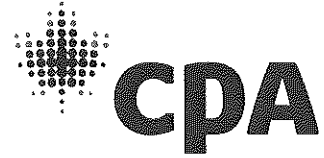


**VILLAGE OF ALLIANCE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**



**INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council of the Village of Alliance:**

*Report on the Consolidated Financial Statements*

I have audited the accompanying consolidated financial statements of the Village of Alliance, 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 Alliance 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.

M.D. of Wainwright

August 16, 2018

A handwritten signature in black ink, appearing to read "Brian King".

Brian King Professional Corporation

Chartered Professional Accountant

# VILLAGE OF ALLIANCE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	95,631	220,072
Taxes and grants in place of taxes (Note 3)	70,087	82,457
Trade, grants and other receivables	22,751	14,690
Due from other governments	283,737	331,735
Inventory held for resale	65,883	65,883
Investments	20,000	20,000
Other financial assets	8,591	7,395
	<u>566,680</u>	<u>742,232</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 4)	-	185,000
Accounts payable and accrued liabilities	25,290	53,276
Deferred revenue (Note 5)	478,648	350,479
Long term debt (Note 6)	30,651	37,221
	<u>534,589</u>	<u>625,976</u>
<b>NET FINANCIAL ASSETS</b>	<u>32,091</u>	<u>116,256</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	4,649,065	4,767,076
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<u>4,681,156</u>	<u>4,883,332</u>

# VILLAGE OF ALLIANCE

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

	Budget (unaudited)	2017	2016
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	154,647	<b>151,168</b>	187,843
User fees and sales of goods	176,798	<b>184,357</b>	187,181
Penalties and costs on taxes	10,000	<b>8,055</b>	14,757
Licenses and permits	1,000	<b>11,762</b>	3,693
Franchise and concession contracts	13,500	<b>13,439</b>	12,851
Investment income	1,300	<b>1,915</b>	209
Rentals	-	-	1,958
Government transfers for operating	51,657	<b>56,491</b>	67,519
Other	3,000	<b>31,584</b>	14,285
	<u>411,902</u>	<u><b>458,771</b></u>	<u>490,296</u>
<b>EXPENSES</b>			
Legislative	36,700	<b>36,625</b>	27,666
Administration	112,206	<b>150,246</b>	108,600
Protective services	43,581	<b>28,120</b>	28,727
Transportation	170,697	<b>156,620</b>	160,960
Water supply and distribution	80,756	<b>68,609</b>	68,719
Wastewater treatment and disposal	8,660	<b>20,778</b>	13,496
Waste management	28,267	<b>27,137</b>	27,462
Public health and welfare	1,514	<b>1,514</b>	1,740
Planning and development	1,000	<b>10</b>	329
Recreation	40,205	<b>39,641</b>	27,519
Culture	6,846	<b>24,460</b>	7,371
Amortization	114,398	<b>159,732</b>	150,646
	<u>644,830</u>	<u><b>713,492</b></u>	<u>623,235</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(232,928)	<b>(254,721)</b>	(132,939)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	270,714	<b>52,545</b>	766,229
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	37,786	<b>(202,176)</b>	633,290
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,883,332</u>	<u><b>4,883,332</b></u>	<u>4,250,042</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>4,921,118</u></u>	<u><u><b>4,681,156</b></u></u>	<u><u>4,883,332</u></u>

# VILLAGE OF ALLIANCE

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

	Budget (unaudited)	2017	2016
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>37,786</u>	<u>(202,176)</u>	<u>633,290</u>
Acquisition of tangible capital assets	(797,000)	(41,721)	(716,795)
Amortization of tangible capital assets	<u>114,398</u>	<u>159,732</u>	<u>150,646</u>
	<u>(682,602)</u>	<u>118,011</u>	<u>(566,149)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<u>(644,816)</u>	<u>(84,165)</u>	<u>67,141</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>116,256</u>	<u>116,256</u>	<u>49,115</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>(528,560)</u>	<u>32,091</u>	<u>116,256</u>

# VILLAGE OF ALLIANCE

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

	<u>2017</u>	<u>2016</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	<b>(202,176)</b>	633,290
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	<b>159,732</b>	150,646
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	<b>12,370</b>	(52,102)
Decrease (increase) in trade and other receivables	<b>(8,061)</b>	9,965
Decrease (increase) in due from other governments	<b>47,998</b>	(53,038)
Decrease (increase) in other financial assets	<b>(1,196)</b>	594
Increase (decrease) in accounts payable and accrued liabilities	<b>(27,986)</b>	27,641
Increase (decrease) in deferred revenue	<b>128,169</b>	(228,184)
	<u><b>108,850</b></u>	<u>488,812</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<b>(41,721)</b>	(716,795)
<b>FINANCING</b>		
Long-term debt repaid	<b>(6,570)</b>	(6,183)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>60,559</b>	(234,166)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>35,072</b>	269,238
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>95,631</b></u>	<u>35,072</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash in bank	<b>95,631</b>	220,072
Bank indebtedness	<b>-</b>	(185,000)
	<u><b>95,631</b></u>	<u>35,072</u>

