75,522)	209,098
Accounts receivable	(1,662,898)	(353,913)
Inventory held for resale	-	114,350
Prepaid expenses	(7,887)	(8,303)
Accounts payable and accrued liabilities	(1,324,206)	988,787
Inventory for consumption	(11,289)	30,857
Employee benefit obligation	15,951	106,127
Deposit liabilities	(1,746)	(90)
Deferred revenue	(1,073,896)	(1,065,708)
	<u>2,191,516</u>	<u>8,698,212</u>
Capital transactions		
Acquisition of tangible capital assets	(4,247,155)	(11,261,704)
Proceeds on sale of tangible capital assets	47,930	20,000
	<u>(4,199,225)</u>	<u>(11,241,704)</u>
Investing transactions		
Change of investments	(303)	(373)
Restricted cash balances	1,073,896	1,065,708
	<u>1,073,593</u>	<u>1,065,335</u>
Financing transactions		
Proceeds from issuance of debt	-	2,700,000
Repayment of debt	(921,839)	(722,245)
Repayment of obligations under capital lease	(8,138)	(7,647)
	<u>(929,977)</u>	<u>1,970,108</u>
Net change in cash and cash equivalents	(1,864,093)	491,951
Cash and cash equivalents, beginning of year	1,370,643	878,692
Cash and cash equivalents, end of year	\$ (493,450)	\$ 1,370,643
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 2,320,046	\$ 5,258,035
Less: restricted (Note 2)	(2,813,496)	(3,887,392)
	<u>\$ (493,450)</u>	<u>\$ 1,370,643</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, 2015

**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, 2015

**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, 2015

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, 2015

1. Prior Period Adjustment

The Town reviewed its land held for resale and determined that infrastructure originally included in land held for sale would be retained as government tangible capital property as the Town would be responsible for its ongoing maintenance. This results in a decrease to the 2014 land held for resale by \$4,262,167 an increase to the tangible capital assets, specifically work in progress and land, by \$4,262,167 an increase to equity in tangible capital assets of \$4,262,167 and an increase in net debt by \$4,262,167. Debt related to this infrastructure has also been adjusted resulting in a decrease to equity in tangible capital assets of \$2,324,598. The effect on unrestricted surplus is a decrease of \$1,937,569.

The Town reviewed its capital asset subledger and noted that certain assets were being incorrectly amortized. As a result of this review it was noted that \$296,474 worth of amortization was missed from the 2011-2013 years. This results in an increase to accumulated amortization on tangible capital assets by \$296,474, and a decrease to equity in capital assets of \$296,474.

2. Cash and Cash Equivalents

	2015	2014
Current account	\$ (429,094)	\$ 1,426,650
Redeemable guaranteed investment certificates, bearing interest at a rate of 1.5%	2,749,140	3,831,385
	<u>\$ 2,320,046</u>	<u>\$ 5,258,035</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 2.70% (2014 - 3.00%). 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.

	2015	2014
MSI grant	\$ 2,000,227	\$ 2,773,843
Federal Gas Tax Fund grant	272,867	269,390
AMIP grant	-	563,930
BMTG grant	476,046	224,220
Other	64,356	56,009
	<u>\$ 2,813,496</u>	<u>\$ 3,887,392</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

3. Short-term Investments

	2015	2014
Shares of Mountain View Credit Union	\$ 11,376	\$ 11,073

4. Taxes Receivable

	2015	2014
Current taxes and grants in place	\$ 251,336	\$ 102,064
Non-current taxes and grants in place	124,054	197,804
	<u>\$ 375,390</u>	<u>\$ 299,868</u>

5. Inventories for Resale

	2015	2014
DHS Land	\$ 800,000	\$ 800,000
Shantz Crossing	1,030,220	1,030,220
	<u>1,830,220</u>	<u>1,830,220</u>

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

Land held for resale as above	\$ 1,030,220	\$ 1,030,220
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	354,473	245,656
Total investment in Shantz Crossing	<u>\$ 6,970,808</u>	<u>\$ 6,861,991</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

