

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

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, 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 Hughenden 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 "Brian King", written over a horizontal line.

Brian King Professional Corporation
Chartered Professional Accountant

M.D. of Wainwright
April 17, 2018

VILLAGE OF HUGHENDEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u> (restated)
FINANCIAL ASSETS		
Cash (Note 2)	64,338	73,161
Taxes and grants in place of taxes (Note 3)	28,364	35,666
Trade and other receivables	13,888	10,954
Receivable from other governments	211,906	9,704
Inventory held for resale	32,672	28,072
Other financial assets	3,669	3,580
	<u>354,837</u>	<u>161,137</u>
LIABILITIES		
Accounts payable and accrued liabilities	36,821	26,811
Deposits held in trust	1,562	1,562
Deferred revenue (Note 4)	397,206	245,373
Long term debt (Note 5)	38,673	63,509
	<u>474,262</u>	<u>337,255</u>
NET FINANCIAL ASSETS (DEBT)	<u>(119,425)</u>	<u>(176,118)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>3,389,113</u>	<u>3,493,482</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>3,269,688</u>	<u>3,317,364</u>

VILLAGE OF HUGHENDEN

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

	Budget (unaudited)	2017	2016 (restated)
REVENUE			
Net municipal property taxes (Schedule 3)	183,376	181,679	144,687
User fees and sales of goods	161,088	166,136	141,156
Penalties and costs on taxes	9,750	9,170	7,403
Licenses and permits	650	725	15
Fines	500	408	403
Franchise and concession contracts	14,000	18,767	14,687
Investment income	-	279	405
Rentals	2,050	1,500	1,750
Government transfers for operating	42,673	39,751	36,173
Other	2,550	3,643	163,209
	<u>416,637</u>	<u>422,058</u>	<u>509,888</u>
EXPENSES			
Legislative	13,050	8,678	13,678
Administration	93,221	105,937	117,356
Protective services	20,025	16,615	23,277
Transportation	69,689	69,448	81,707
Water supply and distribution	78,525	79,183	99,214
Wastewater treatment and disposal	32,174	45,470	33,423
Waste management	27,845	27,664	29,256
Public health and welfare	2,393	2,208	17,070
Planning and development	4,500	681	423
Recreation	12,870	16,826	14,767
Culture	7,224	6,706	9,937
Amortization	-	149,541	143,290
	<u>361,516</u>	<u>528,957</u>	<u>583,398</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	55,121	(106,899)	(73,510)
OTHER			
Government transfers for capital (Schedule 4)	-	59,223	127,386
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	55,121	(47,676)	53,876
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,317,364</u>	<u>3,317,364</u>	<u>3,263,488</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>3,372,485</u></u>	<u><u>3,269,688</u></u>	<u><u>3,317,364</u></u>

VILLAGE OF HUGHENDEN

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (unaudited)	2017	2016 (restated)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>55,121</u>	<u>(47,676)</u>	<u>53,876</u>
Acquisition of tangible capital assets	-	(45,172)	(303,051)
Amortization of tangible capital assets	-	149,541	143,290
	<u>-</u>	<u>104,369</u>	<u>(159,761)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	55,121	56,693	(105,885)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(176,118)</u>	<u>(176,118)</u>	<u>(70,233)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>(120,997)</u>	<u>(119,425)</u>	<u>(176,118)</u>

VILLAGE OF HUGHENDEN

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

	2017	2016 (restated)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	(47,676)	53,876
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	149,541	143,290
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	7,302	(5,477)
Decrease (increase) in trade and other receivables	(2,934)	2,201
Decrease (increase) in receivable from other governments	(202,202)	162,197
Decrease (increase) in inventory held for resale	(4,600)	(20,000)
Decrease (increase) in other financial assets	(89)	(191)
Increase (decrease) in accounts payable and accrued liabilities	10,010	(42,474)
Increase (decrease) in deferred revenue	151,833	75,484
	61,185	368,906
CAPITAL		
Acquisition of tangible capital assets	(45,172)	(303,051)
FINANCING		
Long-term debt issued	-	20,000
Long-term debt repaid	(24,836)	(20,033)
	(24,836)	(33)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(8,823)	65,822
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	73,161	7,339
CASH AND CASH EQUIVALENTS, END OF YEAR	64,338	73,161
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	200	200
Cash in bank	64,138	72,961
	64,338	73,161

VILLAGE OF HUGHENDEN

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	(132,609)	-	3,449,973	3,317,364	(restated) 3,263,488
Excess (deficiency) of revenues over expenses	(47,676)	-	-	(47,676)	53,876
Current year funds used for tangible capital assets	(45,172)	-	45,172	-	-
Annual amortization expense	149,541	-	(149,541)	-	-
Long term debt repaid	(21,159)	-	21,159	-	-
Change in accumulated surplus	35,534	-	(83,210)	(47,676)	53,876
BALANCE, END OF YEAR	(97,075)	-	3,366,763	3,269,688	3,317,364