**VILLAGE OF ALLIANCE**

**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
<b>BALANCE, BEGINNING OF YEAR</b>	61,094	92,383	4,729,855	4,883,332	4,250,042
Excess (deficiency) of revenues over expenses	(202,176)	-	-	(202,176)	633,290
Restricted funds used for operations	30,000	(30,000)	-	-	-
Current year funds used for tangible capital assets	(41,721)	-	41,721	-	-
Annual amortization expense	159,732	-	(159,732)	-	-
Long term debt repaid	(6,570)	-	6,570	-	-
Change in accumulated surplus	(60,735)	(30,000)	(111,441)	(202,176)	633,290
<b>BALANCE, END OF YEAR</b>	359	62,383	4,618,414	4,681,156	4,883,332

VILLAGE OF ALLIANCE

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
<b>COST:</b>								
Balance - beginning of year	63,041	126,197	1,478,399	4,638,124	217,593	204,309	6,727,663	6,010,868
Acquisition of tangible capital assets	5,000	-	-	-	-	36,721	41,721	716,795
Construction in progress	-	-	-	-	-	-	-	-
Balance - end of year	68,041	126,197	1,478,399	4,638,124	217,593	241,030	6,769,384	6,727,663
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	55,333	228,346	1,421,123	122,244	133,541	1,960,587	1,809,941
Annual amortization	-	5,750	29,417	96,489	14,774	13,302	159,732	150,646
Balance - end of year	-	61,083	257,763	1,517,612	137,018	146,843	2,120,319	1,960,587
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>68,041</b>	<b>65,114</b>	<b>1,220,636</b>	<b>3,120,512</b>	<b>80,575</b>	<b>94,187</b>	<b>4,649,065</b>	<b>4,767,076</b>
<b>OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	63,041	70,864	1,250,053	3,217,001	95,349	70,768	4,767,076	



# VILLAGE OF ALLIANCE

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

	Budget (Unaudited)	2017	2016
<b>TAXATION</b>			
Real property taxes	174,722	<b>173,456</b>	206,837
Linear property taxes	4,280	<b>4,280</b>	5,921
	<u>179,002</u>	<u><b>177,736</b></u>	<u>212,758</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	22,955	<b>25,168</b>	22,955
Flagstaff Regional Housing Group	1,400	<b>1,400</b>	1,960
	<u>24,355</u>	<u><b>26,568</b></u>	<u>24,915</u>
<b>NET MUNICIPAL TAXES</b>	<u>154,647</u>	<u><b>151,168</b></u>	<u>187,843</u>

# VILLAGE OF ALLIANCE

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

	Budget (Unaudited)	2017	2016
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	28,657	<b>28,657</b>	29,234
Local Governments	23,000	<b>27,834</b>	38,285
	<u>51,657</u>	<u><b>56,491</b></u>	<u>67,519</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	130,000	-	100,000
Provincial Government	140,714	<b>52,545</b>	666,229
	<u>270,714</u>	<u><b>52,545</b></u>	<u>766,229</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>322,371</u>	<u><b>109,036</b></u>	<u>833,748</u>

# VILLAGE OF ALLIANCE

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

	Budget (Unaudited)	2017	2016
<b>Expenditures</b>			
Salaries, wages and benefits	228,908	<b>192,469</b>	212,270
Contracted and general services	193,883	<b>249,708</b>	159,258
Materials, goods and utilities	92,450	<b>85,274</b>	81,685
Provision for allowances	5,000	<b>3,152</b>	5,748
Transfers to local boards and agencies	1,514	<b>7,810</b>	3,459
Bank charges and short term interest	-	<b>6,352</b>	-
Interest on capital long term debt	3,077	<b>2,194</b>	2,588
Other expenditures	5,600	<b>6,801</b>	7,581
Amortization of tangible capital assets	114,398	<b>159,732</b>	150,646
	<u>644,830</u>	<u><b>713,492</b></u>	<u>623,235</u>

