

VILLAGE OF DONALDA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Donalda:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Donalda, 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 Donalda 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 read "B. King", with a long horizontal stroke extending to the right.

M.D. of Wainwright
May 1, 2018

Brian King Professional Corporation
Chartered Professional Accountant

VILLAGE OF DONALDA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	394,024	376,615
Taxes and grants in place of taxes (Note 3)	62,606	62,194
Trade and other receivables	22,319	28,111
Due from other governments	256,320	57,650
Inventory held for resale	18,473	18,473
	<u>753,742</u>	<u>543,043</u>
LIABILITIES		
Accounts payable and accrued liabilities	64,688	46,211
Deposits held in trust	19,875	19,875
Deferred revenue (Note 4)	649,458	446,520
	<u>734,021</u>	<u>512,606</u>
NET FINANCIAL ASSETS	<u>19,721</u>	<u>30,437</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>1,675,285</u>	<u>1,767,274</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>1,695,006</u>	<u>1,797,711</u>

VILLAGE OF DONALDA

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

	Budget (unaudited)	2017	2016
REVENUE			
Net municipal property taxes (Schedule 3)	178,287	168,818	168,614
User fees and sales of goods	184,825	146,022	149,873
Penalties and costs on taxes	13,500	18,515	13,865
Licenses and permits	1,500	808	1,167
Franchise and concession contracts	26,770	23,547	21,444
Investment income	3,000	-	8
Rentals	10,500	10,350	10,585
Government transfers for operating	47,955	48,269	45,455
Other	1,126	14,949	877
	<u>467,463</u>	<u>431,278</u>	<u>411,888</u>
EXPENSES			
Legislative	15,542	15,836	15,522
Administration	116,425	113,035	106,519
Protective services	27,000	27,340	26,150
Transportation	70,800	72,909	78,954
Water supply and distribution	94,470	97,336	89,859
Wastewater treatment and disposal	16,000	14,179	15,849
Waste management	37,889	35,724	37,163
Public health and welfare	10,546	12,474	11,613
Recreation	14,840	16,479	15,810
Culture	35,627	36,682	37,137
Amortization	-	91,989	99,455
	<u>439,139</u>	<u>533,983</u>	<u>534,031</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	28,324	(102,705)	(122,143)
OTHER			
Government transfers for capital (Schedule 4)	-	-	54,276
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	28,324	(102,705)	(67,867)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,797,711</u>	<u>1,797,711</u>	<u>1,865,578</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>1,826,035</u></u>	<u><u>1,695,006</u></u>	<u><u>1,797,711</u></u>

VILLAGE OF DONALDA

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>28,324</u>	<u>(102,705)</u>	<u>(67,867)</u>
Acquisition of tangible capital assets	-	-	(50,361)
Amortization of tangible capital assets	<u>-</u>	<u>91,989</u>	<u>99,455</u>
	<u>-</u>	<u>91,989</u>	<u>49,094</u>
Net (increase) decrease of prepaid assets	<u>-</u>	<u>-</u>	<u>2,471</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>28,324</u>	<u>(10,716)</u>	<u>(16,302)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>30,437</u>	<u>30,437</u>	<u>46,739</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>58,761</u>	<u>19,721</u>	<u>30,437</u>

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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	(102,705)	(67,867)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	91,989	99,455
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(412)	(18,130)
Decrease (increase) in due from other governments	(198,670)	(50,162)
Decrease (increase) in trade and other receivables	5,792	17,763
Decrease (increase) in inventory held for resale	-	-
Decrease (increase) in prepaid expenses	-	2,471
Increase (decrease) in accounts payable and accrued liabilities	18,477	15,775
Increase (decrease) in deposits held in trust	-	(120)
Increase (decrease) in deferred revenue	202,938	149,405
	<u>17,409</u>	<u>148,590</u>
CAPITAL		
Acquisition of tangible capital assets	-	(50,361)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	17,409	98,229
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>376,615</u>	<u>278,386</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>394,024</u></u>	<u><u>376,615</u></u>

