

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

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, 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 Holden 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

March 29, 2017

A handwritten signature in black ink, appearing to be the initials "BK" followed by a long horizontal stroke.

Chartered Professional Accountant

VILLAGE OF HOLDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	1,593,936	1,572,653
Taxes and grants in place of taxes (Note 3)	92,175	98,440
Trade and other receivables	4,882	21,520
Due from other governments	312,593	94,949
Inventory held for resale	47,683	47,683
Other financial assets	10	10
	<u>2,051,279</u>	<u>1,835,255</u>
LIABILITIES		
Accounts payable and accrued liabilities	46,957	73,399
Deposits held in trust	4,831	4,977
Deferred revenue (Note 5)	208,147	678,085
Long term debt (Note 6)	1,039,755	1,130,231
	<u>1,299,690</u>	<u>1,886,692</u>
NET FINANCIAL DEBT	<u>751,589</u>	<u>(51,437)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,739,469</u>	<u>3,890,406</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>4,491,058</u>	<u>3,838,969</u>

VILLAGE OF HOLDEN

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

	Budget (unaudited)	2016	2015
REVENUE			
Net municipal property taxes (Schedule 3)	322,430	321,693	318,366
User fees and sales of goods	108,561	122,354	110,361
Penalties and costs on taxes	11,500	12,739	10,800
Licenses and permits	1,700	1,990	1,525
Fines	1,850	1,800	1,150
Franchise and concession contracts	16,000	14,258	12,728
Investment income	56,806	209,609	329,299
Rentals	9,500	9,336	9,641
Government transfers for operating	96,318	79,886	83,215
Other	32,600	6,288	18,473
	<u>657,265</u>	<u>779,953</u>	<u>895,558</u>
EXPENSES			
Legislative	30,778	25,449	28,248
Administration	274,746	275,691	247,087
Protective services	50,459	59,459	41,858
Transportation	132,855	122,825	130,627
Wastewater treatment and disposal	42,361	43,327	39,826
Waste management	20,030	20,077	20,587
Public health and welfare	5,920	5,922	3,540
Recreation	33,538	33,006	31,773
Culture	56,476	51,338	62,918
Amortization	180,284	170,391	161,234
	<u>827,447</u>	<u>807,485</u>	<u>767,698</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(170,182)	(27,532)	127,860
OTHER			
Government transfers for capital (Schedule 4)	109,976	679,621	177,636
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(60,206)	652,089	305,496
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,838,969</u>	<u>3,838,969</u>	<u>3,533,473</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>3,778,763</u></u>	<u><u>4,491,058</u></u>	<u><u>3,838,969</u></u>

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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>(60,206)</u>	<u>652,089</u>	<u>305,496</u>
Acquisition of tangible capital assets	-	(19,454)	(249,232)
Amortization of tangible capital assets	<u>180,284</u>	<u>170,391</u>	<u>161,234</u>
	<u>180,284</u>	<u>150,937</u>	<u>(87,998)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	120,078	803,026	217,498
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(51,437)</u>	<u>(51,437)</u>	<u>(268,935)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>68,641</u>	<u>751,589</u>	<u>(51,437)</u>

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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	652,089	305,496
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	170,391	161,234
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	6,265	(8,801)
Decrease (increase) in trade and other receivables	16,638	(5,033)
Decrease (increase) in due from other governments	(217,644)	(57,697)
Increase (decrease) in accounts payable and accrued liabilities	(26,442)	37,767
Increase (decrease) in deposits held in trust	(146)	(139)
Increase (decrease) in deferred revenue	(469,938)	59,202
	<u>131,213</u>	<u>492,029</u>
CAPITAL		
Acquisition of tangible capital assets	(19,454)	(249,232)
	<u>(19,454)</u>	<u>(249,232)</u>
FINANCING		
Long-term debt repaid	(90,476)	(87,331)
	<u>(90,476)</u>	<u>(87,331)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	21,283	155,466
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,572,653	1,417,187
CASH AND CASH EQUIVALENTS, END OF YEAR	1,593,936	1,572,653
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	150	150
Cash in bank	421,935	397,592
Term Deposits and demand notices	1,171,851	1,174,911
	<u>1,593,936</u>	<u>1,572,653</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	140,996	937,798	2,760,175	3,838,969	3,533,473
Excess of revenues over expenses	652,089	-	-	652,089	305,496
Unrestricted funds designated for future use	(733,470)	733,470	-	-	-
Current year funds used for tangible capital assets	(19,454)	-	19,454	-	-
Annual amortization expense	170,391	-	(170,391)	-	-
Net change in long term debt	(90,476)	-	90,476	-	-
Change in accumulated surplus	(20,920)	733,470	(60,461)	652,089	305,496
BALANCE, END OF YEAR	120,076	1,671,268	2,699,714	4,491,058	3,838,969

