

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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Heisler:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Heisler, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets 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

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Heisler as at December 31, 2017, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

M.D. of Wainwright

March 21, 2018

A handwritten signature in black ink, appearing to read "Brian King".

Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	507,565	806,378
Taxes and grants in place of taxes (Note 3)	40,884	33,523
Trade and other receivables	20,255	20,743
Receivable from other governments	210,572	10,845
Inventory held for resale	14,072	14,072
	<u>793,348</u>	<u>885,561</u>
LIABILITIES		
Accounts payable and accrued liabilities	26,851	15,698
Deferred revenue (Note 4)	434,932	554,705
	<u>461,783</u>	<u>570,403</u>
NET FINANCIAL ASSETS	<u>331,565</u>	<u>315,158</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>1,964,957</u>	<u>1,764,550</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>2,296,522</u>	<u>2,079,708</u>

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (unaudited)	2017	2016
REVENUE			
Net municipal property taxes (Schedule 3)	176,648	176,653	174,968
User fees and sales of goods	103,636	111,788	100,597
Penalties and costs on taxes	6,220	11,408	6,180
Licenses and permits	960	1,710	1,530
Fines	-	75	572
Franchise and concession contracts	11,247	11,928	11,342
Investment income	2,400	8,619	5,434
Rentals	2,600	2,529	2,529
Government transfers for operating	46,724	46,099	45,854
Other	5,400	13,829	1,814
	<u>355,835</u>	<u>384,638</u>	<u>350,820</u>
EXPENSES			
Legislative	7,350	9,410	6,344
Administration	88,715	92,453	86,068
Protective services	35,845	32,111	32,007
Transportation	102,900	100,535	103,664
Water supply and distribution	43,409	75,982	39,291
Wastewater treatment and disposal	21,311	19,380	19,249
Waste management	22,305	23,238	24,210
Public health and welfare	1,814	1,814	2,010
Planning and development	650	1,428	2,123
Recreation	10,711	26,865	9,852
Culture	8,275	4,227	3,995
Amortization	-	84,738	79,332
	<u>343,285</u>	<u>474,764</u>	<u>408,145</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	12,550	(90,126)	(57,325)
OTHER			
Government transfers for capital (Schedule 4)	530,170	306,940	77,019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	542,720	216,814	19,694
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,079,708</u>	<u>2,079,708</u>	<u>2,060,014</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>2,622,428</u></u>	<u><u>2,296,522</u></u>	<u><u>2,079,708</u></u>

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (unaudited)	2017	2016
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>542,720</u>	<u>216,814</u>	<u>19,694</u>
Acquisition of tangible capital assets	(565,593)	(292,728)	(71,444)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	5,000	-
Amortization of tangible capital assets	-	84,738	79,332
Loss (gain) on sale of tangible capital assets	-	2,583	-
	<u>(565,593)</u>	<u>(200,407)</u>	<u>7,888</u>
INCREASE IN NET FINANCIAL ASSETS	(22,873)	16,407	27,582
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>315,158</u>	<u>315,158</u>	<u>287,576</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>292,285</u></u>	<u><u>331,565</u></u>	<u><u>315,158</u></u>

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	216,814	19,694
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	84,738	79,332
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(7,361)	(16,041)
Decrease (increase) in trade and other receivables	488	(3,608)
Decrease (increase) in receivable from other governments	(199,727)	(3,179)
Increase (decrease) in accounts payable and accrued liabilities	11,153	1,995
Increase (decrease) in deferred revenue	(119,773)	110,071
	<u>(11,085)</u>	<u>188,264</u>
CAPITAL		
Acquisition of tangible capital assets	(292,728)	(71,444)
Sale of tangible capital assets	5,000	-
	<u>(287,728)</u>	<u>(71,444)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(298,813)	116,820
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	806,378	689,558
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>507,565</u>	<u>806,378</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	75	75
Cash in bank	348,577	142,730
Term deposits	158,913	663,573
	<u>507,565</u>	<u>806,378</u>

VILLAGE OF HEISLER

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
BALANCE, BEGINNING OF YEAR	<u>104,298</u>	<u>210,860</u>	<u>1,764,550</u>	<u>2,079,708</u>	<u>2,060,014</u>
Excess (deficiency) of revenues over expenses	216,814	-	-	216,814	19,694
Unrestricted funds designated for future use	5,984	(5,984)	-	-	-
Current year funds used for tangible capital assets	(292,728)	-	292,728	-	-
Disposal of tangible capital assets	7,583	-	(7,583)	-	-
Annual amortization expense	<u>84,738</u>	-	<u>(84,738)</u>	-	-
Change in accumulated surplus	<u>22,391</u>	<u>(5,984)</u>	<u>200,407</u>	<u>216,814</u>	<u>19,694</u>
BALANCE, END OF YEAR	<u><u>126,689</u></u>	<u><u>204,876</u></u>	<u><u>1,964,957</u></u>	<u><u>2,296,522</u></u>	<u><u>2,079,708</u></u>