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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	<u>437</u>	<u>30,000</u>	<u>1,767,274</u>	<u>1,797,711</u>	<u>1,865,578</u>
Excess (deficiency) of revenues over expenses	(102,705)	-	-	(102,705)	(67,867)
Restricted funds used for operations	12,000	(12,000)	-	-	-
Annual amortization expense	<u>91,989</u>	<u>-</u>	<u>(91,989)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>1,284</u>	<u>(12,000)</u>	<u>(91,989)</u>	<u>(102,705)</u>	<u>(67,867)</u>
BALANCE, END OF YEAR	<u><u>1,721</u></u>	<u><u>18,000</u></u>	<u><u>1,675,285</u></u>	<u><u>1,695,006</u></u>	<u><u>1,797,711</u></u>

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

	LAND	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2017	2016
COST:							
Balance - beginning of year	15,928	275,111	3,200,407	138,819	34,768	3,665,033	3,614,672
Acquisition of tangible capital assets	-	-	-	-	-	-	50,361
Balance - end of year	15,928	275,111	3,200,407	138,819	34,768	3,665,033	3,665,033
ACCUMULATED AMORTIZATION							
Balance - beginning of year	-	179,702	1,624,749	72,447	20,861	1,897,759	1,798,304
Annual amortization	-	5,587	69,400	13,525	3,477	91,989	99,455
Balance - end of year	-	185,289	1,694,149	85,972	24,338	1,989,748	1,897,759
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,928	89,822	1,506,258	52,847	10,430	1,675,285	1,767,274
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,928	95,409	1,575,658	66,372	13,907	1,767,274	

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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	205,988	196,836	195,436
Linear property taxes	10,592	10,592	11,033
Government grants in place of property taxes	1,199	1,199	1,165
	<u>217,779</u>	<u>208,627</u>	<u>207,634</u>
REQUISITIONS			
Alberta School Foundation	34,887	34,887	34,415
County of Stettler Housing Authority	4,605	4,922	4,605
	<u>39,492</u>	<u>39,809</u>	<u>39,020</u>
NET MUNICIPAL TAXES	<u>178,287</u>	<u>168,818</u>	<u>168,614</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			
Federal Government	2,500	1,100	-
Provincial Government	45,455	43,169	45,455
Local Governments	-	4,000	-
	<u>47,955</u>	<u>48,269</u>	<u>45,455</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	-	3,915
Provincial Government	-	-	50,361
	<u>-</u>	<u>-</u>	<u>54,276</u>
TOTAL GOVERNMENT TRANSFERS	<u>47,955</u>	<u>48,269</u>	<u>99,731</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	98,640	107,425	113,257
Contracted and general services	172,453	179,660	144,583
Materials, goods and utilities	92,230	84,987	102,416
Provision for allowances	-	3,775	409
Transfers to other governments	28,285	28,285	28,885
Transfers to local boards and agencies	44,381	35,336	42,579
Bank charges and short term interest	1,600	1,908	1,895
Other expenditures	1,550	618	552
Amortization of tangible capital assets	-	91,989	99,455
	<u>439,139</u>	<u>533,983</u>	<u>534,031</u>