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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	412,464	138,550	890,895	6,563,167	430,287	43,217	8,478,580	8,229,348
Acquisition of tangible capital assets	-	8,517	-	-	10,937	-	19,454	249,232
Balance - end of year	412,464	147,067	890,895	6,563,167	441,224	43,217	8,498,034	8,478,580
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	62,358	216,871	4,150,992	134,372	23,581	4,588,174	4,426,940
Annual amortization	-	5,411	17,819	124,510	19,319	3,332	170,391	161,234
Balance - end of year	-	67,769	234,690	4,275,502	153,691	26,913	4,758,565	4,588,174
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	79,298	656,205	2,287,665	287,533	16,304	3,739,469	3,890,406
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	412,464	76,192	674,024	2,412,175	295,915	19,636	3,890,406	

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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	351,147	350,340	346,905
Linear property taxes	42,865	42,865	44,689
Government grants in place of property taxes	2,675	2,675	2,642
	<u>396,687</u>	<u>395,880</u>	<u>394,236</u>
REQUISITIONS			
Alberta School Foundation	62,507	62,437	64,350
Beaver Foundation	11,750	11,750	11,520
	<u>74,257</u>	<u>74,187</u>	<u>75,870</u>
NET MUNICIPAL TAXES	<u>322,430</u>	<u>321,693</u>	<u>318,366</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	55,135	55,609	57,530
Local Governments	41,183	24,277	25,685
	<u>96,318</u>	<u>79,886</u>	<u>83,215</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	-	100,000
Provincial Government	109,976	679,621	77,636
	<u>109,976</u>	<u>679,621</u>	<u>177,636</u>
TOTAL GOVERNMENT TRANSFERS	<u>206,294</u>	<u>759,507</u>	<u>260,851</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	222,932	211,740	216,428
Contracted and general services	161,288	153,419	149,731
Purchases from other governments	10,000	9,128	7,320
Materials, goods and utilities	120,162	115,674	128,927
Provision for allowances	-	5,729	5,759
Transfers to local boards and agencies	92,993	101,708	52,371
Transfers to individuals and agencies	-	-	1,793
Bank charges and short term interest	250	300	244
Interest on capital long term debt	39,538	39,396	42,546
Other expenditures	-	-	1,345
Amortization of tangible capital assets	180,284	170,391	161,234
	<u>827,447</u>	<u>807,485</u>	<u>767,698</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	Recreation & Culture	Total
REVENUE							
Net municipal property taxes (Schedule 2)	321,693	-	-	-	-	-	321,693
User fees and sales of goods	12,662	-	1,000	80,106	-	18,586	122,354
Penalties and costs on taxes	12,739	-	-	-	-	-	12,739
Licenses and permits	735	1,255	-	-	-	-	1,990
Fines	-	1,800	-	-	-	-	1,800
Franchise and concession contracts	14,258	-	-	-	-	-	14,258
Investment income	209,609	-	-	-	-	-	209,609
Rentals	9,336	-	-	-	-	-	9,336
Government transfers	54,135	-	-	-	-	25,751	79,886
Other	2,413	-	-	-	-	3,875	6,288
	<u>637,580</u>	<u>3,055</u>	<u>1,000</u>	<u>80,106</u>	<u>-</u>	<u>48,212</u>	<u>779,953</u>
EXPENSES							
Salaries, wages and benefits	147,333	298	24,743	13,336	-	26,030	211,740
Contracted and general services	74,029	-	20,433	40,630	2,288	16,039	153,419
Purchases from other governments	-	9,128	-	-	-	-	9,128
Materials, goods and utilities	37,176	-	38,253	9,438	134	30,673	115,674
Provision for allowances	5,729	-	-	-	-	-	5,729
Transfers to local boards and agencies	36,573	50,033	-	-	3,500	11,602	101,708
Transfers to individuals and agencies	-	-	-	-	-	-	-
Bank charges and short term interest	300	-	-	-	-	-	300
Interest on capital long term debt	-	-	39,396	-	-	-	39,396
	<u>301,140</u>	<u>59,459</u>	<u>122,825</u>	<u>63,404</u>	<u>5,922</u>	<u>84,344</u>	<u>637,094</u>
NET REVENUE, BEFORE AMORTIZATION	<u>336,440</u>	<u>(56,404)</u>	<u>(121,825)</u>	<u>16,702</u>	<u>(5,922)</u>	<u>(36,132)</u>	<u>142,859</u>
AMORTIZATION AND DISPOSAL OF ASSETS							
Amortization of tangible capital assets	5,851	-	109,395	38,682	700	15,763	170,391
NET REVENUE	<u>330,589</u>	<u>(56,404)</u>	<u>(231,220)</u>	<u>(21,980)</u>	<u>(6,622)</u>	<u>(51,895)</u>	<u>(27,532)</u>