6. Employee Benefit Obligation

	2015	2014
Accrued vacation pay	\$ 122,078	\$ 106,127

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

7. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
MSI Capital grant	\$ 2,773,843	941,318	(1,714,934)	\$ 2,000,227
AMIP grant	563,930	6,581	(570,511)	-
Federal Gas Tax	269,390	3,477	-	272,867
BMTG Grant	224,220	301,726	(49,900)	476,046
FCSS Grant	-	109,230	(109,230)	-
MSI Operating Grant	-	152,245	(152,245)	-
AMWWP Grant	-	1,865,986	(1,865,986)	-
Other deferred revenue	56,009	156,963	(148,616)	64,356
	<u>\$ 3,887,392</u>	<u>3,537,526</u>	<u>(4,611,422)</u>	<u>\$ 2,813,496</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, 2015

8. Long-Term Debt

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

	2015	2014
Loan with interest at 6.6250% per annum, with annual blended payments of \$91,225, maturing in 2025.	\$ 651,983	\$ 697,029
Loan with interest at 4.5840% per annum, with annual blended payments of \$74,340, maturing in 2021.	386,128	440,878
Loan with interest at 4.8935% per annum, with annual blended payments of \$50,139, maturing in 2027.	451,020	478,091
Loan with interest at 4.0570% per annum, with annual blended payments of \$226,289, maturing in 2018.	633,163	827,822
Loan with interest at 3.5690% per year, with annual blended payments of \$148,995, maturing in 2026.	1,295,245	1,395,326
Loan with interest at 2.6760% per year, with annual blended payments of \$138,343, maturing in 2029.	1,606,527	1,700,000
Canadian Minerals Inc. mortgage payable with interest at 3.00% per year, with annual blended payments of \$91,599, maturing in 2029.	1,034,706	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.	45,052	88,802
Mortgage payable, interest at prime rate per annum, with semi-annual blended payments of \$41,866, maturing in 2036.	\$ 1,237,874	\$ 1,277,254
Demand loan, interest at prime rate minus 0.50% per annum, with semi-annual blended payments of \$79,114, maturing in 2021.	797,937	929,269
Loan repaid during the year	-	133,503
	\$ 8,139,635	\$ 9,061,474

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

8. Long-Term Debt (Continued)

The bank's prime rate at year end was 2.70% (2014 - 3.00%).

Principal and interest payments relating to net debt of \$8,139,635 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2016	\$ 817,441	\$ 291,536	\$ 1,108,977
2017	801,662	261,230	1,062,892
2018	832,048	230,845	1,062,893
2019	635,076	201,528	836,604
2020	658,582	178,021	836,603
Thereafter	4,394,826	855,345	5,250,171
	<u>\$ 8,139,635</u>	<u>\$ 2,018,505</u>	<u>\$ 10,158,140</u>

9. Obligations under Capital Lease

	2015	2014
Capital equipment lease, payable in monthly instalments of \$780 including interest at 6.25% per annum until May 2017, secured by equipment with a book value of \$11,747.	<u>\$ 15,272</u>	<u>\$ 23,410</u>

The future minimum lease payments for the next five years and thereafter are:

2016	\$ 9,371
2017	<u>7,505</u>
	\$ 16,876
Less imputed interest:	<u>(1,604)</u>
	<u>15,272</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

10. Tangible Capital Assets

	2015							
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,244,797	\$ 2,330,246	\$ 9,128,705	\$ 46,532,116	\$ 2,570,951	\$ 1,481,481	\$ 13,557,940	\$ 78,846,236
Additions	2	3,970	257,876	101,463	59,575	25,000	3,799,269	4,247,155
Change in Work in Progress	-	-	-	-	-	-	-	-
Write-downs & disposals	-	-	-	-	(41,176)	(21,056)	-	(62,232)
Cost, end 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
Accumulated amortization, beginning of year	\$ -	\$ 605,610	\$ 3,347,848	\$ 21,095,756	\$ 1,609,619	\$ 802,968	\$ -	\$ 27,461,801
Amortization	-	70,515	241,567	1,007,573	155,190	82,641	-	1,557,486
Write-downs & disposals	-	-	-	-	(2,059)	(7,370)	-	(9,429)
Accumulated amortization, end of year	\$ -	\$ 676,125	\$ 3,589,415	\$ 22,103,329	\$ 1,762,750	\$ 878,239	\$ -	\$ 29,009,858
Net carrying amount, end of year	\$ 3,244,799	\$ 1,658,091	\$ 5,797,166	\$ 24,530,250	\$ 826,600	\$ 607,186	\$ 17,357,209	\$ 54,021,301

