

VILLAGE OF GLENDON

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2016



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Glendon, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, changes 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Glendon 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.

ST. PAUL, ALBERTA
March 28, 2017

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**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
Financial assets		
Cash	\$ 874,852	\$ 991,052
Temporary investments and savings accounts	968,043	454,442
Taxes receivable (note 2)	64,485	63,464
Receivable from other governments	60,689	273,062
Trade and other receivables	29,110	18,000
Long-term investments (note 3)	<u>3,165</u>	<u>3,150</u>
	<u>2,000,344</u>	<u>1,803,170</u>
Liabilities		
Accounts payable and accrued liabilities	31,760	25,102
Wages payable	18,683	17,598
Tax sale surplus	--	1,083
Deferred revenue (note 4)	<u>21,942</u>	<u>1,620</u>
	<u>72,385</u>	<u>45,403</u>
Net financial assets	<u>1,927,959</u>	<u>1,757,767</u>
Non-financial assets		
Tangible capital assets	5,332,991	5,132,280
Prepaid expenses	<u>52,088</u>	<u>52,297</u>
	<u>5,385,079</u>	<u>5,184,577</u>
Accumulated surplus (note 7)	<u>\$ 7,313,038</u>	<u>\$ 6,942,344</u>

Approved by:



Mayor

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u> (unaudited)	<u>2016</u>	<u>2015</u>
Revenues			
Net municipal taxes (schedule 3)	\$ 418,030	\$ 417,121	\$ 413,885
Sales and user fees	194,600	198,302	189,683
Government transfers for operating (schedule 4)	417,686	280,865	283,916
Investment income	15,000	19,812	15,457
Penalties and costs of taxes	18,000	29,994	18,319
Licenses and permits	3,500	5,367	3,369
Franchise and concession contracts	15,000	15,756	15,945
Rentals and leases	8,400	8,020	8,570
Other	<u>2,500</u>	<u>2,845</u>	<u>2,058</u>
	<u>1,092,716</u>	<u>978,082</u>	<u>951,202</u>
Expenses			
Legislative	23,170	16,526	14,976
Administration	221,344	213,001	191,071
Protective services	19,158	20,828	19,089
Roads, streets, walks, lighting	291,226	278,168	252,914
Water supply	185,646	229,782	175,779
Wastewater treatment and disposal	101,180	104,492	79,512
Waste management	69,763	60,863	60,303
Family and community support services	15,042	14,987	12,024
Parks and recreation	<u>100,811</u>	<u>84,773</u>	<u>88,981</u>
	<u>1,027,340</u>	<u>1,023,420</u>	<u>894,649</u>
Excess (deficiency) of revenues over expenses before other	65,376	(45,338)	56,553
Other			
Gain on sale of tangible capital assets	--	--	2,000
Government transfers for capital (schedule 4)	<u>378,750</u>	<u>416,032</u>	<u>426,832</u>
Deficit of revenues over expenses	444,126	370,694	485,385
Accumulated surplus, beginning of year	<u>6,942,344</u>	<u>6,942,344</u>	<u>6,456,959</u>
Accumulated surplus, end of year	\$ <u>7,386,470</u>	\$ <u>7,313,038</u>	\$ <u>6,942,344</u>

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u> (unaudited)	<u>2016</u>	<u>2015</u>
Excess of revenues over expenses	\$ <u>444,126</u>	\$ <u>370,694</u>	\$ <u>485,385</u>
Acquisition of tangible capital assets	(680,026)	(449,753)	(430,003)
Proceeds on sale of tangible capital assets	--	--	43,942
Loss on sale of tangible capital assets	--	--	(2,000)
Amortization of tangible capital assets	<u>235,900</u>	<u>249,042</u>	<u>235,125</u>
	<u>(444,126)</u>	<u>(200,711)</u>	<u>(152,936)</u>
Acquisition of prepaid assets	(52,297)	(52,088)	(52,297)
Use of prepaid assets	<u>52,297</u>	<u>52,297</u>	<u>41,233</u>
	--	209	(11,064)
Increase in net financial assets	--	170,192	321,385
Net financial assets, beginning of year	<u>1,757,767</u>	<u>1,757,767</u>	<u>1,436,382</u>
Net financial assets, end of year	\$ <u>1,757,767</u>	\$ <u>1,927,959</u>	\$ <u>1,757,767</u>

VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
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	\$ 370,694	\$ 485,385
Non-cash items included		
Amortization of tangible capital assets	249,042	235,125
Gain on sale of tangible capital assets	--	(2,000)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(1,021)	(30,768)
Receivable from other governments	212,373	(236,462)
Trade and other receivables	(11,110)	(1,677)
Prepaid expenses	209	(11,064)
Increase (decrease) in		
Accounts payable and accrued liabilities	6,658	3,688
Wages payable	1,085	(1,105)
Tax sale surplus	(1,083)	--
Deferred revenue	<u>20,322</u>	<u>(33,024)</u>
Net cash from operations	<u>847,169</u>	<u>408,098</u>
Investing		
Long-term investments acquired	<u>(15)</u>	<u>(18)</u>
Capital		
Acquisition of tangible capital assets	(449,753)	(430,003)
Proceeds on sale of tangible capital assets	<u>--</u>	<u>43,942</u>
	<u>(449,753)</u>	<u>(386,061)</u>
Change in cash and cash equivalents during the year	397,401	22,019
Cash and cash equivalents, beginning of year	<u>1,445,494</u>	<u>1,423,475</u>
Cash and cash equivalents, end of year	<u>\$ 1,842,895</u>	<u>\$ 1,445,494</u>
Cash and cash equivalents consist of:		
Cash	\$ 874,852	\$ 991,052
Temporary investments	<u>968,043</u>	<u>454,442</u>
	<u>\$ 1,842,895</u>	<u>\$ 1,445,494</u>

**VILLAGE OF GLENDON
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
Balance, beginning of year	\$ <u>1,614,625</u>	\$ <u>195,439</u>	\$ <u>5,132,280</u>	\$ <u>6,942,344</u>	\$ <u>6,456,959</u>
Excess of revenues over expenses	370,694	--	--	370,694	485,385
Current year funds used for tangible capital assets	(449,753)	--	449,753	--	--
Funds designated for future use	(75,000)	75,000	--	--	--
Annual amortization expense	<u>249,042</u>	--	<u>(249,042)</u>	--	--
Change in accumulated surplus	<u>94,983</u>	<u>75,000</u>	<u>200,711</u>	<u>370,694</u>	<u>485,385</u>
Balance, end of year	\$ <u>1,709,608</u>	\$ <u>270,439</u>	\$ <u>5,332,991</u>	\$ <u>7,313,038</u>	\$ <u>6,942,344</u>

**VILLAGE OF GLENDON
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2016</u>	<u>2015</u>
Cost								
Balance, beginning of year	\$ 258,122	\$ 167,640	\$ 990,966	\$ 6,645,572	\$ 250,074	\$ 307,566	\$ 8,619,940	\$ 8,233,966
Acquisition of tangible capital assets	--	268,804	31,730	87,841	61,378	--	449,753	430,003
Disposal of tangible capital assets	--	--	--	--	--	--	--	(44,029)
Balance, end of year	<u>258,122</u>	<u>436,444</u>	<u>1,022,696</u>	<u>6,733,413</u>	<u>311,452</u>	<u>307,566</u>	<u>9,069,693</u>	<u>8,619,940</u>
Accumulated amortization								
Balance, beginning of year	--	59,166	683,135	2,446,268	67,605	231,486	3,487,660	3,254,622
Annual amortization	--	6,100	19,819	187,036	18,407	17,680	249,042	235,125
Accumulated amortization on disposals	--	--	--	--	--	--	--	(2,087)
Balance, end of year	--	<u>65,266</u>	<u>702,954</u>	<u>2,633,304</u>	<u>86,012</u>	<u>249,166</u>	<u>3,736,702</u>	<u>3,487,660</u>
Net book value of tangible capital assets	<u>\$ 258,122</u>	<u>\$ 371,178</u>	<u>\$ 319,742</u>	<u>\$ 4,100,109</u>	<u>\$ 225,440</u>	<u>\$ 58,400</u>	<u>\$ 5,332,991</u>	<u>\$ 5,132,280</u>
2015 Net book value of tangible capital assets	<u>\$ 258,122</u>	<u>\$ 108,474</u>	<u>\$ 307,831</u>	<u>\$ 4,199,304</u>	<u>\$ 182,469</u>	<u>\$ 76,080</u>	<u>\$ 5,132,280</u>	

