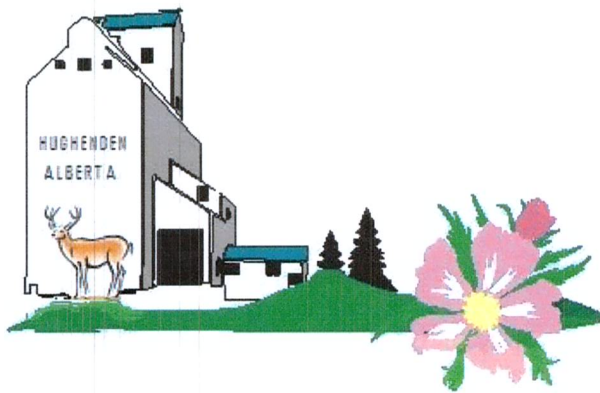


Village of Hughenden



FINANCIAL STATEMENT

FOR THE YEAR ENDING

DECEMBER 31, 2015

**Brian King Professional Corporation
Certified General Accountant**



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Hughenden:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Hughenden, which comprise the statement of financial position as at December 31, 2015, 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 Hughenden as at December 31, 2015, 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

May 20, 2016

A handwritten signature in black ink, appearing to be 'R. L.', written over a horizontal line.

Certified General Accountant

VILLAGE OF HUGHENDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash (Note 2)	10,718	215,263
Taxes and grants in place of taxes (Note 3)	30,189	29,414
Trade and other receivables	13,155	9,177
Receivable from other governments	171,901	79,650
Inventory held for resale	8,072	8,072
Other financial assets	10	10
	<u>234,045</u>	<u>341,586</u>
LIABILITIES		
Accounts payable and accrued liabilities	69,285	37,069
Deposits held in trust	1,562	1,562
Deferred revenue (Note 4)	194,029	165,102
Long term debt (Note 5)	63,542	82,507
	<u>328,418</u>	<u>286,240</u>
NET FINANCIAL ASSETS (DEBT)	<u>(94,373)</u>	<u>55,346</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,318,628</u>	<u>3,273,904</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>3,224,255</u>	<u>3,329,250</u>

VILLAGE OF HUGHENDEN

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
REVENUE			
Net municipal property taxes (Schedule 3)	141,811	140,587	141,587
User fees and sales of goods	140,300	134,299	141,892
Penalties and costs on taxes	8,500	6,364	8,192
Licenses and permits	250	170	140
Fines	100	199	42
Franchise and concession contracts	10,000	8,582	6,408
Investment income	4,500	1,081	4,324
Rentals	1,500	1,500	1,663
Government transfers for operating	39,521	40,946	39,521
Other	2,000	2,859	1,860
	<u>348,482</u>	<u>336,587</u>	<u>345,629</u>
EXPENSES			
Legislative	9,700	8,667	8,397
Administration	96,380	107,165	90,777
Protective services	21,079	16,353	19,929
Transportation	78,976	102,186	67,445
Water supply and distribution	99,840	103,621	95,185
Wastewater treatment and disposal	53,795	63,567	31,195
Waste management	27,219	27,811	22,290
Public health and welfare	1,782	2,081	1,782
Planning and development	500	2,071	-
Recreation	25,767	42,152	59,276
Culture	7,080	7,080	8,448
Amortization	-	133,084	125,324
	<u>422,118</u>	<u>615,838</u>	<u>530,048</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(73,636)	(279,251)	(184,419)
OTHER			
Government transfers for capital (Schedule 4)	<u>276,241</u>	<u>174,256</u>	<u>407,779</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	202,605	(104,995)	223,360
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,329,250</u>	<u>3,329,250</u>	<u>3,105,890</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>3,531,855</u></u>	<u><u>3,224,255</u></u>	<u><u>3,329,250</u></u>

