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



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, 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 Donalda 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 17, 2017

A handwritten signature in black ink, appearing to be the name of the auditor, M.D. of Wainwright.

Chartered Professional Accountant

VILLAGE OF DONALDA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	376,615	278,386
Taxes and grants in place of taxes (Note 3)	62,194	44,064
Trade and other receivables	28,111	45,874
Due from other governments	57,650	7,488
Inventory held for resale	18,473	18,473
	<u>543,043</u>	<u>394,285</u>
LIABILITIES		
Accounts payable and accrued liabilities	46,211	30,436
Deposits held in trust	19,875	19,995
Deferred revenue (Note 4)	446,520	297,115
	<u>512,606</u>	<u>347,546</u>
NET FINANCIAL ASSETS	<u>30,437</u>	<u>46,739</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	1,767,274	1,816,368
Prepaid expenses	-	2,471
	<u>1,767,274</u>	<u>1,818,839</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>1,797,711</u>	<u>1,865,578</u>

VILLAGE OF DONALDA

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

	Budget (unaudited)	2016	2015
REVENUE			
Net municipal property taxes (Schedule 3)	163,484	168,614	155,188
User fees and sales of goods	162,035	149,873	142,222
Penalties and costs on taxes	14,000	13,865	10,792
Licenses and permits	2,500	1,167	1,443
Franchise and concession contracts	27,000	21,444	17,384
Investment income	3,000	8	643
Rentals	10,300	10,585	10,252
Government transfers for operating	51,180	45,455	47,640
Other	2,000	877	2,145
	<u>435,499</u>	<u>411,888</u>	<u>387,709</u>
EXPENSES			
Legislative	15,242	15,522	16,847
Administration	118,065	106,519	115,817
Protective services	27,000	26,150	26,419
Transportation	70,397	78,954	81,982
Water supply and distribution	88,541	89,859	87,064
Wastewater treatment and disposal	15,860	15,849	15,698
Waste management	37,142	37,163	35,260
Public health and welfare	9,676	11,613	9,506
Planning and development	1,500	-	923
Recreation	15,565	15,810	11,310
Culture	36,511	37,137	42,492
Amortization	-	99,455	98,448
	<u>435,499</u>	<u>534,031</u>	<u>541,766</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	-	(122,143)	(154,057)
OTHER			
Government transfers for capital (Schedule 4)	-	54,276	128,456
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	(67,867)	(25,601)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,865,578</u>	<u>1,865,578</u>	<u>1,891,179</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>1,865,578</u></u>	<u><u>1,797,711</u></u>	<u><u>1,865,578</u></u>

VILLAGE OF DONALDA

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>-</u>	<u>(67,867)</u>	<u>(25,601)</u>
Acquisition of tangible capital assets	-	(50,361)	(126,430)
Amortization of tangible capital assets	-	99,455	98,448
	<u>-</u>	<u>49,094</u>	<u>(27,982)</u>
Net (increase) decrease of prepaid assets	-	2,471	23,041
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>-</u>	<u>(16,302)</u>	<u>(30,542)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>46,739</u>	<u>46,739</u>	<u>77,281</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>46,739</u>	<u>30,437</u>	<u>46,739</u>

VILLAGE OF DONALDA

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	(67,867)	(25,601)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	99,455	98,448
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(18,130)	(2,957)
Decrease (increase) in due from other governments	(50,162)	58,148
Decrease (increase) in trade and other receivables	17,763	(28,003)
Decrease (increase) in inventory held for resale	-	(7,896)
Decrease (increase) in prepaid expenses	2,471	23,041
Increase (decrease) in accounts payable and accrued liabilities	15,775	(17,656)
Increase (decrease) in deposits held in trust	(120)	-
Increase (decrease) in deferred revenue	149,405	75,343
	<u>148,590</u>	<u>172,867</u>
CAPITAL		
Acquisition of tangible capital assets	(50,361)	(126,430)
	<u>(50,361)</u>	<u>(126,430)</u>
FINANCING		
Long-term debt repaid	-	(1,392)
	<u>-</u>	<u>(1,392)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	98,229	45,045
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	278,386	233,341
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>376,615</u>	<u>278,386</u>

