

**VILLAGE OF ROSEMARY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**INDEPENDENT  
AUDITORS' REPORT**

**THE MAYOR AND COUNCIL OF  
VILLAGE OF ROSEMARY**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Village of Rosemary, which comprise the statement of financial position as at December 31, 2017, and the statements 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 Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2017 and 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.

*Johnston Morrison Hunter & Co. Professional Corporation*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

**BROOKS, ALBERTA  
MARCH 5, 2018**

**VILLAGE OF ROSEMARY**

**Statement of Financial Position  
December 31, 2017**

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	420,697	472,192
Taxes and grants in place of taxes (Note 3)	14,929	10,620
Trade and other receivables	45,419	80,775
Land held for resale inventory	105,647	119,092
Investments (Note 4)	10	10
Other financial assets	10,900	11,990
<b>TOTAL FINANCIAL ASSETS</b>	<u>597,602</u>	<u>694,679</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	30,969	370,525
Deferred revenue (Note 6)	202,878	65,453
Long-term debt (Note 8)	57,576	61,697
	<u>291,423</u>	<u>497,675</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>306,179</u>	<u>197,004</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	5,511,767	5,590,850
Prepaid expenses	7,201	6,948
	<u>5,518,968</u>	<u>5,597,798</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>5,825,147</u>	<u>5,794,802</u>

# VILLAGE OF ROSEMARY

## Statement of Operations For the Year Ended December 31, 2017

	Budget	2017	2016
	\$	\$	\$
<b>REVENUE</b>			
Net municipal taxes, Schedule 3	265,700	262,943	270,136
Government transfers for operating, Schedule 4	241,366	209,526	139,465
Investment income	1,860	660	3,621
User fees and sale of goods	224,650	203,323	170,334
Penalties and costs of taxes	5,000	5,805	6,365
Franchise and concession contracts	38,000	39,166	36,669
Other	5,790	19,108	2,746
	<u>782,366</u>	<u>740,531</u>	<u>629,336</u>
<b>EXPENSES</b>			
Legislative	31,500	27,769	27,758
Administration	160,631	156,566	155,496
Fire, ambulance and bylaws enforcement	120,765	116,012	116,469
Roads, streets, walks and lighting	201,721	188,970	263,691
Water and wastewater	171,055	164,364	154,318
Waste management	36,709	35,954	36,652
Parks and recreation	119,684	94,151	53,557
Other	118,880	7,980	97,887
	<u>960,945</u>	<u>791,766</u>	<u>905,828</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(178,579)	(51,235)	(276,492)
<b>OTHER</b>			
Government transfers for capital, Schedule 4	147,000	81,580	1,129,952
	<u>(31,579)</u>	<u>30,345</u>	<u>853,460</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>			
	<u>5,794,802</u>	<u>5,794,802</u>	<u>4,941,342</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
	<u>5,763,223</u>	<u>5,825,147</u>	<u>5,794,802</u>

# VILLAGE OF ROSEMARY

## Statement of Change in Net Financial Assets (Debt) For the Year Ended December 31, 2017

	Budget	2017	2016
	\$	\$	\$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>(31,579)</u>	<u>30,345</u>	<u>853,460</u>
Acquisition of tangible capital assets	(148,421)	(97,887)	(1,180,114)
Contributed tangible capital assets	-	-	-
Proceeds on the disposal of tangible capital assets	3,000	3,000	-
Amortization of tangible capital assets	177,000	176,970	181,344
Gain on sale of tangible capital assets		(3,000)	-
	<u>31,579</u>	<u>79,083</u>	<u>(998,770)</u>
Acquisition of prepaid assets	-	(7,201)	(6,948)
Use of prepaid assets	-	6,948	7,444
	<u>-</u>	<u>(253)</u>	<u>496</u>
<b>INCREASE IN NET ASSETS</b>	-	109,175	(144,814)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>197,004</u>	<u>197,004</u>	<u>341,818</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u>197,004</u>	<u>306,179</u>	<u>197,004</u>

