VILLAGE OF DELIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

VILLAGE OF DELIA

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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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 Delia, which comprise the statement of financial position as at December 31, 2017 and the statement of operations, change in net financial assets (debt) 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 consolidated 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 Delia as at December 31, 2017, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

HANNA, ALBERTA
MARCH 9, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF DELIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

		2017		2016
FINANCIAL ASSETS				
Cash and temporary investments (Note 2)	$	217,264	$	75,233
Receivables				
Taxes and grants in place of taxes (Note 3)		31,656		37,306
Trade and other receivables		25,056		19,059
Receivables from other governments		2,230		332,177
Land inventory held for resale		28,964		26,329
Investments (Note 4)		1,869		1,816
		307,039		491,920
LIABILITIES				
Temporary bank indebtedness				230,000
Accounts payable and accrued liabilities		19,094		110,829
Deposit liabilities (Note 5)		7,750		10,260
Long-term debt (Note 6)		87,196		240,390
		114,040		591,479
NET FINANCIAL ASSETS (DEBT)		192,999		(99,559)
NON-FINANCIAL ASSETS				
Tangible capital assets		3,392,291		3,539,147
Prepaid expenses		11,066		10,672
		3,403,357		3,549,819
ACCUMULATED SURPLUS	$	3,596,356	$	3,450,260

COMMITMENTS (SEE NOTE 12)
CONTINGENCIES (SEE NOTE 13)

VILLAGE OF DELIA

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
REVENUE			
Net municipal taxes (Schedule 2)	$ 226,035	$ 222,282	$ 230,471
Sales and user charges	170,238	167,821	149,623
Government transfers for operating (Schedule 3)	32,596	35,996	34,555
Return on investments	600	2,029	3,006
Penalties and costs on taxes	6,500	6,428	6,892
Licenses and permits	500	745	795
Franchise and concession contracts	28,800	24,566	23,136
Gain on disposal of tangible capital assets		16,230	
Other		920	200
Total Revenue	465,269	477,017	448,678
EXPENSES			
Legislative	14,765	10,743	11,656
Administration	171,842	144,486	146,398
Protective services	18,445	27,022	36,185
Transportation	109,263	130,542	148,964
Water supply and distribution	95,290	145,424	122,876
Wastewater treatment and disposal	11,640	29,976	29,017
Waste management	20,369	18,371	21,710
Public health and welfare	1,700	1,641	1,641
Subdivision land and development	2,020	2,030	2,077
Parks and recreation	4,500	10,382	2,443
Culture	3,631	6,025	2,940
Total Expenses	453,465	526,642	525,907
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	11,804	(49,625)	(77,229)
Government transfers for capital (Schedule 3)	195,721	195,721	559,481
EXCESS OF REVENUE OVER EXPENSES	207,525	146,096	482,252
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,450,260	3,450,260	2,968,008
ACCUMULATED SURPLUS, END OF YEAR	$ 3,657,785	$ 3,596,356	$ 3,450,260

VILLAGE OF DELIA

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
EXCESS OF REVENUE OVER EXPENSES	$ 207,525	$ 146,096	$ 482,252
Acquisition of tangible capital assets			(685,774)
Proceeds on sale of tangible capital assets		25,154	
Amortization of tangible capital assets		137,932	131,156
Gain on disposition of tangible capital assets		(16,230)	
		146,856	(554,618)
Change in prepaid expenses		(394)	(1,025)
INCREASE (DECREASE) IN NET ASSETS	207,525	292,558	(73,391)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	99,559	(99,559)	(26,168)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	$ 107,966	$ 192,999	$ (99,559)

VILLAGE OF DELIA

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

		2017		2016
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Excess (shortfall) of revenues over expenses	$	146,096	$	482,252
Non-cash items included in excess(shortfall) of revenues over expenses:				
Amortization		137,932		131,156
(Gain)loss on sale of tangible capital assets		(16,230)		
		267,798		613,408
Changes in net financial asset(debt) items:				
Decrease (increase) in taxes and grants in place of taxes receivable		5,649		(13,616)
Decrease (increase) in trade and other receivables		(5,996)		5,915
Decrease (increase) in receivables from other governments		329,947		(104,206)
Decrease(increase) in land held for resale		(2,636)		
Decrease(increase) in investments		(53)		(44)
Decrease(increase) in prepaid expenses		(394)		(1,027)
Increase (decrease) in accounts payable and accrued liabilities		(91,734)		81,403
Increase(decrease) in deposit liabilities		(2,510)		(622)
Increase(decrease) in deferred revenue				(363,118)
Cash provided by (applied to) operating transactions		500,071		218,093
CAPITAL				
Acquisition of tangible capital assets				(685,774)
Proceeds on sale of tangible capital assets		25,154		
Cash provided by (applied to) capital transactions		25,154		(685,774)
FINANCING				
Repayment on loans		(153,194)		(16,372)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR		372,031		(484,053)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		(154,767)		329,286
CASH AND CASH EQUIVALENTS, END OF YEAR	$	217,264	$	(154,767)
Cash and cash equivalents is made up of:				
Cash and temporary investments (Note 2)	$	217,264	$	75,233
Temporary bank indebtedness				(230,000)
CASH AND CASH EQUIVALENTS, END OF YEAR	$	217,264	$	(154,767)

