

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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Holden:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Holden, 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 Holden 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.

A handwritten signature in black ink, appearing to be the name of the auditor, Brian King.

M.D. of Wainwright

April 16, 2018

Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF HOLDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	1,526,980	1,593,936
Taxes and grants in place of taxes (Note 3)	93,462	92,175
Trade and other receivables	5,175	4,882
Due from other governments	93,057	312,593
Inventory held for resale	47,683	47,683
Other financial assets	10	10
	<u>1,766,367</u>	<u>2,051,279</u>
LIABILITIES		
Accounts payable and accrued liabilities	54,107	46,957
Deposits held in trust	1,250	4,831
Deferred revenue (Note 5)	440,824	208,147
Long term debt (Note 6)	469,822	1,039,755
	<u>966,003</u>	<u>1,299,690</u>
NET FINANCIAL DEBT	<u>800,364</u>	<u>751,589</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,699,620</u>	<u>3,739,469</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>4,499,984</u>	<u>4,491,058</u>

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

	Budget (unaudited)	2017	2016
REVENUE			
Net municipal property taxes (Schedule 3)	327,703	325,009	321,693
User fees and sales of goods	110,824	107,855	122,354
Penalties and costs on taxes	14,000	15,003	12,739
Licenses and permits	1,600	1,920	1,990
Fines	2,000	3,356	1,800
Franchise and concession contracts	16,000	15,250	14,258
Investment income	202,662	206,497	209,609
Rentals	9,460	9,760	9,336
Government transfers for operating	115,840	86,436	79,886
Other	2,400	23,119	6,288
	<u>802,489</u>	<u>794,205</u>	<u>779,953</u>
EXPENSES			
Legislative	31,610	22,169	25,449
Administration	303,249	305,171	275,691
Protective services	53,672	52,762	59,459
Transportation	134,287	152,952	122,825
Wastewater treatment and disposal	52,079	40,193	43,327
Waste management	20,450	20,278	20,077
Public health and welfare	4,522	4,527	5,922
Recreation	35,472	32,271	33,006
Culture	58,361	54,014	51,338
Amortization	136,685	136,160	170,391
	<u>830,387</u>	<u>824,025</u>	<u>807,485</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(27,898)	(29,820)	(27,532)
OTHER			
Government transfers for capital (Schedule 4)	52,500	38,746	679,621
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	24,602	8,926	652,089
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,491,058</u>	<u>4,491,058</u>	<u>3,838,969</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>4,515,660</u></u>	<u><u>4,499,984</u></u>	<u><u>4,491,058</u></u>

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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>24,602</u>	<u>8,926</u>	<u>652,089</u>
Acquisition of tangible capital assets	-	(99,839)	(19,454)
Amortization of tangible capital assets	136,685	136,160	170,391
Loss (gain) on sale of tangible capital assets	-	3,528	-
	<u>136,685</u>	<u>39,849</u>	<u>150,937</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	161,287	48,775	803,026
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>751,589</u>	<u>751,589</u>	<u>(51,437)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>912,876</u>	<u>800,364</u>	<u>751,589</u>

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

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	8,926	652,089
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	136,160	170,391
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(1,287)	6,265
Decrease (increase) in trade and other receivables	(293)	16,638
Decrease (increase) in due from other governments	219,536	(217,644)
Increase (decrease) in accounts payable and accrued liabilities	7,150	(26,442)
Increase (decrease) in deposits held in trust	(3,581)	(146)
Increase (decrease) in deferred revenue	232,677	(469,938)
	602,816	131,213
CAPITAL		
Acquisition of tangible capital assets	(99,839)	(19,454)
	(99,839)	(19,454)
FINANCING		
Long-term debt repaid	(569,933)	(90,476)
	(569,933)	(90,476)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(66,956)	21,283
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,593,936	1,572,653
CASH AND CASH EQUIVALENTS, END OF YEAR	1,526,980	1,593,936
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	150	150
Cash in bank	203,357	117,588
Term Deposits and demand notices	1,323,473	1,476,198
	1,526,980	1,593,936

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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	120,076	1,671,268	2,699,714	4,491,058	3,838,969
Prior period adjustment	-	-	-	-	-
Balance as restated	120,076	1,671,268	2,699,714	4,491,058	3,838,969
Excess of revenues over expenses	8,926	-	-	8,926	652,089
Unrestricted funds designated for future use	(147,067)	147,067	-	-	-
Restricted funds used for operations	640,013	(640,013)	-	-	-
Restricted funds used for tangible capital assets	-	(40,000)	40,000	-	-
Current year funds used for tangible capital assets	(59,839)	-	59,839	-	-
Disposal of tangible capital assets	3,528	-	(3,528)	-	-
Annual amortization expense	136,160	-	(136,160)	-	-
Net change in long term debt	(569,933)	-	569,933	-	-
Change in accumulated surplus	11,788	(532,946)	530,084	8,926	652,089
BALANCE, END OF YEAR	131,864	1,138,322	3,229,798	4,499,984	4,491,058