VILLAGE OF HUGHENDEN

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

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2017	2016 (restated)
COST:								
Balance - beginning of year	30,911	8,632	444,624	4,292,549	260,710	329,328	5,366,754	5,063,703
Acquisition of tangible capital assets	-	-	-	45,172	-	-	45,172	303,051
Balance - end of year	30,911	8,632	444,624	4,337,721	260,710	329,328	5,411,926	5,366,754
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	2,281	86,722	1,568,419	106,267	109,583	1,873,272	1,729,982
Annual amortization	-	172	9,817	108,183	17,182	14,187	149,541	143,290
Balance - end of year	-	2,453	96,539	1,676,602	123,449	123,770	2,022,813	1,873,272
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,911	6,179	348,085	2,661,119	137,261	205,558	3,389,113	3,493,482
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,911	6,351	357,902	2,724,130	154,443	219,745	<u>3,493,482</u>	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 3)

	Budget (Unaudited)	2017	2016 (restated)
TAXATION			
Real property taxes	210,632	207,941	172,115
Linear property taxes	7,195	7,195	6,334
	<u>217,827</u>	<u>215,136</u>	<u>178,449</u>
REQUISITIONS			
Alberta School Foundation	31,881	30,887	30,887
Hillcrest Lodge	2,570	2,570	2,875
	<u>34,451</u>	<u>33,457</u>	<u>33,762</u>
NET MUNICIPAL TAXES	<u>183,376</u>	<u>181,679</u>	<u>144,687</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 4)

	Budget (Unaudited)	2017	2016 (restated)
TRANSFERS FOR OPERATING			
Federal Government	-	2,196	-
Provincial Government	39,673	37,555	36,173
Local Governments	3,000	-	-
	<u>42,673</u>	<u>39,751</u>	<u>36,173</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	14,051	43,133
Provincial Government	-	45,172	84,253
	<u>-</u>	<u>59,223</u>	<u>127,386</u>
TOTAL GOVERNMENT TRANSFERS	<u>42,673</u>	<u>98,974</u>	<u>163,559</u>

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

	Budget (Unaudited)	2017	2016 (restated)
Expenditures			
Salaries, wages and benefits	150,172	169,122	185,779
Contracted and general services	95,090	102,132	108,934
Purchases from other governments	5,884	4,768	4,738
Materials, goods and utilities	81,200	74,633	107,636
Provision for allowances	-	585	3,133
Transfers to other governments	6,450	6,450	6,450
Transfers to local boards and agencies	16,173	16,355	15,146
Bank charges and short term interest	3,000	825	3,023
Interest on operating long term debt	-	600	95
Interest on capital long term debt	2,447	1,697	2,864
Other expenditures	1,100	2,249	2,310
Amortization of tangible capital assets	-	149,541	143,290
	<u>361,516</u>	<u>528,957</u>	<u>583,398</u>

VILLAGE OF HUGHENDEN
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)	181,679	-	-	-	-	-	-	181,679
User fees and sales of goods	364	-	75	164,586	625	250	236	166,136
Penalties and costs on taxes	8,978	-	-	192	-	-	-	9,170
Licenses and permits	725	-	-	-	-	-	-	725
Fines	408	-	-	-	-	-	-	408
Franchise and concession contracts	18,767	-	-	-	-	-	-	18,767
Investment income	279	-	-	-	-	-	-	279
Rentals	1,500	-	-	-	-	-	-	1,500
Government transfers	39,751	-	-	-	-	-	-	39,751
Other	608	-	2,126	329	580	-	-	3,643
	<u>253,059</u>	<u>-</u>	<u>2,201</u>	<u>165,107</u>	<u>1,205</u>	<u>250</u>	<u>236</u>	<u>422,058</u>
EXPENSES								
Salaries, wages and benefits	59,507	-	31,461	68,019	-	-	10,135	169,122
Contracted and general services	36,595	2,041	11,346	51,544	70	81	455	102,132
Purchases from other governments	4,305	463	-	-	-	-	-	4,768
Materials, goods and utilities	9,549	6,010	26,641	31,057	-	-	1,376	74,633
Provision for allowances	585	-	-	-	-	-	-	585
Transfers to other governments	-	6,450	-	-	-	-	-	6,450
Transfers to local boards and agencies	1,000	1,651	-	-	2,138	-	11,566	16,355
Bank charges and short term interest	825	-	-	-	-	-	-	825
Interest on operating long term debt	-	-	-	-	-	600	-	600
Interest on capital long term debt	-	-	-	1,697	-	-	-	1,697
Other expenditures	2,249	-	-	-	-	-	-	2,249
	<u>114,615</u>	<u>16,615</u>	<u>69,448</u>	<u>152,317</u>	<u>2,208</u>	<u>681</u>	<u>23,532</u>	<u>379,416</u>
NET REVENUE, BEFORE AMORTIZATION	<u>138,444</u>	<u>(16,615)</u>	<u>(67,247)</u>	<u>12,790</u>	<u>(1,003)</u>	<u>(431)</u>	<u>(23,296)</u>	<u>42,642</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	4,023	17,722	70,558	56,980	-	-	258	149,541
NET REVENUE	<u>134,421</u>	<u>(34,337)</u>	<u>(137,805)</u>	<u>(44,190)</u>	<u>(1,003)</u>	<u>(431)</u>	<u>(23,554)</u>	<u>(106,899)</u>

