

VILLAGE OF HEISLER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016, 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, 2016, 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

April 4, 2017

Chartered Professional Accountant

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	806,378	689,558
Taxes and grants in place of taxes (Note 3)	33,523	17,482
Trade and other receivables	20,743	17,135
Receivable from other governments	10,845	7,666
Inventory held for resale	14,072	14,072
	<u>885,561</u>	<u>745,913</u>
LIABILITIES		
Accounts payable and accrued liabilities	15,698	13,703
Deferred revenue (Note 4)	554,705	444,634
	<u>570,403</u>	<u>458,337</u>
NET FINANCIAL ASSETS	<u>315,158</u>	<u>287,576</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>1,764,550</u>	<u>1,772,438</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>2,079,708</u>	<u>2,060,014</u>

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget (unaudited)	2016	2015
REVENUE			
Net municipal property taxes (Schedule 3)	174,959	174,968	174,342
User fees and sales of goods	105,335	100,597	105,242
Penalties and costs on taxes	5,920	6,180	5,070
Licenses and permits	1,190	1,530	1,105
Fines	-	572	379
Franchise and concession contracts	12,086	11,342	11,746
Investment income	240	5,434	1,351
Rentals	2,600	2,529	2,529
Government transfers for operating	46,883	45,854	46,504
Other	5,100	1,814	1,219
	<u>354,313</u>	<u>350,820</u>	<u>349,487</u>
EXPENSES			
Legislative	7,350	6,344	5,937
Administration	86,504	86,068	82,598
Protective services	37,595	32,007	22,121
Transportation	100,295	103,664	120,364
Water supply and distribution	42,711	39,291	38,026
Wastewater treatment and disposal	20,619	19,249	14,584
Waste management	24,450	24,210	23,150
Public health and welfare	2,011	2,010	2,539
Planning and development	651	2,123	507
Recreation	10,050	9,852	8,737
Culture	8,430	3,995	4,382
Amortization	-	79,332	78,206
	<u>340,666</u>	<u>408,145</u>	<u>401,151</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	13,647	(57,325)	(51,664)
OTHER			
Government transfers for capital (Schedule 4)	183,400	77,019	34,332
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	197,047	19,694	(17,332)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,060,014</u>	<u>2,060,014</u>	<u>2,077,346</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>2,257,061</u></u>	<u><u>2,079,708</u></u>	<u><u>2,060,014</u></u>

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget (unaudited)	2016	2015
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>197,047</u>	<u>19,694</u>	<u>(17,332)</u>
Acquisition of tangible capital assets	(234,448)	(71,444)	(9,281)
Amortization of tangible capital assets	<u>-</u>	<u>79,332</u>	<u>78,206</u>
	<u>(234,448)</u>	<u>7,888</u>	<u>68,925</u>
INCREASE IN NET FINANCIAL ASSETS	(37,401)	27,582	51,593
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>287,576</u>	<u>287,576</u>	<u>235,983</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>250,175</u>	<u>315,158</u>	<u>287,576</u>

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	19,694	(17,332)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	79,332	78,206
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(16,041)	(4,407)
Decrease (increase) in trade and other receivables	(3,608)	(296)
Decrease (increase) in receivable from other governments	(3,179)	64,663
Increase (decrease) in accounts payable and accrued liabilities	1,995	(47,705)
Increase (decrease) in deferred revenue	110,071	151,426
	<u>188,264</u>	<u>224,555</u>
CAPITAL		
Acquisition of tangible capital assets	(71,444)	(9,281)
	<u>(71,444)</u>	<u>(9,281)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	116,820	215,274
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>689,558</u>	<u>474,284</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>806,378</u></u>	<u><u>689,558</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	75	75
Cash in bank	142,730	624,157
Term deposits	663,573	65,326
	<u><u>806,378</u></u>	<u><u>689,558</u></u>