# VILLAGE OF ALLIANCE

## 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
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	151,168	-	-	-	-	-	-	151,168
User fees and sales of goods	-	3,960	680	159,604	20	3,047	17,046	184,357
Penalties and costs on taxes	5,736	-	-	2,319	-	-	-	8,055
Licenses and permits	11,392	370	-	-	-	-	-	11,762
Franchise and concession contracts	13,439	-	-	-	-	-	-	13,439
Investment income	1,915	-	-	-	-	-	-	1,915
Government transfers	28,657	17,043	-	-	-	-	10,791	56,491
Other	29,904	-	-	-	-	-	1,680	31,584
	<u>242,211</u>	<u>21,373</u>	<u>680</u>	<u>161,923</u>	<u>20</u>	<u>3,047</u>	<u>29,517</u>	<u>458,771</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	89,225	9,508	70,297	23,439	-	-	-	192,469
Contracted and general services	85,776	12,926	43,635	66,035	-	10	41,326	249,708
Materials, goods and utilities	5,398	4,793	42,154	18,504	-	-	14,425	85,274
Provision for allowances	3,152	-	-	-	-	-	-	3,152
Transfers to local boards and agencies	-	-	-	-	1,514	-	6,296	7,810
Bank charges and short term interest	-	-	-	6,352	-	-	-	6,352
Interest on capital long term debt	-	-	-	2,194	-	-	-	2,194
Other expenditures	3,320	893	534	-	-	-	2,054	6,801
	<u>186,871</u>	<u>28,120</u>	<u>156,620</u>	<u>116,524</u>	<u>1,514</u>	<u>10</u>	<u>64,101</u>	<u>553,760</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>55,340</u>	<u>(6,747)</u>	<u>(155,940)</u>	<u>45,399</u>	<u>(1,494)</u>	<u>3,037</u>	<u>(34,584)</u>	<u>(94,989)</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	1,613	13,393	47,207	62,878	1,500	-	33,141	159,732
<b>NET REVENUE</b>	<u>53,727</u>	<u>(20,140)</u>	<u>(203,147)</u>	<u>(17,479)</u>	<u>(2,994)</u>	<u>3,037</u>	<u>(67,725)</u>	<u>(254,721)</u>

# VILLAGE OF ALLIANCE

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

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Alliance 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 ALLIANCE

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

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### 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 ALLIANCE

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

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

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.

# VILLAGE OF ALLIANCE

## 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)	237,934	300,479
Total cash resources available	<u>95,631</u>	<u>220,072</u>
Excess (deficiency) of restricted cash resources	<u>(142,303)</u>	<u>(80,407)</u>

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	38,887	60,978
Arrears taxes	31,039	20,266
Property held by the village as a result of tax forfeiture	1,213	1,213
	<u>71,139</u>	<u>82,457</u>
Less: allowance for doubtful accounts	1,052	-
	<u>70,087</u>	<u>82,457</u>

### 4. BANK INDEBTEDNESS

Bank indebtedness consists of a demand loan due to Vision Credit Union and is repayable within one year

### 5. DEFERRED INCOME

Deferred income consists of the following:	<u>2017</u>	<u>2016</u>
Federal Gas Tax	100,000	50,000
Municipal Sustainability Initiative - capital	378,648	300,479
	<u>478,648</u>	<u>350,479</u>



# VILLAGE OF ALLIANCE

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

### 6. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Alberta Capital Finance Authority	<u><b>30,651</b></u>	<u>37,221</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	6,981	1,915	8,896
2019	7,417	1,479	8,896
2020	7,880	1,016	8,896
2021	8,373	523	8,896
	<u><b>30,651</b></u>	<u><b>4,933</b></u>	<u><b>35,584</b></u>

Debenture debt repayable to the Alberta Capital Finance Authority bears interest at 6.25% 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 \$2,326 (2016 - \$2,713).

### 7. 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 Alliance be disclosed as follows:

Total debt limit	<u><b>688,157</b></u>	<u>687,638</u>
Total debt	<u><b>30,651</b></u>	<u>222,221</u>
Surplus debt limit	<u><b>657,506</b></u>	<u>465,417</u>
Debt servicing limit	<u><b>114,693</b></u>	<u>114,606</u>
Debt servicing	<u><b>8,896</b></u>	<u>190,550</u>
Surplus debt servicing	<u><b>105,797</b></u>	<u>(75,944)</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 ALLIANCE

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

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	6,769,384	6,727,663
Accumulated amortization (Schedule 2)	(2,120,319)	(1,960,587)
Long-term debt (Note 6)	(30,651)	(37,221)
	<u>4,618,414</u>	<u>4,729,855</u>

### 9. ACCUMULATED SURPLUS

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

	<u>2017</u>	<u>2016</u>
<b>Unrestricted surplus</b>	<u>359</u>	<u>61,094</u>
<b>Restricted surplus</b>		
General	16,000	46,000
Fire department	10,000	10,000
Water and Sewer	36,383	36,383
	<u>62,383</u>	<u>92,383</u>
<b>Equity in tangible capital assets</b>	<u>4,618,414</u>	<u>4,729,855</u>
	<u>4,681,156</u>	<u>4,883,332</u>

### 10. SEGMENTED DISCLOSURE

The Village of Alliance 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 ALLIANCE

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

### 11. 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
McLeod	7,600	-	7,600	7,400
Mackenzie	2,000	-	2,000	-
Ganshirt	2,000	-	2,000	-
Wickstrom	11,400	-	11,400	7,600
Zacharuk	7,600	-	7,600	7,400
CAO	44,658	3,293	47,951	45,553

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.

### 12. 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 Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the town 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.

# VILLAGE OF ALLIANCE

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

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### 13. 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.

### 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.