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

10. Tangible Capital Assets (continued)

								2014 Restated (Note 1)
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,130,447	\$ 2,315,769	\$ 8,654,014	\$ 45,540,292	\$ 2,547,486	\$ 1,403,300	\$ 4,058,218	\$ 67,649,526
Additions	114,350	14,477	474,691	991,824	69,259	97,381	9,499,722	11,261,704
Disposals	-	-	-	-	(45,794)	(19,200)	-	(64,994)
Cost, end of year	\$ 3,244,797	\$ 2,330,246	\$ 9,128,705	\$ 46,532,116	\$ 2,570,951	\$ 1,481,481	\$ 13,557,940	\$ 78,846,236
Accumulated amortization, beginning of year, restated	\$ -	\$ 471,024	\$ 3,075,095	\$ 20,090,199	\$ 1,484,802	\$ 715,665	\$ -	\$ 25,836,785
Amortization		134,586	272,753	1,005,557	166,578	94,983	-	1,674,457
Write-downs & disposals		-	-	-	(41,761)	(7,680)	-	(49,441)
Accumulated amortization, end of year	\$ -	\$ 605,610	\$ 3,347,848	\$ 21,095,756	\$ 1,609,619	\$ 802,968	\$ -	\$ 27,461,801
Net carrying amount, end of year	\$ 3,244,797	\$ 1,724,636	\$ 5,780,857	\$ 25,436,360	\$ 961,332	\$ 678,513	\$ 13,557,940	\$ 51,384,435

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

11. Equity in Tangible Capital Assets

	2015	2014
		Restated (see Note 1)
Tangible capital assets	\$ 83,031,159	\$ 78,846,236
Accumulated amortization	(29,009,858)	(27,461,801)
Debenture debt	(5,024,066)	(5,672,650)
Long-term debt	(2,080,863)	(2,295,325)
Short-term debt	-	-
Capital lease	(15,272)	(23,410)
	<u>\$ 46,901,100</u>	<u>\$ 43,393,050</u>

12. Accumulated Surplus

	2015	2014
		Restated (see Note 1)
Equity in tangible capital assets	\$ 46,901,100	\$ 43,393,050
Unrestricted surplus (deficit)	(939,324)	(1,220,957)
	<u>45,961,776</u>	<u>42,172,093</u>
Restricted surplus		
Operating		
General operating	674,709	572,536
Utilities	1,317,053	892,758
DOSCA	17,743	28,881
Cemetery	14,008	13,949
Culture	161,025	121,709
Capital		
Land Development	60,356	60,102
Protective Services	711,143	540,070
Utilities	489,943	461,808
Recreation facilities	463,583	254,006
Roads, streets, walks and lighting	69,782	52,559
	<u>3,979,345</u>	<u>2,998,378</u>
	<u>\$ 49,941,121</u>	<u>\$ 45,170,471</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, 2015

13. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2015	2014
Balance, beginning of year as previously stated	\$ 716,612	\$ 2,998,378	\$ 41,751,955	\$ 45,466,945	\$ 38,459,948
Prior period adjustment (Note 1)	\$ (1,937,569)	\$ -	\$ 1,641,095	\$ (296,474)	\$ (296,474)
Balance, beginning of year	\$ (1,220,957)	\$ 2,998,378	\$ 43,393,050	\$ 45,170,471	\$ 38,163,474
Excess of revenue over expenses	4,770,650	-	-	4,770,650	7,006,997
Net operating transfers to restricted surplus	(980,967)	980,967	-	-	-
Debenture and capital lease principal payments on capital	(871,184)	-	871,184	-	-
Transfer of land held for resale	-	-	-	-	-
Acquisition of capital	(4,247,155)	-	4,247,155	-	-
Disposals and write-down of assets	52,803	-	(52,803)	-	-
Amortization	1,557,486	-	(1,557,486)	-	-
Debenture proceeds	-	-	-	-	-
Change in accumulated surplus	\$ 281,633	\$ 980,967	\$ 3,508,050	\$ 4,770,650	\$ 7,006,997
Balance, end of year	\$ (939,324)	\$ 3,979,345	\$ 46,901,100	\$ 49,941,121	\$ 45,170,471