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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	412,464	147,067	890,895	6,563,167	441,224	43,217	8,498,034	8,478,580
Acquisition of tangible capital assets	-	85,444	7,400	-	6,995	-	99,839	19,454
Write down of tangible capital assets	-	10,543	-	-	6,815	-	17,358	-
Balance - end of year	412,464	221,968	898,295	6,563,167	441,404	43,217	8,580,515	8,498,034
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	67,769	234,690	4,275,502	153,691	26,913	4,758,565	4,588,174
Annual amortization	-	5,978	17,817	88,983	20,049	3,333	136,160	170,391
Accumulated amortization on disposals	-	9,741	-	-	4,089	-	13,830	-
Balance - end of year	-	64,006	252,507	4,364,485	169,651	30,246	4,880,895	4,758,565
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	157,962	645,788	2,198,682	271,753	12,971	3,699,620	3,739,469
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	79,298	656,205	2,287,665	287,533	16,304	3,739,469	

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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	361,586	358,893	350,340
Linear property taxes	39,473	39,473	42,865
Government grants in place of property taxes	2,816	2,816	2,675
	<u>403,875</u>	<u>401,182</u>	<u>395,880</u>
REQUISITIONS			
Alberta School Foundation	64,423	64,423	62,437
Beaver Foundation	11,749	11,750	11,750
	<u>76,172</u>	<u>76,173</u>	<u>74,187</u>
NET MUNICIPAL TAXES	<u>327,703</u>	<u>325,009</u>	<u>321,693</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	85,520	63,179	55,609
Local Governments	30,320	23,257	24,277
	<u>115,840</u>	<u>86,436</u>	<u>79,886</u>
TRANSFERS FOR CAPITAL			
Provincial Government	52,500	38,746	679,621
	<u>52,500</u>	<u>38,746</u>	<u>679,621</u>
TOTAL GOVERNMENT TRANSFERS	<u>168,340</u>	<u>125,182</u>	<u>759,507</u>

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

	Budget (Unaudited)	2017	2016
Expenditures			
Salaries, wages and benefits	228,975	213,994	211,740
Contracted and general services	225,308	220,052	153,419
Purchases from other governments	10,500	9,907	9,128
Materials, goods and utilities	120,595	103,790	115,674
Provision for allowances	-	5,161	5,729
Transfers to local boards and agencies	71,744	72,317	101,708
Bank charges and short term interest	300	257	300
Interest on capital long term debt	36,280	57,659	39,396
Other expenditures	-	1,200	-
Amortization of tangible capital assets	136,685	136,160	170,391
Write down of tangible capital assets	-	3,528	-
	<u>830,387</u>	<u>824,025</u>	<u>807,485</u>

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

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Recreation & Culture	Total
REVENUE							
Net municipal property taxes (Schedule 2)	325,009	-	-	-	-	-	325,009
User fees and sales of goods	4,109	-	1,900	82,407	-	19,439	107,855
Penalties and costs on taxes	15,003	-	-	-	-	-	15,003
Licenses and permits	615	1,305	-	-	-	-	1,920
Fines	957	2,399	-	-	-	-	3,356
Franchise and concession contracts	15,250	-	-	-	-	-	15,250
Investment income	206,497	-	-	-	-	-	206,497
Rentals	9,760	-	-	-	-	-	9,760
Government transfers	63,179	-	-	-	-	23,257	86,436
Other	21,819	-	-	-	-	1,300	23,119
	<u>662,198</u>	<u>3,704</u>	<u>1,900</u>	<u>82,407</u>	<u>-</u>	<u>43,996</u>	<u>794,205</u>
EXPENSES							
Salaries, wages and benefits	148,821	305	25,619	13,888	-	25,361	213,994
Contracted and general services	131,558	-	30,396	36,669	1,027	20,402	220,052
Purchases from other governments	-	9,907	-	-	-	-	9,907
Materials, goods and utilities	26,506	-	39,278	9,914	-	28,092	103,790
Provision for allowances	5,161	-	-	-	-	-	5,161
Transfers to local boards and agencies	15,037	42,550	-	-	3,500	11,230	72,317
Bank charges and short term interest	257	-	-	-	-	-	257
Interest on capital long term debt	-	-	57,659	-	-	-	57,659
	<u>327,340</u>	<u>52,762</u>	<u>152,952</u>	<u>60,471</u>	<u>4,527</u>	<u>86,285</u>	<u>684,337</u>
NET REVENUE, BEFORE AMORTIZATION	334,858	(49,058)	(151,052)	21,936	(4,527)	(42,289)	109,868
AMORTIZATION AND DISPOSAL OF ASSETS							
Amortization of tangible capital assets	6,578	-	74,437	38,682	700	15,763	136,160
Write down of tangible capital assets	3,528	-	-	-	-	-	3,528
	<u>10,106</u>	<u>-</u>	<u>74,437</u>	<u>38,682</u>	<u>700</u>	<u>15,763</u>	<u>139,688</u>
NET REVENUE	324,752	(49,058)	(225,489)	(16,746)	(5,227)	(58,052)	(29,820)

VILLAGE OF HOLDEN

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Holden 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.