VILLAGE OF DELIA

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
COST:								
BALANCE, BEGINNING OF YEAR	$ 10,480	$ 53,683	$ 245,086	$ 4,181,325	$ 248,265	$ 485,090	$ 5,223,929	$ 4,538,155
Acquisition of tangible capital assets								685,774
Disposal of tangible capital assets	(3,011)				(14,582)		(17,593)	
BALANCE, END OF YEAR	7,469	53,683	245,086	4,181,325	233,683	485,090	5,206,336	5,223,929
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		42,269	117,352	1,226,893	125,486	172,782	1,684,782	1,553,625
Annual amortization		706	4,352	97,154	19,613	16,107	137,932	131,157
Accumulated amortization on disposals					(8,669)		(8,669)	
BALANCE, END OF YEAR		42,975	121,704	1,324,047	136,430	188,889	1,814,045	1,684,782
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 7,469	$ 10,708	$ 123,382	$ 2,857,278	$ 97,253	$ 296,201	$ 3,392,291	$ 3,539,147
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 10,480	$ 11,414	$ 127,734	$ 2,954,432	$ 122,779	$ 312,308	$ 3,539,147	

VILLAGE OF DELIA

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 2

	Budget (Unaudited)	2017	2016
TAXATION			
Real property taxes	$ 268,409	$ 263,161	$ 263,092
Linear property taxes	10,164	11,658	14,616
Government grants in place of property taxes			1,977
	278,573	274,819	279,685
REQUISITIONS			
Alberta School Foundation Fund	43,836	43,835	41,424
Seniors requisition	8,702	8,702	7,790
	52,538	52,537	49,214
NET MUNICIPAL TAXES	$ 226,035	$ 222,282	$ 230,471

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 3

	Budget (Unaudited)	2017	2016
TRANSFERS FOR OPERATING			
Provincial government	$ 22,796	$ 22,796	$ 23,106
Federal government		3,400	1,649
Local government	9,800	9,800	9,800
	32,596	35,996	34,555
TRANSFERS FOR CAPITAL			
Provincial government	195,721	195,721	559,481
TOTAL GOVERNMENT TRANSFERS	$ 228,317	$ 231,717	$ 594,036

VILLAGE OF DELIA

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 4

	Budget (Unaudited)	2017	2016
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	$ 172,737	$ 168,019	$ 159,467
Contracted and general services	148,514	82,849	113,605
Materials, goods, supplies and utilities	123,600	114,633	109,454
Provision for allowances	4,500	7,758	
Transfers to individuals and organizations	4,114	4,055	4,515
Interest on long term debt		7,996	7,710
Amortization of tangible capital assets		137,932	131,156
Other		3,400	
	$ 453,465	$ 526,642	$ 525,907

VILLAGE OF DELIA

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
BALANCE, BEGINNING OF YEAR	$ 67,213	$ 218,716	$ 3,298,757	$ 3,450,260	$ 2,968,008
Excess (deficiency) of revenues over expenses	146,096			146,096	482,252
Restricted funds used for operations	79,044	(79,044)			
Disposal of tangible capital assets	8,924		(8,924)		
Annual amortization expense	137,932		(137,932)		
Long term debt repaid	(153,194)		153,194		
Change in accumulated surplus	218,802	(79,044)	6,338	146,096	482,252
BALANCE, END OF YEAR	$ 151,589	$ 139,672	$ 3,305,095	$ 3,596,356	$ 3,450,260

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Delia 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting polices 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 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, 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.

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.

Significant financial statement areas requiring the use of management estimates include:

- Useful life of tangible capital assets
- Accrued liabilities
- Fair value of contributed tangible capital assets

1.. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

e) 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.

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) 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 tangible capital assets under the respective function.

h) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

i) Net Municipal Taxes

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established annually by Village Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

1.. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

j) 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.

k) 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 (Debt) 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
Land improvements	10-45
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	5-75
Machinery and equipment	5-40
Vehicles	10-40

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. 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.

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	$ 217,264	$ 75,233

Contained in the cash account is 2017 - $78,054 (2016 - $77,420) that is restricted for the fire department and cannot be utilized for general operating purposes

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2017	2016
Current taxes and grants in place receivables	$ 20,900	$ 28,998
Arrears taxes	10,756	8,308
	$ 31,656	$ 37,306

4. INVESTMENTS

	2017		2016	
	Cost	Market Value	Cost	Market Value
Credit Union Common Shares	$ 1,869	$ 1,869	$ 1,816	$ 1,816

5. DEPOSIT LIABILITIES

The Village maintains utility deposits of $3,170 (2016 - $5,680).