# VILLAGE OF ROSEMARY

## Statement of Cash Flows For the Year Ended December 31, 2017

	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	30,345	853,460
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	176,970	181,344
Gain on sale of tangible capital assets	(3,000)	-
Non-cash charges to operations (net change):		
(Increase) in taxes and grants in place	(4,309)	(6,154)
Decrease in trade and other receivables	35,356	41,347
Decrease in land held for resale inventory	13,445	103,248
Decrease in other financial asset	1,090	-
(Increase) decrease in prepaid expenses	(253)	496
(Decrease) increase in accounts payable and accrued liabilities	(339,556)	67,561
Increase in deferred revenue	137,425	(732,162)
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<u>47,513</u>	<u>509,140</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(97,887)	(1,180,114)
Proceeds on sale of tangible capital assets	3,000	-
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<u>(94,887)</u>	<u>(1,180,114)</u>
<b>INVESTING ACTIVITIES</b>		
(Increase) decrease in restricted cash or cash equivalents	(147,499)	742,388
<b>CASH APPLIED TO INVESTING TRANSACTIONS</b>	<u>(147,499)</u>	<u>742,388</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repaid	(4,121)	(3,888)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	<u>(4,121)</u>	<u>(3,888)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(198,994)	67,526
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>427,349</u>	<u>359,823</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>228,355</u></u>	<u><u>427,349</u></u>
<b>CASH AND CASH EQUIVALENTS ARE MADE UP OF:</b>		
Cash and temporary investments (Note 2)	420,697	472,192
Less: restricted portion of cash and temporary investments (Note 2)	(192,342)	(44,843)
	<u><u>228,355</u></u>	<u><u>427,349</u></u>

# VILLAGE OF ROSEMARY

## Schedule of Changes in Accumulated Surplus For The Year Ended December 31, 2017 Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	101,961	163,688	5,529,153	<b>5,794,802</b>	4,941,342
Excess (deficiency) of revenues over expenses	30,345	-	-	<b>30,345</b>	853,460
Restricted funds used for fire department	(9,954)	9,954	-	-	-
Current year funds used for tangible capital assets	(97,887)	-	97,887	-	-
Annual amortization expense	176,970	-	(176,970)	-	-
Long term debt repaid	(4,121)	-	4,121	-	-
Change in accumulated surplus	<u>95,353</u>	<u>9,954</u>	<u>(74,962)</u>	<u><b>30,345</b></u>	<u>853,460</u>
<b>Balance, end of year</b>	<u><b>197,314</b></u>	<u><b>173,642</b></u>	<u><b>5,454,191</b></u>	<u><b>5,825,147</b></u>	<u><b>5,794,802</b></u>

# VILLAGE OF ROSEMARY

## Schedule of Tangible Capital Assets For The Year Ended December 31, 2017 Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost:</b>								
Balance, beginning of year	177,938	289,382	206,101	6,845,014	239,295	324,017	8,081,747	6,914,088
Acquisition of tangible capital assets	7	-	-	81,580	16,300	-	97,887	1,180,114
Disposal of tangible capital assets	-	-	-	-	(8,115)	-	(8,115)	(12,455)
Write down of tangible capital assets	-	-	-	(14,555)	-	-	(14,555)	-
Balance, end of year	<u>177,945</u>	<u>289,382</u>	<u>206,101</u>	<u>6,912,039</u>	<u>247,480</u>	<u>324,017</u>	<u>8,156,964</u>	<u>8,081,747</u>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	-	71,951	59,090	2,012,554	168,950	178,352	2,490,897	2,322,008
Annual amortization	-	11,640	4,123	124,706	21,636	14,865	176,970	181,344
Accumulated amortization on disposals	-	-	-	-	(8,115)	-	(8,115)	(12,455)
Accumulated amortization on write down of tangible capital assets	-	-	-	(14,555)	-	-	(14,555)	-
Balance, end of year	<u>-</u>	<u>83,591</u>	<u>63,213</u>	<u>2,122,705</u>	<u>182,471</u>	<u>193,217</u>	<u>2,645,197</u>	<u>2,490,897</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>177,945</u>	<u>205,791</u>	<u>142,888</u>	<u>4,789,334</u>	<u>65,009</u>	<u>130,800</u>	<u>5,511,767</u>	<u>5,590,850</u>



