

**VILLAGE OF DELIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

VILLAGE OF DELIA
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Delia, which comprise the statement of financial position as at December 31, 2015 and the statement of operations, change in net financial assets (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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Delia as at December 31, 2015, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

HANNA, ALBERTA
MARCH 9, 2016

Endeavor
CHARTERED ACCOUNTANTS



VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014 (Restated)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 329,286	\$ 400,065
Receivables		
Taxes and grants in place of taxes (Note 3)	23,690	23,695
Trade and other receivables	24,974	23,531
Receivables from other governments	227,971	234,678
Land inventory held for resale	26,329	57,401
Investments (Note 4)	<u>1,772</u>	<u>1,725</u>
	<u>634,022</u>	<u>741,095</u>
LIABILITIES		
Accounts payable and accrued liabilities	29,427	68,591
Deposit liabilities (Note 5)	10,882	4,500
Deferred revenue (Note 6)	363,118	354,483
Long-term debt (Note 7)	<u>256,762</u>	<u>272,832</u>
	<u>660,189</u>	<u>700,406</u>
NET FINANCIAL ASSETS (DEBT)	<u>(26,167)</u>	<u>40,689</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	2,984,530	2,942,492
Prepaid expenses	<u>9,645</u>	<u>114</u>
	<u>2,994,175</u>	<u>2,942,606</u>
ACCUMULATED SURPLUS	<u>\$ 2,968,008</u>	<u>\$ 2,983,295</u>
	COMMITMENTS (SEE NOTE 13)	
	CONTINGENCIES (SEE NOTE 14)	

VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014 (Restated)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 229,937	\$ 227,068	\$ 227,133
User fees and sale of goods	170,384	160,584	160,170
Government transfers for operating (Schedule 3)	88,406	61,718	143,709
Investment income	3,197	2,248	3,103
Penalties and costs on taxes	5,033	5,754	11,410
Licenses and permits	1,710	1,395	1,580
Franchise and concession contracts	22,709	22,876	22,943
Other	5,237	1,067	587
Total Revenue	<u>526,613</u>	<u>482,710</u>	<u>570,635</u>
EXPENSES			
Legislative	13,338	16,632	13,182
Administration	177,606	174,085	123,386
Protective services	11,912	30,827	28,826
Transportation	91,137	147,144	241,794
Water supply and distribution	146,959	193,742	133,978
Wastewater treatment and disposal	8,833	27,794	28,727
Waste management	17,484	21,629	20,502
Public health and welfare	1,368	1,368	1,368
Subdivision land and development	2,017	35,011	1,970
Parks and recreation	13,507	9,216	13,859
Culture	4,562	3,552	33,194
Total Expenses	<u>488,723</u>	<u>661,000</u>	<u>640,786</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	37,890	(178,290)	(70,151)
Government transfers for capital (Schedule 3)	<u> </u>	<u>163,003</u>	<u> </u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	37,890	(15,287)	(70,151)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,983,295</u>	<u>2,983,295</u>	<u>3,053,446</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 3,021,185</u>	<u>\$ 2,968,008</u>	<u>\$ 2,983,295</u>

VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (Unaudited)	2015	2014 (Restated)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	\$ <u>37,890</u>	\$ <u>(15,287)</u>	\$ <u>(70,151)</u>
Acquisition of tangible capital assets		(168,091)	(6,820)
Amortization of tangible capital assets		125,284	117,816
Loss on sale of tangible capital assets		<u>769</u>	
		<u>(42,038)</u>	<u>110,996</u>
Change in prepaid expenses		<u>(9,531)</u>	<u>2,424</u>
INCREASE (DECREASE) IN NET ASSETS	37,890	(66,856)	43,269
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>40,689</u>	<u>40,689</u>	<u>(2,580)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>\$ 78,579</u>	<u>\$ (26,167)</u>	<u>\$ 40,689</u>