VILLAGE OF HUGHENDEN

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

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, 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) 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, 2017

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, 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)	184,389	238,612
Deposits held in trust	<u>1,562</u>	<u>1,562</u>
Total restricted cash and term deposits	<u>185,951</u>	<u>240,174</u>
Unrestricted cash and term deposits surplus (deficit)	<u>(121,613)</u>	<u>(167,013)</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	19,749	22,461
Arrears taxes	5,971	10,561
Property held by the village as a result of tax forfeiture	<u>5,777</u>	<u>5,777</u>
	31,497	38,799
Less: allowance for doubtful accounts	<u>3,133</u>	<u>3,133</u>
	<u>28,364</u>	<u>35,666</u>

4. DEFERRED INCOME

Deferred income consists of the following:	<u>2017</u>	<u>2016</u>
Federal Gas Tax	35,949	-
Municipal Sustainability Initiative - capital	345,884	238,612
Other deferred revenue	5,000	-
Prepaid property taxes	<u>10,373</u>	<u>6,761</u>
	<u>397,206</u>	<u>245,373</u>

VILLAGE OF HUGHENDEN

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

5. LONG TERM DEBT

	2017	2016
Operating Encompass Credit Union Ltd.	16,323	20,000
Alberta Capital Finance Authority	22,350	43,509
	38,673	63,509

Principal and interest payments are as follows:

	Principal	Interest	Total
2018	26,232	1,747	27,979
2019	3,999	373	4,372
2020	4,119	253	4,372
2021	4,322	130	4,452
	38,672	2,503	36,723

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.

Operating debt due to Encompass Credit Union Ltd. bears interest at prime and matures in 2021 and is secured by the credit and security of the village at large

The village's total cash payments for interest in 2017 were \$3,142 (2016 - \$3,574).

VILLAGE OF HUGHENDEN

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

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>2017</u>	<u>2016</u>
Total debt limit	633,087	764,832
Total debt	38,673	63,509
Surplus debt limit	594,414	701,323
Debt servicing limit	105,515	127,472
Debt servicing	27,979	27,980
Surplus debt servicing	77,536	99,492

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.

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	5,411,926	5,366,754
Accumulated amortization (Schedule 2)	(2,022,813)	(1,873,272)
Long-term debt (Note 6)	(22,350)	(43,509)
	3,366,763	3,449,973

8. 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 (deficit)	(97,075)	(132,609)
Equity in tangible capital assets	3,366,763	3,449,973
	3,269,688	3,317,364

VILLAGE OF HUGHENDEN

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

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)

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:

	2017			2016
	Salary	Benefits & Allowances	Total	Total
Griffith A	525	-	525	-
Griffith D	1,125	-	1,125	2,375
Ruud	425	-	425	-
Swelin	2,100	-	2,100	3,815
Van Koughnett	900	-	900	1,640
CAO	38,309	5,123	43,432	73,931
CAO	24,000	6,650	30,650	-

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, 2017

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)	2017	2016
Excess of revenue over expenditures, per financial statements	55,121	(47,676)	53,876
Adjustments			
Amortization expense	-	149,541	143,290
Acquisition of tangible capital assets	-	(45,172)	(303,051)
Proceeds on disposition of tangible capital assets	-	-	-
Results of operations - previous methods	55,121	56,693	(105,885)
Debenture repaid	(25,510)	(21,159)	(20,033)
Increase (decrease) in unrestricted surplus	<u>29,611</u>	<u>35,534</u>	<u>(125,918)</u>

VILLAGE OF HUGHENDEN

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

14. PRIOR PERIOD ERROR


During the year it was determined that capital project funding for a project completed in 2016 would not be eligible for expenditure under the Municipal Sustainability Initiative program. As a result, deferred revenue and deficit were understated by 51,243 and provincial capital grants and surplus were overstated by 51,243.

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.



Jeanette Ruud
Mayor.
April 17, 2018

Mauro
CAO
April 17, 2018