VILLAGE OF HEISLER

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2017	2016
COST:								
Balance - beginning of year	9,504	105,007	112,730	2,307,142	529,983	43,921	3,108,287	3,036,843
Acquisition of tangible capital assets	-	-	-	267,228	-	25,500	292,728	71,444
Disposal of tangible capital assets	-	-	-	-	-	32,500	32,500	-
Balance - end of year	9,504	105,007	112,730	2,574,370	529,983	36,921	3,368,515	3,108,287
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	33,140	78,732	1,019,861	175,666	36,338	1,343,737	1,264,405
Annual amortization	-	4,756	2,688	50,826	24,647	1,821	84,738	79,332
Accumulated amortization on disposals	-	-	-	-	-	24,917	24,917	-
Balance - end of year	-	37,896	81,420	1,070,687	200,313	13,242	1,403,558	1,343,737
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,504	67,111	31,310	1,503,683	329,670	23,679	1,964,957	1,764,550
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,504	71,867	33,998	1,287,281	354,317	7,583	1,764,550	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 3)

	Budget (Unaudited)	2017	2016
TAXATION			
Real property taxes	189,144	189,149	188,111
Linear property taxes	11,138	11,138	11,163
	<u>200,282</u>	<u>200,287</u>	<u>199,274</u>
REQUISITIONS			
Alberta School Foundation	22,351	22,351	22,334
Flagstaff Regional Housing Group	1,283	1,283	1,972
	<u>23,634</u>	<u>23,634</u>	<u>24,306</u>
NET MUNICIPAL TAXES	<u>176,648</u>	<u>176,653</u>	<u>174,968</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 4)

	Budget (Unaudited)	2017	2016
TRANSFERS FOR OPERATING			
Provincial Government	30,724	29,020	29,319
Local Governments	16,000	17,079	16,535
	<u>46,724</u>	<u>46,099</u>	<u>45,854</u>
TRANSFERS FOR CAPITAL			
Federal Government	124,370	51,454	30,129
Provincial Government	405,800	255,486	46,890
	<u>530,170</u>	<u>306,940</u>	<u>77,019</u>
TOTAL GOVERNMENT TRANSFERS	<u>576,894</u>	<u>353,039</u>	<u>122,873</u>

VILLAGE OF HEISLER

CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 5)

	Budget (Unaudited)	2017	2016
Expenditures			
Salaries, wages and benefits	129,830	133,051	133,193
Contracted and general services	122,676	148,257	113,598
Purchases from other governments	500	24,332	-
Materials, goods and utilities	82,825	74,043	76,066
Transfers to local boards and agencies	5,629	6,928	5,800
Bank charges and short term interest	125	150	125
Other expenditures	1,700	682	31
Amortization of tangible capital assets	-	84,738	79,332
Loss on disposal of tangible capital assets	-	2,583	-
	<u>343,285</u>	<u>474,764</u>	<u>408,145</u>

VILLAGE OF HEISLER

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	176,653	-	-	-	-	-	-	176,653
User fees and sales of goods	467	12,736	310	94,947	-	2	3,326	111,788
Penalties and costs on taxes	11,408	-	-	-	-	-	-	11,408
Licenses and permits	110	595	-	-	-	1,005	-	1,710
Fines	-	75	-	-	-	-	-	75
Franchise and concession contracts	11,928	-	-	-	-	-	-	11,928
Investment income	8,619	-	-	-	-	-	-	8,619
Rentals	2,529	-	-	-	-	-	-	2,529
Government transfers	29,020	17,079	-	-	-	-	-	46,099
Other	3,529	-	-	-	-	-	10,300	13,829
	<u>244,263</u>	<u>30,485</u>	<u>310</u>	<u>94,947</u>	<u>-</u>	<u>1,007</u>	<u>13,626</u>	<u>384,638</u>
EXPENSES								
Salaries, wages and benefits	59,295	6,885	37,963	28,748	-	-	160	133,051
Contracted and general services	38,777	19,413	17,658	52,697	-	1,428	18,284	148,257
Purchases from other governments	-	-	-	24,332	-	-	-	24,332
Materials, goods and utilities	2,981	5,813	44,914	12,823	-	-	7,512	74,043
Transfers to local boards and agencies	-	-	-	-	1,814	-	5,114	6,928
Bank charges and short term interest	150	-	-	-	-	-	-	150
Other expenditures	660	-	-	-	-	-	22	682
	<u>101,863</u>	<u>32,111</u>	<u>100,535</u>	<u>118,600</u>	<u>1,814</u>	<u>1,428</u>	<u>31,092</u>	<u>387,443</u>
NET REVENUE, BEFORE AMORTIZATION	<u>142,400</u>	<u>(1,626)</u>	<u>(100,225)</u>	<u>(23,653)</u>	<u>(1,814)</u>	<u>(421)</u>	<u>(17,466)</u>	<u>(2,805)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	618	9,841	36,644	32,880	-	-	4,755	84,738
Loss (gain) on disposal of t.c.a.	-	2,583	-	-	-	-	-	2,583
	<u>618</u>	<u>12,424</u>	<u>36,644</u>	<u>32,880</u>	<u>-</u>	<u>-</u>	<u>4,755</u>	<u>87,321</u>
NET REVENUE	<u><u>141,782</u></u>	<u><u>(14,050)</u></u>	<u><u>(136,869)</u></u>	<u><u>(56,533)</u></u>	<u><u>(1,814)</u></u>	<u><u>(421)</u></u>	<u><u>(22,221)</u></u>	<u><u>(90,126)</u></u>