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2016 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
BALANCE, BEGINNING OF YEAR	<u>80,652</u>	<u>206,924</u>	<u>1,772,438</u>	<u>2,060,014</u>	<u>2,077,346</u>
Excess (deficiency) of revenues over expenses	19,694	-	-	19,694	(17,332)
Unrestricted funds designated for future use	(3,936)	3,936	-	-	-
Current year funds used for tangible capital assets	(71,444)	-	71,444	-	-
Annual amortization expense	<u>79,332</u>	<u>-</u>	<u>(79,332)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>23,646</u>	<u>3,936</u>	<u>(7,888)</u>	<u>19,694</u>	<u>(17,332)</u>
BALANCE, END OF YEAR	<u><u>104,298</u></u>	<u><u>210,860</u></u>	<u><u>1,764,550</u></u>	<u><u>2,079,708</u></u>	<u><u>2,060,014</u></u>

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2016 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2016	2015
COST:								
Balance - beginning of year	9,504	105,007	112,730	2,261,888	503,793	43,921	3,036,843	3,027,562
Acquisition of tangible capital assets	-	-	-	45,254	26,190	-	71,444	9,281
Balance - end of year	9,504	105,007	112,730	2,307,142	529,983	43,921	3,108,287	3,036,843
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	28,385	76,043	974,119	151,687	34,171	1,264,405	1,186,199
Annual amortization	-	4,755	2,689	45,742	23,979	2,167	79,332	78,206
Balance - end of year	-	33,140	78,732	1,019,861	175,666	36,338	1,343,737	1,264,405
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,504	71,867	33,998	1,287,281	354,317	7,583	1,764,550	1,772,438
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,504	76,622	36,687	1,287,769	352,106	9,750	1,772,438	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2016 (Schedule 3)

	Budget (Unaudited)	2016	2015
TAXATION			
Real property taxes	188,102	188,111	184,893
Linear property taxes	11,163	11,163	10,666
	<u>199,265</u>	<u>199,274</u>	<u>195,559</u>
REQUISITIONS			
Alberta School Foundation	22,334	22,334	19,459
Flagstaff Regional Housing Group	1,972	1,972	1,758
	<u>24,306</u>	<u>24,306</u>	<u>21,217</u>
NET MUNICIPAL TAXES	<u>174,959</u>	<u>174,968</u>	<u>174,342</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2016 (Schedule 4)

	Budget (Unaudited)	2016	2015
TRANSFERS FOR OPERATING			
Provincial Government	30,883	29,319	31,309
Local Governments	16,000	16,535	15,195
	<u>46,883</u>	<u>45,854</u>	<u>46,504</u>
TRANSFERS FOR CAPITAL			
Federal Government	94,400	30,129	990
Provincial Government	89,000	46,890	33,342
	<u>183,400</u>	<u>77,019</u>	<u>34,332</u>
TOTAL GOVERNMENT TRANSFERS	<u>230,283</u>	<u>122,873</u>	<u>80,836</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2016 (Schedule 5)

	Budget (Unaudited)	2016	2015
Expenditures			
Salaries, wages and benefits	134,005	133,193	124,359
Contracted and general services	114,136	113,598	96,208
Materials, goods and utilities	86,400	76,066	95,580
Provision for allowances	-	-	322
Transfers to local boards and agencies	5,801	5,800	5,806
Bank charges and short term interest	124	125	101
Other expenditures	200	31	569
Amortization of tangible capital assets	-	79,332	78,206
	<u>340,666</u>	<u>408,145</u>	<u>401,151</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2016 (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)	174,968	-	-	-	-	-	-	174,968
User fees and sales of goods	430	240	203	95,035	-	-	4,689	100,597
Penalties and costs on taxes	6,180	-	-	-	-	-	-	6,180
Licenses and permits	480	1,050	-	-	-	-	-	1,530
Fines	-	572	-	-	-	-	-	572
Franchise and concession contracts	11,342	-	-	-	-	-	-	11,342
Investment income	5,434	-	-	-	-	-	-	5,434
Rentals	2,529	-	-	-	-	-	-	2,529
Government transfers	29,319	16,535	-	-	-	-	-	45,854
Other	1,786	28	-	-	-	-	-	1,814
	<u>232,468</u>	<u>18,425</u>	<u>203</u>	<u>95,035</u>	<u>-</u>	<u>-</u>	<u>4,689</u>	<u>350,820</u>
EXPENSES								
Salaries, wages and benefits	55,449	3,880	40,113	32,646	-	-	1,105	133,193
Contracted and general services	34,270	16,455	17,665	40,222	-	2,123	2,863	113,598
Materials, goods and utilities	2,568	11,672	45,886	9,882	-	-	6,058	76,066
Transfers to local boards and agencies	-	-	-	-	2,010	-	3,790	5,800
Bank charges and short term interest	125	-	-	-	-	-	-	125
Other expenditures	-	-	-	-	-	-	31	31
	<u>92,412</u>	<u>32,007</u>	<u>103,664</u>	<u>82,750</u>	<u>2,010</u>	<u>2,123</u>	<u>13,847</u>	<u>328,813</u>
NET REVENUE, BEFORE AMORTIZATION	<u>140,056</u>	<u>(13,582)</u>	<u>(103,461)</u>	<u>12,285</u>	<u>(2,010)</u>	<u>(2,123)</u>	<u>(9,158)</u>	<u>22,007</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	618	12,008	30,082	31,869	-	-	4,755	79,332
NET REVENUE	<u><u>139,438</u></u>	<u><u>(25,590)</u></u>	<u><u>(133,543)</u></u>	<u><u>(19,584)</u></u>	<u><u>(2,010)</u></u>	<u><u>(2,123)</u></u>	<u><u>(13,913)</u></u>	<u><u>(57,325)</u></u>