VILLAGE OF DONALDA

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	4,210	45,000	1,816,368	1,865,578	1,891,179
Excess (deficiency) of revenues over expenses	(67,867)	-	-	(67,867)	(25,601)
Restricted funds used for operations	15,000	(15,000)	-	-	-
Current year funds used for tangible capital assets	(50,361)	-	50,361	-	-
Annual amortization expense	99,455	-	(99,455)	-	-
Change in accumulated surplus	(3,773)	(15,000)	(49,094)	(67,867)	(25,601)
BALANCE, END OF YEAR	437	30,000	1,767,274	1,797,711	1,865,578

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

	LAND	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2016	2015
COST:							
Balance - beginning of year	15,928	275,111	3,150,046	138,819	34,768	<u>3,614,672</u>	3,488,242
Acquisition of tangible capital assets	-	-	50,361	-	-	<u>50,361</u>	126,430
Balance - end of year	15,928	275,111	3,200,407	138,819	34,768	<u>3,665,033</u>	3,614,672
ACCUMULATED AMORTIZATION							
Balance - beginning of year	-	174,113	1,547,883	58,923	17,385	<u>1,798,304</u>	1,699,856
Annual amortization	-	5,589	76,866	13,524	3,476	<u>99,455</u>	98,448
Balance - end of year	-	179,702	1,624,749	72,447	20,861	<u>1,897,759</u>	1,798,304
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>15,928</u>	<u>95,409</u>	<u>1,575,658</u>	<u>66,372</u>	<u>13,907</u>	<u>1,767,274</u>	<u>1,816,368</u>
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,928	100,998	1,602,163	79,896	17,383	<u>1,816,368</u>	

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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	190,375	195,436	182,463
Linear property taxes	11,065	11,033	10,784
Government grants in place of property taxes	1,165	1,165	1,103
	<u>202,605</u>	<u>207,634</u>	<u>194,350</u>
REQUISITIONS			
Alberta School Foundation	34,415	34,415	34,844
County of Stettler Housing Authority	4,706	4,605	4,318
	<u>39,121</u>	<u>39,020</u>	<u>39,162</u>
NET MUNICIPAL TAXES	<u>163,484</u>	<u>168,614</u>	<u>155,188</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	51,180	45,455	47,640
	<u>51,180</u>	<u>45,455</u>	<u>47,640</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	3,915	-
Provincial Government	-	50,361	128,456
	<u>-</u>	<u>54,276</u>	<u>128,456</u>
TOTAL GOVERNMENT TRANSFERS	<u>51,180</u>	<u>99,731</u>	<u>176,096</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	103,730	113,257	115,170
Contracted and general services	159,956	144,583	147,683
Materials, goods and utilities	103,595	102,416	111,903
Provision for allowances	-	409	-
Transfers to other governments	28,885	28,885	28,885
Transfers to local boards and agencies	36,863	42,579	37,206
Bank charges and short term interest	1,920	1,895	2,010
Interest on capital long term debt	-	-	75
Other expenditures	550	552	386
Amortization of tangible capital assets	-	99,455	98,448
	<u>435,499</u>	<u>534,031</u>	<u>541,766</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)	168,614	-	-	-	-	-	-	168,614
User fees and sales of goods	543	-	-	148,030	1,300	-	-	149,873
Penalties and costs on taxes	11,907	-	-	1,958	-	-	-	13,865
Licenses and permits	400	767	-	-	-	-	-	1,167
Franchise and concession contracts	21,444	-	-	-	-	-	-	21,444
Investment income	8	-	-	-	-	-	-	8
Rentals	10,585	-	-	-	-	-	-	10,585
Government transfers	37,830	-	-	-	7,625	-	-	45,455
Other	51	-	-	-	-	-	826	877
	<u>251,382</u>	<u>767</u>	<u>-</u>	<u>149,988</u>	<u>8,925</u>	<u>-</u>	<u>826</u>	<u>411,888</u>
EXPENSES								
Salaries, wages and benefits	33,181	-	33,051	27,881	1,419	-	17,725	113,257
Contracted and general services	82,853	1,150	7,512	36,779	8,541	-	7,748	144,583
Materials, goods and utilities	3,427	-	38,115	50,598	1,653	-	8,623	102,416
Provision for allowances	409	-	-	-	-	-	-	409
Transfers to other governments	-	25,000	-	-	-	-	3,885	28,885
Transfers to local boards and agencies	-	-	-	27,613	-	-	14,966	42,579
Bank charges and short term interest	1,895	-	-	-	-	-	-	1,895
Other expenditures	276	-	276	-	-	-	-	552
	<u>122,041</u>	<u>26,150</u>	<u>78,954</u>	<u>142,871</u>	<u>11,613</u>	<u>-</u>	<u>52,947</u>	<u>434,576</u>
NET REVENUE, BEFORE AMORTIZATION	<u>129,341</u>	<u>(25,383)</u>	<u>(78,954)</u>	<u>7,117</u>	<u>(2,688)</u>	<u>-</u>	<u>(52,121)</u>	<u>(22,688)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	6,659	-	60,098	31,891	-	-	807	99,455
NET REVENUE	<u>122,682</u>	<u>(25,383)</u>	<u>(139,052)</u>	<u>(24,774)</u>	<u>(2,688)</u>	<u>-</u>	<u>(52,928)</u>	<u>(122,143)</u>