VILLAGE OF HUGHENDEN

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>202,605</u>	<u>(104,995)</u>	<u>223,360</u>
Acquisition of tangible capital assets	(184,150)	(177,808)	(384,764)
Proceeds on disposal of tangible capital assets	-	-	6,533
Amortization of tangible capital assets	<u>-</u>	<u>133,084</u>	<u>125,324</u>
	<u>(184,150)</u>	<u>(44,724)</u>	<u>(252,907)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	18,455	(149,719)	(29,547)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>55,346</u>	<u>55,346</u>	<u>84,893</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>73,801</u></u>	<u><u>(94,373)</u></u>	<u><u>55,346</u></u>

VILLAGE OF HUGHENDEN

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	(104,995)	223,360
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	133,084	125,324
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(775)	4,586
Decrease (increase) in trade and other receivables	(3,978)	1,251
Decrease (increase) in receivable from other governments	(92,251)	(61,462)
Increase (decrease) in accounts payable and accrued liabilities	32,216	1,563
Increase (decrease) in deferred revenue	28,927	(202,216)
	<u>(7,772)</u>	<u>92,406</u>
CAPITAL		
Acquisition of tangible capital assets	(177,808)	(384,764)
Sale of tangible capital assets	-	6,533
	<u>(177,808)</u>	<u>(378,231)</u>
FINANCING		
Long-term debt repaid	(18,965)	(17,956)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(204,545)	(303,781)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	215,263	519,044
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>10,718</u>	<u>215,263</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	200	200
Cash in bank	10,518	215,063
	<u>10,718</u>	<u>215,263</u>

VILLAGE OF HUGHENDEN

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE, BEGINNING OF YEAR	49,259	88,594	3,191,397	3,329,250	3,105,890
Excess (deficiency) of revenues over expenses	(104,995)	-	-	(104,995)	223,360
Restricted funds used for operations	88,594	(88,594)	-	-	-
Current year funds used for tangible capital assets	(177,808)	-	177,808	-	-
Annual amortization expense	133,084	-	(133,084)	-	-
Long term debt repaid	(18,965)	-	18,965	-	-
Change in accumulated surplus	(80,090)	(88,594)	63,689	(104,995)	223,360
BALANCE, END OF YEAR	(30,831)	-	3,255,086	3,224,255	3,329,250

VILLAGE OF HUGHENDEN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2015	2014
COST:								
Balance - beginning of year	30,911	5,164	426,324	3,866,034	212,654	329,328	4,870,415	4,494,135
Acquisition of tangible capital assets	-	3,468	18,300	121,084	34,956	-	177,808	384,764
Disposal of tangible capital assets	-	-	-	-	-	-	-	8,484
Balance - end of year	30,911	8,632	444,624	3,987,118	247,610	329,328	5,048,223	4,870,415
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	1,678	67,545	1,370,463	75,616	81,209	1,596,511	1,473,138
Annual amortization	-	345	9,360	95,068	14,124	14,187	133,084	125,324
Accumulated amortization on disposals	-	-	-	-	-	-	-	1,951
Balance - end of year	-	2,023	76,905	1,465,531	89,740	95,396	1,729,595	1,596,511
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,911	6,609	367,719	2,521,587	157,870	233,932	3,318,628	3,273,904
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,911	3,486	358,779	2,495,571	137,038	248,119	3,273,904	

VILLAGE OF HUGHENDEN

CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 3)

	Budget (Unaudited)	2015	2014
TAXATION			
Real property taxes	166,434	168,513	166,133
Linear property taxes	6,174	6,174	6,216
Government grants in place of property taxes	3,153	-	3,080
	<u>175,761</u>	<u>174,687</u>	<u>175,429</u>
REQUISITIONS			
Alberta School Foundation	31,225	31,225	30,992
Hillcrest Lodge	2,725	2,875	2,850
	<u>33,950</u>	<u>34,100</u>	<u>33,842</u>
NET MUNICIPAL TAXES	<u>141,811</u>	<u>140,587</u>	<u>141,587</u>

VILLAGE OF HUGHENDEN

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 4)