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

14. Taxation - Net

	Budget 2015	2015	2014
Real property	\$ 6,008,228	\$ 6,032,010	\$ 5,763,991
Linear property	60,904	69,105	31,271
Government grants in place of property taxes	19,798	19,062	5,586
Special assessments and local improvement taxes	20,436	909	7,037
	<u>6,109,366</u>	<u>6,121,086</u>	<u>5,807,885</u>
Requisitions			
Alberta School Foundation Fund	1,350,931	1,380,354	1,362,998
Senior Housing Requisition	76,782	75,861	76,782
MVC Annexation	25,685	25,685	25,685
	<u>1,453,398</u>	<u>1,481,900</u>	<u>1,465,465</u>
Available for general municipal purposes	<u>\$ 4,655,968</u>	<u>\$ 4,639,186</u>	<u>\$ 4,342,420</u>

15. Government Transfers

	Budget 2015	2015	2014
Operating			
Federal government	\$ 10,500	\$ 9,347	\$ 16,106
Provincial government	313,486	381,057	668,067
Other local government	33,000	32,844	32,844
	<u>\$ 356,986</u>	<u>\$ 423,248</u>	<u>\$ 717,017</u>
Capital			
Federal government	\$ 85,000	\$ -	\$ -
Provincial government	6,811,665	4,188,174	6,627,385
	<u>\$ 6,896,665</u>	<u>\$ 4,188,174</u>	<u>\$ 6,627,385</u>
Total government transfers	<u>\$ 7,253,651</u>	<u>\$ 4,611,422</u>	<u>\$ 7,344,402</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

16. Expenses by Object

	Budget 2015	2015	2014
Salaries and wages	\$ 3,767,002	\$ 3,669,551	\$ 3,994,987
Contracted and general services	2,670,473	2,610,171	2,717,357
Materials, goods and utilities	1,801,199	1,225,179	1,322,505
Transfer to local agencies	70,000	218,318	213,178
Transfer to individuals and organizations	259,314	104,122	74,459
Bank charges and short term interest	16,600	9,794	12,138
Interest on long-term debt	317,870	339,654	282,116
Amortization	1,557,486	1,557,486	1,674,457
	\$ 10,459,944	\$ 9,734,275	\$ 10,291,197

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 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:

	2015	2014
Employer contributions	\$ 232,079	\$ 246,923
Employee contributions	212,967	226,717
	\$ 445,046	\$ 473,640

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, 2014 indicates a deficit of \$2.45 billion (2013 - \$4.86 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, 2015

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 2015</u>	<u>Total 2014</u>
	-	-	-	-
Councilor Rick Mousseau	25,752	971	26,723	34,025
Councilor Gail Nowlan	15,492	520	16,012	22,441
Councilor Kimberley Moore	14,760	348	15,108	18,965
Councilor Joyce McCoy	14,760	65	14,825	23,550
Councilor Sheila Schulz	14,760	518	15,278	22,667
Councilor Garth Hollinger	17,688	751	18,439	25,606
Councilor Donald Adams	14,760	519	15,279	24,397
Chief Administration Officer	135,522	16,454	151,976	172,663

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.

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:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 15,482,436	\$ 14,800,559
Total debt	8,139,635	9,084,882
Total debt limit available	<u>7,342,801</u>	<u>5,715,677</u>
Debt servicing limit	2,580,406	2,466,760
Debt servicing	<u>1,955,033</u>	<u>2,060,785</u>
Total debt servicing limit available	<u>625,373</u>	<u>405,975</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.

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

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.

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.

21. 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

	2015	2014
Arts & Craft Guild	\$ 505	\$ 505
Mountain View Disaster Services Association	1,247	1,159
Didsbury Cemetery Committee	2,124	7,599
Charitable Donations	1,460	1,460
Other	25	-
	<hr/> \$ 5,361	<hr/> \$ 10,723

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

22. Budget

The budget adopted by Council on December 9, 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 December 9, 2014 with adjustments as follows:

	<u>2015</u>
Operating budget surplus	\$ -
Adjust for:	
Debenture principal payments	830,776
Net operating transfers to reserves	(88,621)
Unbudgeted amortization expense	<u>(1,131,021)</u>
Excess (deficiency) of revenue over expenditures before other	<u>\$ (388,866)</u>
 Capital budget surplus	 \$ -
Adjust for:	
Capital expenditures	7,754,000
Budgeted net transfers from accumulated surplus	(857,335)
Less:	
Budgeted capital surplus	<u>\$ 6,896,665</u>
Budgeted combined surplus per statement of operations	<u>\$ 6,507,799</u>