**VILLAGE OF ROSEMARY**

**Schedule of Property And Other Taxes  
For the Year Ended December 31, 2017  
Schedule 3**

	Budget	2017	2016
	\$	\$	\$
<b>TAXATION</b>			
Real property taxes	335,331	332,574	337,212
	<u>335,331</u>	<u>332,574</u>	<u>337,212</u>
<b>REQUISITIONS</b>			
Alberta School foundation fund	64,348	64,348	62,079
Newell seniors foundation	5,283	5,283	4,997
	<u>69,631</u>	<u>69,631</u>	<u>67,076</u>
<b>NET MUNICIPAL TAXES</b>	<u>265,700</u>	<u>262,943</u>	<u>270,136</u>

**VILLAGE OF ROSEMARY****Schedule of Government Transfers  
For the Year Ended December 31, 2017  
Schedule 4**

	<b>Budget</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	87,350	74,725	41,539
Other local governments	154,016	134,801	97,926
	<u>241,366</u>	<u>209,526</u>	<u>139,465</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	147,000	81,580	1,013,137
Other local governments	-	-	116,815
	<u>147,000</u>	<u>81,580</u>	<u>1,129,952</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>388,366</u></u>	<u><u>291,106</u></u>	<u><u>1,269,417</u></u>

**VILLAGE OF ROSEMARY**

**Schedule of Expenses by Object  
For the Year Ended December 31, 2017  
Schedule 5**

	<b>Budget</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENDITURES</b>			
Salaries, wages and benefits	226,750	231,750	212,493
Contracted and general services	283,289	174,982	150,544
Materials, goods and utilities	201,417	135,428	287,962
Interest on long-term debt	3,702	3,702	3,935
Amortization of tangible capital assets	177,000	176,970	181,344
Other expenditures	68,787	68,934	69,550
	<u>960,945</u>	<u>791,766</u>	<u>905,828</u>

# VILLAGE OF ROSEMARY

## Schedule of Segmented Disclosure For The Year Ended December 31, 2017 Schedule 6

	General Government	Protective Services	Transportation Services	Water & Waste Management	Recreation & Culture	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>						
Net municipal taxes	262,943	-	-	-	-	262,943
Government transfers	3,300	75,350	8,646	93,480	110,330	291,106
Investment income	428	228	-	-	4	660
User fees and sale of goods	6,677	11,453	6,118	165,753	13,322	203,323
Penalties and cost of taxes	5,805	-	-	-	-	5,805
Franchise and concession contracts	39,166	-	-	-	-	39,166
Other revenues	19,108	-	-	-	-	19,108
	<u>337,427</u>	<u>87,031</u>	<u>14,764</u>	<u>259,233</u>	<u>123,656</u>	<u>822,111</u>
<b>Expenses:</b>						
Salaries & wages	100,601	24,559	64,806	41,784	-	231,750
Contracted & general services	32,648	29,619	10,827	56,941	44,947	174,982
Goods & supplies	47,216	22,628	40,693	18,583	6,308	135,428
Long-term debt interest	-	3,702	-	-	-	3,702
Other expenses	3,289	9,263	1,076	16,070	39,236	68,934
Tangible capital asset purchases	7	-	16,300	81,580	-	97,887
	<u>183,761</u>	<u>89,771</u>	<u>133,702</u>	<u>214,958</u>	<u>90,491</u>	<u>712,683</u>
Net revenue, before amortization	<u>153,666</u>	<u>(2,740)</u>	<u>(118,938)</u>	<u>44,275</u>	<u>33,165</u>	<u>109,428</u>
Amortization expense	<u>(581)</u>	<u>(26,241)</u>	<u>(71,568)</u>	<u>(66,940)</u>	<u>(11,640)</u>	<u>(176,970)</u>
<b>Net Revenue</b>	<u>153,085</u>	<u>(28,981)</u>	<u>(190,506)</u>	<u>(22,665)</u>	<u>21,525</u>	<u>(67,542)</u>

**Notes to the Financial Statements  
For The Year Ended December 31, 2017**

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**1. Significant Accounting Policies**

The financial statements of the Village of Rosemary are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Village of Rosemary are as follows:

**Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and change in financial position of the Village of Rosemary.

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.