**VILLAGE OF GLENDON
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget (unaudited)	2016	2015
Taxation			
Residential land and improvements	\$ 411,977	\$ 411,399	\$ 407,002
Non-residential land and improvements	95,816	95,533	93,576
Linear property	35,726	35,678	36,221
Farm land	<u>246</u>	<u>246</u>	<u>245</u>
	<u>543,765</u>	<u>542,856</u>	<u>537,044</u>
Requisitions			
Alberta School Foundation	123,246	123,246	120,587
Lakeland Lodge and Housing Foundation	<u>2,489</u>	<u>2,489</u>	<u>2,572</u>
	<u>125,735</u>	<u>125,735</u>	<u>123,159</u>
Net taxes for general municipal operations	\$ <u>418,030</u>	\$ <u>417,121</u>	\$ <u>413,885</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ 51,686	\$ 56,029	\$ 43,461
Local governments	<u>366,000</u>	<u>224,836</u>	<u>240,455</u>
	417,686	280,865	283,916
Transfers for capital			
Provincial	<u>378,750</u>	<u>425,139</u>	<u>426,832</u>
Total government transfers	\$ <u>796,436</u>	\$ <u>706,004</u>	\$ <u>710,748</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 287,778	\$ 280,835	\$ 261,383
Contracted and general services	288,737	315,938	218,227
Materials, goods, supplies and utilities	178,700	149,483	142,670
Provision for allowances	5,000	10,000	8,000
Transfers to local boards and agencies	1,458	3,958	1,458
Transfers to individuals and organizations	26,542	11,910	23,700
Bank charges and short term interest	850	779	656
Other expenses	2,375	1,475	3,430
Amortization	<u>235,900</u>	<u>249,042</u>	<u>235,125</u>
Total expenses	\$ <u>1,027,340</u>	\$ <u>1,023,420</u>	\$ <u>894,649</u>

VILLAGE OF GLENDON
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Recreation and Culture</u>	<u>Other</u>	<u>Total</u>
Revenues							
Net municipal taxes	\$ 417,121	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 417,121
Sales and user fees	2,620	--	10,465	177,942	7,275	--	198,302
Government transfers for operating	--	16,800	123,198	108,577	18,254	14,036	280,865
Investment income	19,812	--	--	--	--	--	19,812
Other operating revenues	57,382	--	--	--	4,600	--	61,982
Government transfers for capital	<u>40,675</u>	<u>--</u>	<u>--</u>	<u>122,822</u>	<u>261,642</u>	<u>--</u>	<u>425,139</u>
	<u>537,610</u>	<u>16,800</u>	<u>133,663</u>	<u>409,341</u>	<u>291,771</u>	<u>14,036</u>	<u>1,403,221</u>
Expenses							
Salaries, wages and benefits	92,038	--	82,177	98,249	8,371	--	280,835
Contracted and general services	105,606	16,870	29,861	122,122	39,242	2,237	315,938
Materials, goods, supplies and utilities	15,022	--	51,576	66,742	7,046	9,097	149,483
Provision for allowances	10,000	--	--	--	--	--	10,000
Transfers to others	--	3,958	--	--	8,257	3,653	15,868
Other expenses	<u>779</u>	<u>--</u>	<u>--</u>	<u>1,475</u>	<u>--</u>	<u>--</u>	<u>2,254</u>
	<u>223,445</u>	<u>20,828</u>	<u>163,614</u>	<u>288,588</u>	<u>62,916</u>	<u>14,987</u>	<u>774,378</u>
Net revenue before amortization	314,165	(4,028)	(29,951)	120,753	228,855	(951)	628,843
Amortization expense	<u>(6,082)</u>	<u>--</u>	<u>(114,554)</u>	<u>(106,549)</u>	<u>(21,857)</u>	<u>--</u>	<u>(249,042)</u>
Net revenue	<u>\$ 308,083</u>	<u>\$ (4,028)</u>	<u>\$ (144,505)</u>	<u>\$ 14,204</u>	<u>\$ 206,998</u>	<u>\$ (951)</u>	<u>\$ 379,801</u>

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Significant Accounting Policies

The consolidated financial statements of the Village of Glendon are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered 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 expenses, 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 and are, therefore, accountable to the village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education 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.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenses 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.

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Significant Accounting Policies - continued

(d) Cash

Cash is defined as petty cash, cash in savings accounts and cash in chequing accounts adjusted for outstanding cheques and deposits.

(e) Investments

Investments are recorded at amortized cost.

(f) 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.

(g) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) 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.

(i) 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.