	Budget (Unaudited)	2015	2014
TRANSFERS FOR OPERATING			
Provincial Government	38,541	40,946	38,541
Local Governments	980	-	980
	<u>39,521</u>	<u>40,946</u>	<u>39,521</u>
TRANSFERS FOR CAPITAL			
Federal Government	100,000	106,867	-
Provincial Government	176,241	67,389	407,779
	<u>276,241</u>	<u>174,256</u>	<u>407,779</u>
TOTAL GOVERNMENT TRANSFERS	<u>315,762</u>	<u>215,202</u>	<u>447,300</u>

VILLAGE OF HUGHENDEN

CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2015 (Schedule 5)

	Budget (Unaudited)	2015	2014
Expenditures			
Salaries, wages and benefits	148,645	170,137	135,399
Contracted and general services	138,296	155,793	98,290
Purchases from other governments	5,675	5,808	3,793
Materials, goods and utilities	100,900	118,652	106,549
Provision for allowances	-	2,600	(2,026)
Transfers to other governments	5,160	6,450	6,450
Transfers to local boards and agencies	16,291	19,041	49,291
Bank charges and short term interest	1,500	304	871
Interest on capital long term debt	5,651	3,969	5,015
Other expenditures	-	-	1,092
Amortization of tangible capital assets	-	133,084	125,324
	<u>422,118</u>	<u>615,838</u>	<u>530,048</u>

VILLAGE OF HUGHENDEN

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2015 (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)	140,587	-	-	-	-	-	-	140,587
User fees and sales of goods	-	-	-	133,539	400	340	20	134,299
Penalties and costs on taxes	5,865	-	-	499	-	-	-	6,364
Licenses and permits	170	-	-	-	-	-	-	170
Fines	199	-	-	-	-	-	-	199
Franchise and concession contracts	8,582	-	-	-	-	-	-	8,582
Investment income	1,081	-	-	-	-	-	-	1,081
Rentals	1,500	-	-	-	-	-	-	1,500
Government transfers	40,946	-	-	-	-	-	-	40,946
Other	2,759	100	-	-	-	-	-	2,859
	<u>201,689</u>	<u>100</u>	<u>-</u>	<u>134,038</u>	<u>400</u>	<u>340</u>	<u>20</u>	<u>336,587</u>
EXPENSES								
Salaries, wages and benefits	59,031	-	32,409	60,873	-	-	17,824	170,137
Contracted and general services	35,255	2,329	34,463	74,995	299	2,071	6,381	155,793
Purchases from other governments	4,143	1,665	-	-	-	-	-	5,808
Materials, goods and utilities	14,499	4,640	35,314	55,162	-	-	9,037	118,652
Provision for allowances	2,600	-	-	-	-	-	-	2,600
Transfers to other governments	-	6,450	-	-	-	-	-	6,450
Transfers to local boards and agencies	-	1,269	-	-	1,782	-	15,990	19,041
Bank charges and short term interest	304	-	-	-	-	-	-	304
Interest on capital long term debt	-	-	-	3,969	-	-	-	3,969
	<u>115,832</u>	<u>16,353</u>	<u>102,186</u>	<u>194,999</u>	<u>2,081</u>	<u>2,071</u>	<u>49,232</u>	<u>482,754</u>
NET REVENUE, BEFORE AMORTIZATION	<u>85,857</u>	<u>(16,253)</u>	<u>(102,186)</u>	<u>(60,961)</u>	<u>(1,681)</u>	<u>(1,731)</u>	<u>(49,212)</u>	<u>(146,167)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	2,275	17,722	58,756	53,986	-	-	345	133,084
NET REVENUE	<u>83,582</u>	<u>(33,975)</u>	<u>(160,942)</u>	<u>(114,947)</u>	<u>(1,681)</u>	<u>(1,731)</u>	<u>(49,557)</u>	<u>(279,251)</u>

VILLAGE OF HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Hughenden are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

VILLAGE OF HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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) 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.

f) 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 HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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	50
Engineered structures - other	25-50
Engineered structures - water system	25-75
Engineered structures - wastewater system	25-75
Land improvements	20
Machinery and equipment	10-15
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