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016

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, 2016

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, 2016

2. CASH AND TERM DEPOSITS

	<u>2016</u>	<u>2015</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)	554,705	444,634
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 7)	210,860	206,924
Total restricted cash and term deposits	<u>765,565</u>	<u>651,558</u>
Total un-restricted cash and term deposits	<u>40,813</u>	<u>38,000</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2016</u>	<u>2015</u>
Current taxes and grants in place of taxes	21,442	11,309
Arrears taxes	12,081	6,173
	<u>33,523</u>	<u>17,482</u>

4. DEFERRED INCOME

Deferred income consists of the following:	<u>2016</u>	<u>2015</u>
Federal Gas Tax	119,271	99,400
Municipal Sustainability Initiative - capital	400,010	294,685
Basic Municipal Transportation Grant	35,424	50,549
	<u>554,705</u>	<u>444,634</u>

VILLAGE OF HEISLER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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>2016</u>	<u>2015</u>
Total debt limit	<u>526,230</u>	524,231
Total debt	-	-
Surplus debt limit	<u>526,230</u>	<u>524,231</u>
Debt servicing limit	<u>87,705</u>	87,372
Debt servicing	-	-
Surplus debt servicing	<u>87,705</u>	<u>87,372</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>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 2)	<u>3,108,287</u>	3,036,843
Accumulated amortization (Schedule 2)	<u>(1,343,737)</u>	<u>(1,264,405)</u>
	<u>1,764,550</u>	<u>1,772,438</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

7. ACCUMULATED SURPLUS

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	<u>104,298</u>	<u>80,652</u>
Restricted surplus		
Administration	13,000	13,000
Community land	1,032	1,032
Fire department	45,743	49,743
General	103,522	96,652
General contingency	13,634	13,634
Public works	16,300	16,300
Recreation and culture	4,927	9,061
Waste disposal	12,702	7,502
	<u>210,860</u>	<u>206,924</u>
Equity in tangible capital assets	<u>1,764,550</u>	<u>1,772,438</u>
	<u>2,079,708</u>	<u>2,060,014</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, 2016

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:

	2016			2015
	Salary	Benefits & Allowances	Total	Total
Steil	2,000	-	2,000	1,360
Bernard	-	-	-	960
Doege	400	-	400	-
Tetz	2,640	-	2,640	2,320
CAO	46,498	3,634	50,132	47,586

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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)	2016	2015
Excess of revenue over expenditures, per financial statements	197,047	19,694	(17,332)
Adjustments			
Amortization expense	-	79,332	78,206
Acquisition of tangible capital assets	(234,448)	(71,444)	(9,281)
Results of operations - previous methods	(37,401)	27,582	51,593
Net transfers (to) from reserves	37,401	(3,936)	(36,550)
Increase (decrease) in unrestricted surplus	-	23,646	15,043

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.