VILLAGE OF DONALDA

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

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, 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 DONALDA

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	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, 2016

2. CASH AND TERM DEPOSITS

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)

Deposits held in trust

Total restricted cash and term deposits

Total unrestricted cash and term deposits

<u>2016</u>	<u>2015</u>
396,520	297,115
19,875	19,995
416,395	317,110
(39,780)	(38,724)

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

Current taxes and grants in place of taxes

Arrears taxes

<u>2016</u>	<u>2015</u>
42,001	32,700
20,193	11,364
62,194	44,064

4. DEFERRED INCOME

Deferred income consists of the following:

Federal Gas Tax

Municipal Sustainability Initiative - capital

<u>2016</u>	<u>2015</u>
96,085	50,000
350,435	247,115
446,520	297,115

VILLAGE OF DONALDA

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 Donalda be disclosed as follows:

	<u>2016</u>	<u>2015</u>
Total debt limit	<u>617,832</u>	<u>581,564</u>
Total debt	-	-
Surplus debt limit	<u>617,832</u>	<u>581,564</u>
Debt servicing limit	<u>102,972</u>	<u>96,927</u>
Debt servicing	-	-
Surplus debt servicing	<u>102,972</u>	<u>96,927</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.

VILLAGE OF DONALDA

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

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
Tangible capital assets (Schedule 2)	3,665,033	3,614,672
Accumulated amortization (Schedule 2)	<u>(1,897,759)</u>	<u>(1,798,304)</u>
	<u><u>1,767,274</u></u>	<u><u>1,816,368</u></u>

7. ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus	437	4,210
Restricted surplus		
Fire department	13,000	28,000
Roads and streets	5,000	5,000
Water systems	<u>12,000</u>	<u>12,000</u>
	<u>30,000</u>	<u>45,000</u>
Equity in tangible capital assets	<u>1,767,274</u>	<u>1,816,368</u>
	<u><u>1,797,711</u></u>	<u><u>1,865,578</u></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, 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
Fox	-	-	-	1,740
Gartside	4,860	2	4,862	6,279
Knudtson	4,440	-	4,440	3,720
McKay	3,780	-	3,780	1,293
CAO	42,800	-	42,800	35,235

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, 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. 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.