VILLAGE OF HOLDEN

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

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, 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) 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, 2016

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, 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)	50,000	661,861
Included in cash and term deposits that are deposits held in trust	4,831	4,977
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	1,671,268	937,798
Total restricted cash and term deposits	<u>1,726,099</u>	<u>1,604,636</u>
Total un-restricted cash and term deposits	<u>(132,163)</u>	<u>(31,983)</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2016</u>	<u>2015</u>
Current taxes and grants in place of taxes	37,337	28,744
Arrears taxes	11,744	6,451
Property held by the village as a result of tax forfeiture	88,423	116,384
	137,504	151,579
Less: allowance for doubtful accounts	45,329	53,139
	<u>92,175</u>	<u>98,440</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>2016</u>	<u>2015</u>
Federal Gas Tax	50,000	-
Municipal Sustainability Initiative - capital	151,696	653,274
Municipal Sustainability Initiative - operating	1,500	8,587
Prepaid property taxes	4,322	5,677
Other deferred revenue	629	10,547
	<u>208,147</u>	<u>678,085</u>

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

6. LONG TERM DEBT

	<u>2016</u>	<u>2015</u>
Alberta Capital Finance Authority	<u>1,039,755</u>	<u>1,130,231</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	93,733	36,280	130,013
2018	97,109	32,904	130,013
2019	100,605	29,408	130,013
2020	104,228	25,785	130,013
2021	107,981	22,032	130,013
Thereafter	<u>536,099</u>	<u>48,961</u>	<u>585,060</u>
	<u>1,039,755</u>	<u>195,370</u>	<u>1,235,125</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 2016 were \$39,396 (2015 - \$42,682).

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>2016</u>	<u>2015</u>
Total debt limit	<u>1,169,930</u>	<u>1,343,337</u>
Total debt	<u>1,039,755</u>	<u>1,130,231</u>
Surplus debt limit	<u>130,175</u>	<u>213,106</u>
Debt servicing limit	<u>194,988</u>	<u>223,890</u>
Debt servicing	<u>130,013</u>	<u>130,013</u>
Surplus debt servicing	<u>64,975</u>	<u>93,877</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, 2016

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 2)	8,498,034	8,478,580
Accumulated amortization (Schedule 2)	(4,758,565)	(4,588,174)
Long-term debt (Note 6)	(1,039,755)	(1,130,231)
	<u>2,699,714</u>	<u>2,760,175</u>

9. 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>120,076</u>	<u>140,996</u>
Restricted surplus		
Beaver Municipal Solutions surplus	393,765	247,030
Debenture retirement	859,529	290,484
Fire department	-	10,070
General	244,993	244,993
Grants to other organizations	1,800	-
Interest on investments	18,203	18,203
Land development	34,000	24,000
ECD	5,708	7,008
Playground and recreation	60,100	45,840
Sewer	53,170	50,170
	<u>1,671,268</u>	<u>937,798</u>
Equity in tangible capital assets	<u>2,699,714</u>	<u>2,760,175</u>
	<u>4,491,058</u>	<u>3,838,969</u>

VILLAGE OF HOLDEN

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

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:

	2016			2015
	Salary	Benefits & Allowances	Total	Total
Bartel	2,655	3	2,658	2,690
Giebelhaus	4,295	8	4,303	2,555
Marko	3,470	-	3,470	2,900
Marsh	7,025	58	7,083	5,559
Mattice	1,330	-	1,330	-
Thompson	1,710	-	1,710	4,805
CAO	56,845	15,969	72,814	71,119

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, 2016

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 244,621 people and 426 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 2016 were \$16,201. Total current service contributions by the employees of the village to the Local Authorities Pension Plan in 2016 were \$14,780.

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 Million.

VILLAGE OF HOLDEN

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

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.