December 31, 2015

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, 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, 2015

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, 2015

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	2015 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,639,186	\$ 4,639,186
Government transfers for operating	5,000	-	-	-	-	155,825	262,423	-	423,248
Government transfers for capital	570,512	49,900	3,567,763	-	-	-	-	-	4,188,175
Sales and user fees	442,122	62,171	2,088,605	656,026	6,184	927,304	181,847	42,677	4,406,936
Franchises and concessions	-	-	-	-	-	-	-	549,768	549,768
Investment income	-	-	-	-	-	-	-	14,895	14,895
Penalties and fines	45,789	-	9,985	-	-	-	-	125,535	181,309
Licences and permits	17,498	-	-	-	88,708	-	-	75	106,281
Gain (loss) on disposal of assets	-	(2,988)	-	-	-	-	-	(1,885)	(4,873)
	<u>1,080,921</u>	<u>109,083</u>	<u>5,666,353</u>	<u>656,026</u>	<u>94,892</u>	<u>1,083,129</u>	<u>444,270</u>	<u>5,370,251</u>	<u>14,504,925</u>
Expenses									
Salaries and wages	481,222	294,363	468,632	62,191	186,083	1,331,811	379,519	465,730	3,669,551
Contracted and general services	144,472	111,271	915,763	540,870	117,324	353,297	78,619	348,555	2,610,171
Materials, goods and utilities	184,361	358,968	168,136	22,387	30,608	394,794	25,507	40,418	1,225,179
Transfer to local agencies	-	-	-	-	-	218,318	-	-	218,318
Transfers to individuals and organizations	-	-	-	-	-	-	99,122	5,000	104,122
Bank charges and short- term interests	-	-	-	-	-	-	-	9,794	9,794
Interest on long-term debt	44,428	102,792	62,857	-	125,763	3,814	-	-	339,654
Amortization	87,487	831,555	310,741	13,503	7,999	278,910	-	27,291	1,557,486
	<u>941,970</u>	<u>1,698,949</u>	<u>1,926,129</u>	<u>638,951</u>	<u>467,777</u>	<u>2,580,944</u>	<u>582,767</u>	<u>896,788</u>	<u>9,734,275</u>
Net surplus (deficit)	\$ 138,951	\$ (1,589,866)	\$ 3,740,224	\$ 17,075	\$ (372,885)	\$ (1,497,815)	\$ (138,497)	\$ 4,473,463	\$ 4,770,650

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

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	2014 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,342,420	\$ 4,342,420
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	1,794,346	481,882	2,389	905,526	164,036	121,434	3,927,194
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
	<u>552,313</u>	<u>527,642</u>	<u>8,350,009</u>	<u>481,882</u>	<u>193,832</u>	<u>1,372,097</u>	<u>706,155</u>	<u>5,114,264</u>	<u>17,298,194</u>
Expenses									
Salaries and wages	422,323	278,022	482,786	73,646	307,649	1,273,055	564,147	593,359	3,994,987
Contracted and general services	135,693	148,766	896,202	400,659	232,207	456,566	134,492	312,772	2,717,357
Materials, goods and utilities	166,612	426,848	102,363	15,408	5,546	470,409	75,244	60,075	1,322,505
Transfer to local agencies	-	-	-	-	-	213,178	-	-	213,178
Transfers to individuals and organizations	-	-	-	-	-	-	67,459	7,000	74,459
Bank charges and short- term interest	-	-	-	-	-	-	-	12,138	12,138
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	-	27,702	1,674,457
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>850,278</u>	<u>1,800,799</u>	<u>1,826,076</u>	<u>503,216</u>	<u>627,252</u>	<u>2,829,188</u>	<u>841,342</u>	<u>1,013,046</u>	<u>10,291,197</u>
Net surplus (deficit)	<u>\$ (297,965)</u>	<u>\$ (1,273,157)</u>	<u>\$ 6,523,933</u>	<u>\$ (21,334)</u>	<u>\$ (433,420)</u>	<u>\$ (1,457,091)</u>	<u>\$ (135,187)</u>	<u>\$ 4,101,218</u>	<u>\$ 7,006,997</u>

Town of Didsbury
Notes to Consolidated Financial Statements

December 31, 2015

24. Comparative Figures

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