VILLAGE OF DELIA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014 (Restated)
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ (15,287)	\$ (70,151)
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	125,284	117,816
(Gain)loss on sale of tangible capital assets	<u>769</u>	<u> </u>
	110,766	47,665
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	5	(7,193)
Decrease(increase) in trade and other receivables	(1,444)	(3,706)
Decrease(increase) in receivables from other governments	6,706	(192,952)
Decrease(increase) in land held for resale	31,073	
Decrease(increase) in investments	(47)	(57)
Decrease(increase) in prepaid expenses	(9,531)	2,424
Increase(decrease) in accounts payable and accrued liabilities	(39,163)	(53,961)
Increase(decrease) in deposit liabilities	6,382	(5,669)
Increase(decrease) in deferred revenue	<u>8,635</u>	<u>197,880</u>
Cash provided by (applied to) operating transactions	<u>113,382</u>	<u>(15,569)</u>
CAPITAL		
Acquisition of tangible capital assets	<u>(168,091)</u>	<u>(6,820)</u>
FINANCING		
Long term debt repaid	<u>(16,070)</u>	<u>(16,589)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(70,779)	(38,978)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>400,065</u>	<u>439,043</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 329,286</u>	<u>\$ 400,065</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>\$ 329,286</u>	<u>\$ 400,065</u>

VILLAGE OF DELIA
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
COST:								
BALANCE, BEGINNING OF YEAR	\$ 10,480	\$ 53,683	\$ 245,086	\$ 3,382,893	\$ 196,565	\$ 485,090	\$ 4,373,797	\$ 4,366,977
Acquisition of tangible capital assets				116,391	51,700		168,091	6,820
Disposal of tangible capital assets				(3,733)			(3,733)	
BALANCE, END OF YEAR	<u>10,480</u>	<u>53,683</u>	<u>245,086</u>	<u>3,495,551</u>	<u>248,265</u>	<u>485,090</u>	<u>4,538,155</u>	<u>4,373,797</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		40,857	109,161	1,063,785	82,549	134,953	1,431,305	1,313,489
Annual amortization		706	4,010	80,025	20,755	19,788	125,284	117,816
Accumulated amortization on disposals				(2,964)			(2,964)	
BALANCE, END OF YEAR		<u>41,563</u>	<u>113,171</u>	<u>1,140,846</u>	<u>103,304</u>	<u>154,741</u>	<u>1,553,625</u>	<u>1,431,305</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 10,480</u>	<u>\$ 12,120</u>	<u>\$ 131,915</u>	<u>\$ 2,354,705</u>	<u>\$ 144,961</u>	<u>\$ 330,349</u>	<u>\$ 2,984,530</u>	<u>\$ 2,942,492</u>
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 10,480</u>	<u>\$ 12,826</u>	<u>\$ 135,925</u>	<u>\$ 2,319,108</u>	<u>\$ 114,016</u>	<u>\$ 350,137</u>	<u>\$ 2,942,492</u>	

VILLAGE OF DELIA
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015
Schedule 2

	Budget (Unaudited)	2015	2014
TAXATION			
Real property taxes	\$ 266,876	\$ 260,028	\$ 257,963
Linear property taxes	11,386	13,262	12,836
Government grants in place of property taxes		1,685	1,628
Special assessments and local improvement taxes	<u> </u>	<u>418</u>	<u>1,625</u>
	<u>278,262</u>	<u>275,393</u>	<u>274,052</u>
REQUISITIONS			
Alberta School Foundation Fund	41,270	41,270	40,564
Seniors requisition	<u>7,055</u>	<u>7,055</u>	<u>6,355</u>
	<u>48,325</u>	<u>48,325</u>	<u>46,919</u>
NET MUNICIPAL TAXES	<u>\$ 229,937</u>	<u>\$ 227,068</u>	<u>\$ 227,133</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015
Schedule 3

	Budget (Unaudited)	2015	2014
TRANSFERS FOR OPERATING			
Provincial government	\$ 76,680	\$ 50,544	\$ 108,856
Federal government	1,632	1,374	24,815
Local government	<u>10,094</u>	<u>9,800</u>	<u>10,038</u>
	<u>88,406</u>	<u>61,718</u>	<u>143,709</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u> </u>	<u>163,003</u>	<u> </u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 88,406</u>	<u>\$ 224,721</u>	<u>\$ 143,709</u>