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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) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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	25-50
Engineered structures - other	10-65
Engineered structures - wastewater system	45-75
Land improvements	10-45
Machinery and equipment	5-40
Vehicles	10-40

No amortization is charged in the year of acquisition and full amortization is taken 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.

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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)	385,348	50,000
Included in cash and term deposits that are deposits held in trust	1,250	4,831
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	1,138,322	1,671,268
Total restricted cash and term deposits	<u>1,524,920</u>	<u>1,726,099</u>
Total un-restricted cash and term deposits	<u>2,060</u>	<u>(132,163)</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	30,428	37,337
Arrears taxes	10,388	11,744
Property held by the village as a result of tax forfeiture	97,975	88,423
	<u>138,791</u>	<u>137,504</u>
Less: allowance for doubtful accounts	45,329	45,329
	<u>93,462</u>	<u>92,175</u>

4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of \$100,000 bearing interest at prime, secured by all assets of the village at large.

5. DEFERRED INCOME

Deferred income consists of the following:	<u>2017</u>	<u>2016</u>
CARES grant	15,516	-
Federal Gas Tax	100,000	50,000
Municipal Sustainability Initiative - capital	319,832	151,696
Municipal Sustainability Initiative - operating	-	1,500
Prepaid property taxes	3,971	4,322
Other deferred revenue	1,505	629
	<u>440,824</u>	<u>208,147</u>

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

6. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Alberta Capital Finance Authority	<u>469,822</u>	<u>1,039,755</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	48,227	16,341	64,568
2019	49,964	14,604	64,568
2020	51,763	12,805	64,568
2021	53,626	10,942	64,568
2022	55,557	9,011	64,568
Thereafter	<u>210,685</u>	<u>15,305</u>	<u>225,990</u>
	<u>469,822</u>	<u>79,008</u>	<u>548,830</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 3.569% per annum and matures in 2026.

The village's total cash payments for interest in 2017 were \$58,551 (2016 - \$39,396).

7. 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 Holden be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	<u>1,191,308</u>	1,169,930
Total debt	<u>469,822</u>	1,039,755
Surplus debt limit	<u>721,486</u>	<u>130,175</u>
Debt servicing limit	<u>198,551</u>	194,988
Debt servicing	<u>64,568</u>	130,013
Surplus debt servicing	<u>133,983</u>	<u>64,975</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.

In 2011, the Village of Holden received Ministerial approval for the debenture exceeding the debt limit. This debenture was approved to fund the 50th street paving project.

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

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	8,580,515	8,498,034
Accumulated amortization (Schedule 2)	(4,880,895)	(4,758,565)
Long-term debt (Note 6)	(469,822)	(1,039,755)
	<u>3,229,798</u>	<u>2,699,714</u>

9. 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>131,864</u>	<u>120,076</u>
Restricted surplus		
Beaver Municipal Solutions surplus	531,832	393,765
Debenture retirement	229,516	859,529
General	234,993	244,993
Grants to other organizations	1,800	1,800
Interest on investments	18,203	18,203
Land development	34,000	34,000
ECD	5,708	5,708
Playground and recreation	26,100	60,100
Sewer	56,170	53,170
	<u>1,138,322</u>	<u>1,671,268</u>
Equity in tangible capital assets	<u>3,229,798</u>	<u>2,699,714</u>
	<u>4,499,984</u>	<u>4,491,058</u>

VILLAGE OF HOLDEN

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

10. SEGMENTED DISCLOSURE

The Village 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)

11. 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
Bartel	660	-	660	2,658
Giebelhaus	5,188	22	5,210	4,303
Hanson	615	7	622	-
Markel	520	-	520	-
Marko	4,215	-	4,215	3,470
Marsh	1,100	2	1,102	7,083
Marusiak	750	7	757	-
Mattice	2,125	-	2,125	1,330
Thompson	-	-	-	1,710
CAO	42,362	11,213	53,575	72,814
CAO	14,474	1,003	15,477	-

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. 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 Beaver Regional Waste Management Services Commission. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the commission. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

VILLAGE OF HOLDEN

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

13. 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.

14. 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 serves 253,862 people and 417 employers. 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. Employees of the village are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2017 were \$15,260. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2017 were \$13,930.

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 Million.

VILLAGE OF HOLDEN

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

15. COMPARITIVE FIGURES

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

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.