VILLAGE OF HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

2. CASH AND TERM DEPOSITS

	<u>2015</u>	<u>2014</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)	40,792	108,181
Deposits held in trust	1,562	1,562
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	-	88,594
Total restricted cash and term deposits	<u>42,354</u>	<u>198,337</u>
Unrestricted cash and term deposits surplus (deficit)	<u>(31,636)</u>	<u>16,926</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2015</u>	<u>2014</u>
Current taxes and grants in place of taxes	15,598	18,237
Arrears taxes	11,965	5,551
Property held by the village as a result of tax forfeiture	2,626	13,258
	<u>30,189</u>	<u>37,046</u>
Less: allowance for doubtful accounts	-	7,632
	<u>30,189</u>	<u>29,414</u>

4. DEFERRED INCOME

Deferred income consists of the following:	<u>2015</u>	<u>2014</u>
Federal Gas Tax	(6,867)	50,000
Municipal Sustainability Initiative - capital	193,893	108,181
Prepaid property taxes	7,003	6,921
	<u>194,029</u>	<u>165,102</u>

VILLAGE OF HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

5. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
Alberta Capital Finance Authority	<u>63,542</u>	<u>82,507</u>
Principal and interest payments are as follows:		
	<u>Principal</u>	<u>Interest</u>
2016	20,033	3,574
2017	21,160	2,447
2018	<u>22,349</u>	<u>1,258</u>
	<u>63,542</u>	<u>7,279</u>
		<u>Total</u>
		23,607
		23,607
		23,607
		<u>70,821</u>

Debenture debt repayable to the Alberta Capital Finance Authority bears interest at 5.625% and matures in 2018 and is secured by the credit and security of the village at large.

The village's total cash payments for interest in 2015 were \$4,641 (2014 - \$5,651).

6. 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 Hughenden be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	<u>504,881</u>	518,444
Total debt	<u>63,542</u>	82,507
Surplus debt limit	<u>441,339</u>	<u>435,937</u>
Debt servicing limit	<u>84,147</u>	86,407
Debt servicing	<u>23,607</u>	23,607
Surplus debt servicing	<u>60,540</u>	<u>62,800</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 HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 2)	5,048,223	4,870,415
Accumulated amortization (Schedule 2)	(1,729,595)	(1,596,511)
Long-term debt (Note 6)	<u>(63,542)</u>	<u>(82,507)</u>
	<u><u>3,255,086</u></u>	<u><u>3,191,397</u></u>

8. ACCUMULATED SURPLUS

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	<u>(30,831)</u>	<u>49,259</u>
Restricted surplus		
Administration	-	5,000
Centennial	-	2,594
Fire & rescue department	-	34,940
Public works	-	43,560
Parks and recreation	-	2,500
	<u>-</u>	<u>88,594</u>
Equity in tangible capital assets	<u><u>3,255,086</u></u>	<u><u>3,191,397</u></u>
	<u><u>3,224,255</u></u>	<u><u>3,329,250</u></u>

9. SEGMENTED DISCLOSURE

The Village of Hughenden 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 HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

10. 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:

	2015			2014
	Salary	Benefits & Allowances	Total	Total
Griffith	2,610	-	2,610	1,940
Swelin	2,680	-	2,680	1,910
Van Koughnett	2,300	-	2,300	1,810
CAO	53,400	6,336	59,736	58,226

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.

11. 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 M.D. #52 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 authority. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

VILLAGE OF HUGHENDEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

12. 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.

13. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2015	2014
Excess of revenue over expenditures, per financial statements	202,605	(104,995)	223,360
Adjustments			
Amortization expense	-	133,084	125,324
Loss (gain) on disposal of tangible capital assets	-	-	-
Acquisition of tangible capital assets	(184,150)	(177,808)	(384,764)
Proceeds on disposition of tangible capital assets	-	-	6,533
Results of operations - previous methods	18,455	(149,719)	(29,547)
Net transfers (to) from reserves	(500)	88,594	(500)
Debenture repaid	(17,955)	(18,965)	(17,956)
Increase (decrease) in unrestricted surplus	-	(80,090)	(48,003)

14. COMPARITIVE FIGURES

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

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.