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Significant Accounting Policies – continued

(i) Non-Financial Assets - continued

(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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	50
Engineered structures	
Roadway system	20-30
Water system	45-75
Wastewater system	45-75
Machinery and equipment	10-25
Vehicles	10
Land improvements	25-40

No amortization is charged in the year of acquisition. 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 recoded as revenue.

2. Taxes Receivable

	<u>2016</u>	<u>2015</u>
Current	\$ 43,818	\$ 31,976
Arrears	63,667	64,488
Allowance	(43,000)	(33,000)
	\$ 64,485	\$ 63,464

3. Long Term Investments

	<u>2016</u>	<u>2015</u>
Share in Alberta Municipal Finance Corporation	\$ 10	\$ 10
UFA Equity	3,155	3,140
	\$ 3,165	\$ 3,150

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

4. Deferred Revenue	<u>2016</u>	<u>2015</u>
MD of Bonnyville – Inter-municipal Cooperation	\$ 11,835	\$ --
Basic Municipal Transportation Grant	--	1,620
MSI – Capital	9,107	--
Donation for park bench	<u>1,000</u>	<u>--</u>
	<u>\$ 21,942</u>	<u>\$ 1,620</u>

Funding from various grant programs, organizations and individuals, in the amount of \$21,942 remained unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or as indicated by the donors. Most of the projects are scheduled for completion in 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 Glendon be disclosed as follows:

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ 1,467,123	\$ 1,429,803
Total debt	<u>--</u>	<u>--</u>
Debt limit remaining	<u>\$ 1,467,123</u>	<u>\$ 1,429,803</u>
Debt servicing limit	\$ 244,520	\$ 238,300
Debt servicing	<u>--</u>	<u>--</u>
Debt servicing limit remaining	<u>\$ 244,520</u>	<u>\$ 238,300</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 that 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.

6. Equity in Tangible Capital Assets

	<u>2016</u>	<u>2015</u>
Tangible capital assets (schedule 2)	\$ 9,069,693	\$ 8,619,940
Accumulated amortization (schedule 2)	<u>(3,736,702)</u>	<u>(3,487,660)</u>
	<u>\$ 5,332,991</u>	<u>\$ 5,132,280</u>

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

7. Accumulated Surplus

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ <u>1,709,608</u>	\$ <u>1,614,625</u>
Restricted surplus		
Operating	161,043	161,043
Municipal reserve	9,139	9,139
Capital	<u>100,257</u>	<u>25,257</u>
	<u>270,439</u>	<u>195,439</u>
Equity in tangible capital assets (note 6)	<u>5,332,991</u>	<u>5,132,280</u>
	<u>\$ 7,313,038</u>	<u>\$ 6,942,344</u>

8. Segmented Disclosure

The Village of Glendon 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 Schedule 6 – Segmented Disclosure.

9. Local Authorities Pension Plan

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 244,000 people and 426 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The village is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2016 were \$28,285 (2015 - \$24,691). Total current service contributions by the employees of the village to the LAPP in 2016 were \$23,851 (2015 - \$22,681).

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

**VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

10. Salary And Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	# of Persons	2016			2015	
		Salary (1)	Benefits & Allow. (2)	Total	# of Persons	Total
Mayor	1	\$ 3,080	\$ --	\$ 3,080	1	\$ 3,025
Deputy Mayor	1	4,180	--	4,180	1	3,520
Councillor	1	1,870	--	1,870	1	1,925
CAO	1	63,642	18,160	81,802	1	84,866

- (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, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

11. Operating Line of Credit

The village has a prime plus 1% authorized operating line of credit of \$400,000 with the Alberta Treasury Branch. No balance was outstanding as at December 31, 2016.

12. Financial Instruments

The village's financial instruments consist of cash and temporary investments, receivables, long-term investments and accounts payable and accrued liabilities. 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 and grants in place of 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 carrying value of the financial instruments approximates fair value.

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

13. Approval of Financial Statements

Council has approved these financial statements.

14. Budget Amounts

Budget amounts are included for information purposes only and are not audited.

15. Recent Accounting Pronouncements Published But Not Yet Adopted

a) PSAB Section 1201, Financial Statement Presentation

Revised standard is effective in 2019, when Sections PS2601 and PS3450 are adopted.

b) PSAB Section 2601, Foreign Currency Transaction

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statement and is effective in 2019.

c) PSAB Section 3041, Portfolio Investments

This standard is effective for the 2019 fiscal year and addresses the distinction between temporary and portfolio investments.

d) PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2019 fiscal year.