The Village holds deposits on land sales of $1,980 (2016 - $1,980).

The Village currently holds funds due to the fire department of $2,600 (2016 - $2,600).

6. LONG TERM DEBT

	2017	2016
Mountain View Credit Union loan	$ 87,196	$ 240,390

Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	$ 21,368	$ 2,211	$ 23,579
2019	21,949	1,630	23,579
2020	22,545	1,034	23,579
2021	21,334	421	21,755
	$ 87,196	$ 5,296	$ 92,492

The Mountain View Credit Union fixed term loan bears interest at 2.70% and is repayable in semi-annual payments of $11,886, and matures on December 31, 2021.

Bank debt is issued on the credit and security of the Village at large.

Interest on long term debt amounted to $7,996 (2016 - $7,710)

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 Delia be disclosed as follows:

	2017	2016
Total debt limit	$ 691,181	$ 673,017
Total debt	87,196	470,390
Amount of debit limit unused	$ 603,985	$ 202,627
Debt servicing limit	$ 115,197	$ 112,170
Debt servicing	23,579	29,789
Amount of debt servicing limit unused	$ 91,618	$ 82,381

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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets	$ 5,206,336	$ 5,223,929
Accumulated amortization	(1,814,045)	(1,684,782)
Long-term debt (Note 6)	(87,196)	(240,390)
	$ 3,305,095	$ 3,298,757

9. ACCUMULATED SURPLUS

	2017	2016
Unrestricted surplus	$ 151,589	$ (67,214)
Restricted surplus:		
Operating contingency		3,508
Emergency fund		75,537
Fire	50,787	50,787
Transportation	53,739	53,739
Vehicle replacement fund	35,146	35,146
Equity in tangible capital assets	3,305,095	3,298,757
	$ 3,596,356	$ 3,450,260

10. SALARY AND BENEFITS

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

	2017			2016
	Salary	Benefits & allowances	Total	Total
Councillors:				
David Sisley	$ 800	$	$ 800	$
Dawn Bancroft	3,275		3,275	3,875
Jordan MacNutt	1,650		1,650	
John Rogers	2,475		2,475	3,225
Yvon Fournier	550		550	3,258
Chief Administrative Officer	60,000	1,516	61,516	17,309
Chief Administrative Officer (former)				16,691

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. 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 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.

Total current service contributions by the Village to the LAPP in 2017 were $13,559 (2016 - $8,674). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2017 were $12,400 (2016 - $7,932).

At December 31, 2016 the LAPP disclosed an actuarial deficit of $637 million. This amount is not specifically allocated to the participating government organizations. The 2017 actuarial balance was not available at the date these financial statements were released.

12. COMMITMENTS

The Village is committed under an agreement with the Marigold Library System to funding certain library initiatives annually based on a per capita formula. The Village provided funding of $1,105 in 2017 (2016 - $1,084). It is the understanding of the Village that it can withdraw from the agreement at anytime by giving a one-year notice period.

The Village is committed under an agreement with the Drumheller & District Solid Waste Management Association to contribute annually, based on an annual budget of expenditures for the management, operation and maintenance of the solid waste management facilities. The requisition for 2017 was $3,754 (2016 - $3,709). The agreement allows for the village to terminate the agreement by giving notice in writing to all of the other participating municipalities of its intention to withdraw from the agreement at least one year in advance of the effective withdrawal date.

The Village is committed under an agreement with the Drumheller and District Seniors Foundation and under a Ministerial Order from the Government of Alberta, Department of Seniors, the Village is committed to contributing annually 0.89% of an annual budget of net expenditures of the housing foundation. The requisition for 2017 was $8,702 (2016 - $7,790).

On January 24, 2007 the Village became a shareholder of Palliser Regional Municipal Services Company Limited, a Part IX company under The Companies Act of Alberta. The company provides municipal planning services to its members. This investment commits the Village to funding the annual operational and special needs of the company. Annually the Village is requisitioned as a shareholder determined by the Board, in the ordinary course of business, and based on the population and the tax assessment as determined by the Village who is a the shareholder. The requisition for 2017 was $2,020 (2016 - $1,980). The Village has the right to cease being a shareholder by giving 600 days notice.

13. CONTINGENCIES

The Village owns certain properties that contain levels of hydrocarbon contaminants that could pose an environmental liability. In prior years the Village has utilized conditional grant funding from the provincial government for remediation. Monitoring from an engineering firm is ongoing on the two locations that contain these contaminations. It is undetermined as to the costs that the Village will suffer in the process to clean up the properties, and as such have not been reported on the financial statements.

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, and deferred revenue. 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 receivables 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 instrument approximates fair value.

15. BUDGET AMOUNTS

The 2017 budget for the Village was approved by council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.