VILLAGE OF DONALDA

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)	168,818	-	-	-	-	-	-	168,818
User fees and sales of goods	1,203	1,790	150	140,479	2,400	-	-	146,022
Penalties and costs on taxes	15,896	-	-	2,619	-	-	-	18,515
Licenses and permits	448	360	-	-	-	-	-	808
Franchise and concession contracts	23,547	-	-	-	-	-	-	23,547
Rentals	10,350	-	-	-	-	-	-	10,350
Government transfers	35,544	-	-	-	11,625	-	1,100	48,269
Other	14,574	-	-	-	375	-	-	14,949
	<u>270,380</u>	<u>2,150</u>	<u>150</u>	<u>143,098</u>	<u>14,400</u>	<u>-</u>	<u>1,100</u>	<u>431,278</u>
EXPENSES								
Salaries, wages and benefits	32,009	-	34,027	23,781	1,178	-	16,430	107,425
Contracted and general services	86,483	2,340	8,838	61,142	11,268	-	9,589	179,660
Materials, goods and utilities	4,442	-	29,779	40,963	28	-	9,775	84,987
Provision for allowances	3,676	-	-	99	-	-	-	3,775
Transfers to other governments	-	25,000	-	-	-	-	3,285	28,285
Transfers to local boards and agencies	-	-	-	21,254	-	-	14,082	35,336
Bank charges and short term interest	1,908	-	-	-	-	-	-	1,908
Other expenditures	353	-	265	-	-	-	-	618
	<u>128,871</u>	<u>27,340</u>	<u>72,909</u>	<u>147,239</u>	<u>12,474</u>	<u>-</u>	<u>53,161</u>	<u>441,994</u>
NET REVENUE, BEFORE AMORTIZATION	<u>141,509</u>	<u>(25,190)</u>	<u>(72,759)</u>	<u>(4,141)</u>	<u>1,926</u>	<u>-</u>	<u>(52,061)</u>	<u>(10,716)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	<u>6,659</u>	<u>-</u>	<u>52,632</u>	<u>31,891</u>	<u>-</u>	<u>-</u>	<u>807</u>	<u>91,989</u>
NET REVENUE	<u><u>134,850</u></u>	<u><u>(25,190)</u></u>	<u><u>(125,391)</u></u>	<u><u>(36,032)</u></u>	<u><u>1,926</u></u>	<u><u>-</u></u>	<u><u>(52,868)</u></u>	<u><u>(102,705)</u></u>

VILLAGE OF DONALDA

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Donalda 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) 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.

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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	25-50
Engineered structures - other	15-40
Engineered structures - water system	35-75
Engineered structures - wastewater system	35-75
Land improvements	15-20
Machinery and equipment	5-20
Vehicles	3-20

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.

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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)	396,520	396,520
Deposits held in trust	<u>19,875</u>	<u>19,875</u>
Total restricted cash and term deposits	<u>416,395</u>	<u>416,395</u>
Total unrestricted cash and term deposits (shortfall)	<u>(22,371)</u>	<u>(39,780)</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	47,191	42,001
Arrears taxes	<u>15,415</u>	<u>20,193</u>
	<u>62,606</u>	<u>62,194</u>

4. DEFERRED INCOME

	<u>2017</u>	<u>2016</u>
Deferred income consists of the following:		
Federal Gas Tax	146,085	96,085
Municipal Sustainability Initiative - capital	<u>503,373</u>	<u>350,435</u>
	<u>649,458</u>	<u>446,520</u>

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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 Donalda be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	<u>646,917</u>	<u>617,832</u>
Total debt	<u>-</u>	<u>-</u>
Surplus debt limit	<u>646,917</u>	<u>617,832</u>
Debt servicing limit	<u>107,820</u>	<u>102,972</u>
Debt servicing	<u>-</u>	<u>-</u>
Surplus debt servicing	<u>107,820</u>	<u>102,972</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.

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

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	3,665,033	3,665,033
Accumulated amortization (Schedule 2)	<u>(1,989,748)</u>	<u>(1,897,759)</u>
	<u>1,675,285</u>	<u>1,767,274</u>

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>1,721</u>	<u>437</u>
Restricted surplus		
Fire department	13,000	13,000
Roads and streets	5,000	5,000
Water systems	-	12,000
	<u>18,000</u>	<u>30,000</u>
Equity in tangible capital assets	<u>1,675,285</u>	<u>1,767,274</u>
	<u>1,695,006</u>	<u>1,797,711</u>

8. SEGMENTED DISCLOSURE

The Village of Donalda 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 DONALDA

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
Gartside	4,620	4	4,624	4,862
Knudtson	4,140	-	4,140	4,440
McKay	4,980	2	4,982	3,780
CAO	40,267	-	40,267	42,800

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 Stettler Waste Management Authority. 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 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, 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. COMMITMENTS

The village has entered into a fire services agreement with the County of Stettler. Under the agreement, the county is to provide fire services to the village for an annual fee of \$25,000.

The village is a member of the Shirley McClellan Regional Water Services Commission and as such provides a proportionate share of the annual funding for administration and capital expenditures in proportion to their allocation of water capacity of the commission.

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.