VILLAGE OF DELIA
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 4

	Budget (Unaudited)	2015	2014
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 161,142	\$ 163,506	\$ 156,256
Contracted and general services	191,713	179,232	207,512
Materials, goods, supplies and utilities	120,986	179,142	114,533
Provision for allowances	7,922	535	1,002
Transfers to individuals and organizations	5,930	4,430	10,985
Interest on long term debt		7,702	8,130
Amortization of tangible capital assets		125,284	117,816
Loss on disposal of tangible capital assets		769	
Other	1,030	400	24,552
	<u>\$ 488,723</u>	<u>\$ 661,000</u>	<u>\$ 640,786</u>

VILLAGE OF DELIA
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014 (Restated)
BALANCE, BEGINNING OF YEAR	\$ 137,608	\$ 176,027	\$ 2,669,660	\$ 2,983,295	\$ 3,053,446
Excess (deficiency) of revenues over expenses	(15,287)			(15,287)	(70,151)
Unrestricted funds designated for future use	(21,001)	21,001			
Current year funds used for tangible capital assets	(168,091)		168,091		
Disposal of tangible capital assets	769		(769)		
Annual amortization expense	125,284		(125,284)		
Long term debt repaid	(16,070)		16,070		
Change in accumulated surplus	(94,396)	21,001	58,108	(15,287)	(70,151)
BALANCE, END OF YEAR	<u>\$ 43,212</u>	<u>\$ 197,028</u>	<u>\$ 2,727,768</u>	<u>\$ 2,968,008</u>	<u>\$ 2,983,295</u>

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Delia are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village council for the administration of their financial affairs and resources.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1.. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

f) Inventories for Resale

Land held for resale is recorded at the 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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

g) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

h) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

i) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	10-45
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	5-75
Machinery and equipment	5-40
Vehicles	10-40

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Cash	\$ <u>329,286</u>	\$ <u>400,065</u>

The Village received certain Alberta Government grants that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$152,455 (2014 - \$130,952) of the cash and temporary investments on hand are not available for general use by the Village (Note 6).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2015	2014
Current taxes and grants in place receivables	\$ 10,332	\$ 13,797
Arrears taxes	<u>13,358</u>	<u>9,898</u>
	<u>\$ 23,690</u>	<u>\$ 23,695</u>

4. INVESTMENTS

	2015		2014	
	Cost	Market Value	Cost	Market Value
Other institutional and private corporation bonds	<u>\$ 1,772</u>	<u>\$ 1,772</u>	<u>\$ 1,725</u>	<u>\$ 1,725</u>

5. DEPOSIT LIABILITIES

The Village maintains utility deposits of \$5,312 (2014 - \$4,500).

The Village holds deposits on land sales of \$2,970 (2014 - NIL).

The Village currently holds funds due to the fire department of \$2,600 (2014 - NIL).

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. DEFERRED REVENUE

	2015	2014
Alberta Municipal Sustainability Initiative Program - Capital	\$ 260,343	\$ 277,426
Alberta Municipal Sustainability Initiative Program - Operating		23,864
Federal Gas Tax Fund	102,775	52,775
Prepaid Local Improvement Charges		418
	\$ 363,118	\$ 354,483

Alberta Municipal Sustainability Initiative Program - Capital

Provincial government funding was received in the current year to undertake certain eligible infrastructure expenditures within the Village that have not yet been expended.

Alberta Municipal Sustainability Initiative Program - Operating

Provincial government funding was received in the current year to undertake certain eligible expenditures within the Village.

Federal Gas Tax Fund

Federal and provincial government funding was received in the current year to undertake certain eligible environmentally sustainable projects within the Village that has not yet been expended.

Prepaid Local Improvement Charges

Prepaid local improvement charges are being amortized to revenue at a rate of \$417 per year over 10 years.