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Heisler 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 Canadian Institute of Chartered Professional Accountants.

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 are, therefore accountable to the 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.

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 physical assets under the respective function.

g) 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 HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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 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
Buildings	15-50
Engineered structures - other	25
Engineered structures - water system	45-75
Engineered structures - wastewater system	45-75
Land improvements	20-40
Machinery and equipment	10-15
Vehicles	6-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. CASH AND TERM DEPOSITS

	<u>2017</u>	<u>2016</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)	247,765	554,705
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 7)	204,876	<u>210,860</u>
Total restricted cash and term deposits	<u>452,641</u>	<u>765,565</u>
Total un-restricted cash and term deposits	<u>54,924</u>	<u>40,813</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	29,027	21,442
Arrears taxes	11,857	12,081
	<u>40,884</u>	<u>33,523</u>

4. DEFERRED INCOME

	<u>2017</u>	<u>2016</u>
Deferred income consists of the following:		
Federal Gas Tax	117,817	119,271
Municipal Sustainability Initiative - capital	283,753	400,010
Basic Municipal Transportation Grant	33,362	35,424
	<u>434,932</u>	<u>554,705</u>

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

5. 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 Heisler be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	<u>576,957</u>	526,230
Total debt	-	-
Surplus debt limit	<u>576,957</u>	<u>526,230</u>
Debt servicing limit	96,160	87,705
Debt servicing	-	-
Surplus debt servicing	<u>96,160</u>	<u>87,705</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, 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.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	3,368,515	3,108,287
Accumulated amortization (Schedule 2)	<u>(1,403,558)</u>	<u>(1,343,737)</u>
	<u>1,964,957</u>	<u>1,764,550</u>

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

7. ACCUMULATED SURPLUS

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

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	<u>126,689</u>	<u>104,298</u>
Restricted surplus		
Administration	13,000	13,000
Community land	1,032	1,032
Fire department	51,383	45,743
General	88,305	103,522
General contingency	13,634	13,634
Public works	14,593	16,300
Recreation and culture	3,427	4,927
Sewer	4,800	-
Waste disposal	14,702	12,702
	<u>204,876</u>	<u>210,860</u>
Equity in tangible capital assets	<u>1,964,957</u>	<u>1,764,550</u>
	<u>2,296,522</u>	<u>2,079,708</u>

8. SEGMENTED DISCLOSURE

The Village of Heisler 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 HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

9. SALARY AND BENEFITS DISCLOSURE

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

	2017			2016
	Salary	Benefits & Allowances	Total	Total
Doege	640	-	640	400
Martz	480	-	480	-
Steil	2,320	-	2,320	2,000
Tetz	1,920	-	1,920	2,640
Williams	560	-	560	-
Wood	720	-	720	-
CAO	48,591	3,596	52,187	50,132

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.

10. CONTINGENCIES

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the village 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 village is a member of the Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the town could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

11. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. 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 receivable 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 these financial instruments approximates their fair value.

12. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2017	2016
Excess of revenue over expenditures, per financial statements	542,720	216,814	19,694
Adjustments			
Amortization expense	-	84,738	79,332
Loss (gain) on disposal of tangible capital assets	-	2,583	-
Acquisition of tangible capital assets	(565,593)	(292,728)	(71,444)
Proceeds on disposition of tangible capital assets	-	5,000	-
Results of operations - previous methods	(22,873)	16,407	27,582
Net transfers (to) from reserves	22,873	5,984	(3,936)
Increase (decrease) in unrestricted surplus	-	22,391	23,646

13. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.