**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.

**Cash and Cash Equivalents**

The Village's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

**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 revenues and expenditures 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.

**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.

**Notes to the Financial Statements  
For The Year Ended December 31, 2017**

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**Requisition Over-Levy and Under-Levy**

Over-levies and under-levies 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 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.

**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 leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, road, sidewalks and street lighting are recorded as capital assets under their respective function.

**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.

**Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

**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.

**Notes to the Financial Statements  
For The Year Ended December 31, 2017**

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**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:

	<b>Years</b>
Land improvements	15-20
Buildings	25-50
Engineered structures	
Water system	35-65
Wastewater system	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20

Assets under construction are not amortized until the asset is available for productive use.

**Contaminated Site Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**Measurement of Financial Instruments**

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**Transaction costs**

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

## VILLAGE OF ROSEMARY

### Notes to the Financial Statements For The Year Ended December 31, 2017

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#### 2. Cash and Temporary Investments

	2017	2016
	\$	\$
Cash	185,697	437,192
Temporary investments	<u>235,000</u>	<u>35,000</u>
	<u>420,697</u>	<u>472,192</u>

Temporary investments are short-term savings accounts bearing interest at 1.35 - 1.50% and are cashable on demand.

Included in cash is a restricted amount of \$192,342 (2016 - \$44,843) received from external sources and held exclusively for capital projects .

#### 3. Taxes and Grants in Place of Taxes

	2017	2016
	\$	\$
Current taxes	12,435	10,204
Non-current taxes	<u>2,494</u>	<u>416</u>
	<u>14,929</u>	<u>10,620</u>

#### 4. Investments

	2017	2016
	\$	\$
Newell Regional Services Corporation, common shares	<u>10</u>	<u>10</u>

#### 5. Bank Advances

A line of credit facility of up to \$105,000. Secured by Municipal Borrowing By-Law 443/14 (Chief Elected Officer and Chief Administrative Officer are authorized on behalf of the Village to execute promissory notes or other negotiable instruments and transfer any present and future property, real or personal, movable or immovable, to furnish security for the debt). Due on demand with interest calculated at prime less 0.25%. No balance was outstanding at year-end.



## VILLAGE OF ROSEMARY

### Notes to the Financial Statements For The Year Ended December 31, 2017

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#### 6. Deferred Revenue

	2017	2016
	\$	\$
Alberta conditional grants	192,342	44,843
Taxes paid in advance	9,536	9,110
Deposits on land held for resale	<u>1,000</u>	<u>11,500</u>
	<u>202,878</u>	<u>65,453</u>

Alberta conditional grants were received from external sources and have not been expended in the current year.

The use of these funds is restricted to eligible capital and operating projects, as approved under the funding agreements, scheduled for completion in 2018. Unexpended funds related to the advance are supported by cash and temporary investments of \$192,342.

#### 7. Contaminated Sites Liability

On January 1, 2015, the village adopted PS3260 Liability for Contaminated Sites. The Village remediated the contaminated site in the current year at a cost of \$54,998. As a result of this adjustment, financial liabilities decreased by \$66,525, other revenue increased by \$11,527 and accumulated surplus increased by \$11,527.