7. LONG TERM DEBT

	2015	2014
Mountain View Credit Union loan	\$ <u>256,762</u>	\$ <u>272,832</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 16,377	\$ 7,394	\$ 23,771
2017	16,860	6,911	23,771
2018	17,357	6,414	23,771
2019	17,867	5,904	23,771
2020	18,395	5,376	23,771
Thereafter	169,906	22,113	192,019
	\$ 256,762	\$ 54,112	\$ 310,874

The Mountain View Credit Union loan bears interest at 2.89% and is repayable in semi-annual payments of \$11,886

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Delia be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 724,065	\$ 855,953
Total debt	<u>256,762</u>	<u>272,832</u>
Amount of debit limit unused	<u>\$ 467,303</u>	<u>\$ 583,121</u>
Debt servicing limit	\$ 120,678	\$ 142,659
Debt servicing	<u>23,771</u>	<u>24,719</u>
Amount of debt servicing limit unused	<u>\$ 96,907</u>	<u>\$ 117,940</u>

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

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets	\$ 4,538,155	\$ 4,373,797
Accumulated amortization	(1,553,625)	(1,431,305)
Long-term debt (Note 7)	<u>(256,762)</u>	<u>(272,832)</u>
	<u>\$ 2,727,768</u>	<u>\$ 2,669,660</u>

10. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u> (Restated)
Unrestricted surplus	\$ 43,212	\$ 137,607
Restricted surplus:		
Operating contingency	3,508	3,508
Emergency fund	64,521	54,145
Fire	45,786	40,787
Transportation	53,739	53,739
Vehicle replacement fund	29,474	23,849
Equity in tangible capital assets	<u>2,727,768</u>	<u>2,669,660</u>
	<u>\$ 2,968,008</u>	<u>\$ 2,983,295</u>

VILLAGE OF DELIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. SALARY AND BENEFITS

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2015			2014
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
John Rogers	\$ 4,050	\$	\$ 4,050	\$ 4,075
Dawn Bancroft	3,950		3,950	3,630
Yvon Fournier	4,725		4,725	2,775
Dennis Thordarson				1,150
Chief Administrative Officer (former)	30,645	5,966	36,611	36,745
Chief Administrative Officer	14,563	1,046	15,609	9,862

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Village to the LAPP in 2015 were \$9,247 (2014 - \$8,651). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2015 were \$10,131 (2014 - \$7,896).

At December 31, 2014 the LAPP disclosed an actuarial deficiency of \$2.45 billion.

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13. COMMITMENTS

The Village is committed under an agreement with the Marigold Library System to funding certain library initiatives annually based on a per capita formula. The Village provided funding of \$1,062 in 2015 (2014 - \$1,042). It is the understanding of the Village that it can withdraw from the agreement at anytime by giving a one-year notice period.

The Village is committed under an agreement with the Drumheller & District Solid Waste Management Association to contribute annually, based on an annual budget of expenditures for the management, operation and maintenance of the solid waste management facilities. The requisition for 2015 was \$3,631 (2014 - \$3,659). The agreement allows for the village to terminate the agreement by giving notice in writing to all of the other participating municipalities of its intention to withdraw from the agreement at least one year in advance of the effective withdrawal date.

The Village is committed under an agreement with the Drumheller and District Seniors Foundation and under a Ministerial Order from the Government of Alberta, Department of Seniors, the Village is committed to contributing annually 0.83% of an annual budget of net expenditures of the housing foundation. The requisition for 2015 was \$7,055 (2014 - \$6,355).

On January 24, 2007 the Village became a shareholder of Palliser Regional Municipal Services Company Limited, a Part IX company under The Companies Act of Alberta. The company provides municipal planning services to its members. This investment commits the Village to funding the annual operational and special needs of the company. Annually the Village is requisitioned as a shareholder determined by the Board, in the ordinary course of business, and based on the population and the tax assessment as determined by the Village who is a the shareholder. The requisition for 2015 was \$1,980 (2014 - \$1,954). The Village has the right to cease being a shareholder by giving 600 days notice.

14. CONTINGENCIES

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

The Village owns certain properties that contain levels of hydrocarbon contaminants that could pose an environmental liability. In prior years the Village has utilized conditional grant funding from the provincial government for remediation. Monitoring from an engineering firm is ongoing on the two locations that contain these contaminations. It is undetermined as to the costs that the Village will suffer in the process to clean up the properties, and as such have not been reported on the financial statements.

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15. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, and deferred revenue. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

16. PRIOR PERIOD ADJUSTMENTS

The Village has restated its prior period financial statements in order to accurately reflect capital reserves and accounts receivable at year end. As a result of this adjustment, trade and other receivables has decreased by \$4,669, restricted surplus has increased by \$40,787, and accumulated surplus has decreased by \$45,456.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