# VILLAGE OF ROSEMARY

## Notes to the Financial Statements For The Year Ended December 31, 2017

### 8. Long-Term Debt

	2017	2016
	\$	\$
Tax supported debentures	<u>57,576</u>	<u>61,697</u>

The current portion of long-term debt is \$4,368 (2016 - \$4,121).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2018	4,368	3,455	7,823
2019	4,630	3,193	7,823
2020	4,909	2,914	7,823
2021	5,203	2,620	7,823
2022 and on	<u>38,466</u>	<u>8,469</u>	<u>46,935</u>
	<u>57,576</u>	<u>20,651</u>	<u>78,227</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 6% per annum and matures in 2027. The average annual interest rate is 6.21% for 2017 (6.18% for 2016). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8% to 12.5% depending on the date borrowed. Debenture debt is issued on the credit and security of the Village of Rosemary at large.

Interest on long-term debt amounted to \$3,702 (2016 - \$3,935).

The Village's total cash payments for interest in 2017 was \$3,702 (2016 - \$3,935).

# VILLAGE OF ROSEMARY

## Notes to the Financial Statements For The Year Ended December 31, 2017

### 9. 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 Rosemary be disclosed as follows:

	2017	2016
	\$	\$
Total debt limit	1,110,797	944,004
Total debt	<u>57,576</u>	<u>61,697</u>
Amount of debt limit unused	<u>1,053,221</u>	<u>882,307</u>
Debt servicing limit	185,133	157,334
Debt servicing	<u>7,823</u>	<u>7,823</u>
Amount of debt servicing limit unused	<u>177,310</u>	<u>149,511</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.

### 10. Tangible Capital Assets

	2017	2016
Net Book Value	\$	\$
Land	177,945	177,938
Land improvements	205,791	217,431
Buildings	142,888	147,011
Engineered Structures		
Roadway system	692,473	722,078
Sidewalk, curb and gutter	313,354	327,032
Water distribution system	1,719,130	1,762,509
Wastewater system	1,007,156	949,137
Storm system	1,057,221	1,071,704
Machinery and equipment	65,009	70,345
Vehicles	<u>130,800</u>	<u>145,665</u>
	<u>5,511,767</u>	<u>5,590,850</u>

## VILLAGE OF ROSEMARY

### Notes to the Financial Statements For The Year Ended December 31, 2017

#### 11. Equity in Capital Assets

	2017	2016
	\$	\$
Tangible capital assets, Schedule 2	8,156,964	8,081,747
Accumulated amortization, Schedule 2	(2,645,197)	(2,490,897)
Long-term debt (Note 8)	<u>(57,576)</u>	<u>(61,697)</u>
	<u>5,454,191</u>	<u>5,529,153</u>

#### 12. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2017	2016
	\$	\$
Unrestricted surplus (deficit)	197,314	101,961
Restricted surplus		
Fire department	61,506	51,552
General operations	112,136	112,136
Equity in tangible capital assets	<u>5,454,191</u>	<u>5,529,153</u>
	<u>5,825,147</u>	<u>5,794,802</u>

#### 13. Segmented Disclosure

The Village of Rosemary provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

# VILLAGE OF ROSEMARY

## Notes to the Financial Statements For The Year Ended December 31, 2017

### 14. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 379/94 is as follows:

	2017			2016
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Mayor	5,950	44	5,994	6,375
Deputy Mayor	5,587	32	5,619	5,955
Councillor 2	6,200	26	6,226	5,041
Municipal administrator	43,365	11,390	54,755	52,954

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, per diems and any other direct cash remuneration.
- 2) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, healthcare, dental coverage, vision coverage, group life insurance, professional memberships and tuition.

### 15. Financial Instruments

The Village's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deferred revenue, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial statements.

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 fair value of the financial instruments approximates their carrying values.

### 16. Commitments

The Village of Rosemary has committed \$20,000 for expenses related to the replacement of a playground structure owned by the Rosemary Agricultural Society that resides on Village land. The funds were restricted through the Regional Enhancement Grant distributed by the County of Newell.

### 17. Approval of Financial Statements

These financial statements were approved by Council and Administration on March 5, 2018.

**VILLAGE OF ROSEMARY**

**Notes to the Financial Statements  
For The Year Ended December 31, 2017**

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**18. Budgeted Figures**

The budgeted figures, approved by Council on April 18, 2017 have not been audited and are presented for information purposes only.