VILLAGE OF SPRING LAKE

Consolidated Financial Statements

Year Ended December 31, 2015

VILLAGE OF SPRING LAKE
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Year Ended December 31, 2015

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Seniuk & Company
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Village of Spring Lake

We have audited the accompanying consolidated financial statements of Village of Spring Lake, which comprise the consolidated statement of financial position as at December 31, 2015 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 generally accepted 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 Village of Spring Lake as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 12, 2016

Seniuk and Company
Chartered Accountants

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VILLAGE OF SPRING LAKE

Consolidated Statement of Financial Position

December 31, 2015

		2015		2014
FINANCIAL ASSETS				
Cash and temporary investments *(Note 2)*	**$**	**983,601**	$	929,663
Term deposits		**2,689**		32,884
Taxes and grants in place of taxes *(Note 3)*		**21,429**		28,198
Grants and receivables from other governments *(Note 4)*		**535,927**		224,047
Trade and other receivables		**9,233**		12,570
	$	**1,552,879**	$	1,227,362
LIABILITIES				
Accounts payable	**$**	**25,500**	$	5,990
Long term debt *(Note 7)*		**-**		4,527
Deferred income		**1,021,155**		747,219
		1,046,655		757,736
NET FINANCIAL ASSET (DEBT)		**506,224**		469,626
NON-FINANCIAL ASSETS				
Tangible capital assets *(Note 5)*		**3,533,166**		3,669,380
Prepaid expenses		**8,977**		8,996
		3,542,143		3,678,376
ACCUMULATED SURPLUS	**$**	**4,048,367**	$	4,148,002

On behalf of Council

_____ *Mayor*

_____ *CAO*

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Statement of Operations

Year Ended December 31, 2015

	Budget (Unaudited) 2015	**2015**	2014
REVENUE			
Net municipal taxes (Schedule 1)	$ 510,499	**$ 513,698**	$ 497,933
User fees and sale of goods	1,320	**1,756**	1,576
Government transfers for operating	22,790	**21,690**	20,299
Investment income	300	**1,599**	1,094
Penalties and costs of taxes	5,000	**8,134**	9,751
Licenses and permits	4,000	**5,167**	4,048
Rentals	300	**1,700**	300
Other	10,000	**1,185**	2,376
Fines	3,000	**5,996**	2,277
Total revenue	557,209	**560,925**	539,654
EXPENSES			
Administration and legislative	224,961	**194,482**	185,945
Fire service	27,122	**25,831**	25,831
Bylaw enforcement	36,000	**35,515**	35,328
Roads, streets, walks and lighting	388,250	**345,712**	289,897
Waste management	47,200	**42,263**	45,807
Land use planning, zoning and development	8,250	**7,041**	8,223
Parks and recreation	8,100	**37,052**	42,676
Libraries, museums and halls	2,650	**2,640**	2,640
Total operating expenses	742,533	**690,536**	636,347
Excess (deficiency) of revenue over expenses before other	(185,324)	**(129,611)**	(96,693)
OTHER			
Government transfers for capital	311,109	**29,976**	343,851
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	125,785	**(99,635)**	247,158
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,148,002	**4,148,002**	3,900,844
ACCUMULATED SURPLUS, END OF YEAR	$ 4,273,787	**$ 4,048,367**	$ 4,148,002

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2015

		2015		2014
Excess (Shortfall) of Revenues Over Expenses	**$**	**(99,635)**	$	247,158
Acquisition of tangible capital assets		**(44,811)**		(343,851)
Amortization of tangible capital assets		**181,026**		177,320
Use of prepaids		**18**	$	(2,911)
(INCREASE) DECREASE IN NET DEBT		**36,598**		77,716
Net financial assets (debt), beginning of year		**469,626**		391,910
NET ASSETS - END OF YEAR	**$**	**506,224**	$	469,626

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Statement of Cash Flows

Year Ended December 31, 2015

		2015		2014
OPERATING ACTIVITIES				
Excess (deficiency) of revenue over expenses	**$**	**(99,635)**	$	247,158
Item not affecting cash:				
Amortization		**181,026**		177,320
		81,391		424,478
Changes in non-cash working capital:				
Current taxes and grants in place of taxes		**6,769**		(7,950)
Trade and other receivables		**3,337**		(12,570)
Grants and receivables from other governments		**(311,880)**		20,439
Accounts payable		**19,509**		(5,064)
Prepaid expenses		**19**		(2,912)
Deferred income		**273,936**		(29,265)
		(8,310)		(37,322)
Cash flow from operating activities		**73,081**		387,156
INVESTING ACTIVITY				
Additions to capital assets		**(44,811)**		(343,851)
FINANCING ACTIVITY				
Repayment of long term debt		**(4,527)**		(7,659)
INCREASE IN CASH FLOW		**23,743**		35,646
Cash - beginning of year		**962,547**		926,901
CASH - END OF YEAR *(Note 2)*	**$**	**986,290**	$	962,547

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Property and Other Taxes ***(Schedule 1)***

Year Ended December 31, 2015

	Budget (Unaudited) 2015	**2015**	2014
TAXATION			
Real property tax	$ 774,507	**$ 777,707**	$ 727,666
Linear property taxes	2,140	**2,140**	2,332
	776,647	**779,847**	729,998
REQUISITIONS			
Alberta School Foundation	223,943	**223,109**	194,881
Evergreen CSRD No. 2	42,205	**43,040**	37,184
	266,148	**266,149**	232,065
NET MUNICIPAL TAXES	$ 510,499	**$ 513,698**	$ 497,933

Consolidated Schedule of Government Transfers ***(Schedule 2)***

Year Ended December 31, 2015

	Budget (Unaudited) 2015	**2015**	2014
TRANSFERS FOR OPERATING			
Provincial Government	$ 22,790	**$ 21,690**	$ 20,299
	22,790	**21,690**	20,299
TRANSFERS FOR CAPITAL			
Provincial Government	311,109	**29,976**	343,851
TOTAL GOVERNMENT TRANSFERS	$ 333,899	**$ 51,666**	$ 364,150

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Consolidated Expenditures by Object ***(Schedule 3)***

Year Ended December 31, 2015

	Budget 2015	**2015**	2014
EXPENSES			
Amortization	$ 165,000	**$ 181,026**	$ 177,320
Contracted and general services	216,206	**164,654**	166,293
Interest on long term	75	**44**	261
Materials, goods and utilities	56,900	**52,216**	45,961
Salaries, wages & benefits	301,702	**289,957**	243,873
Transfer to local boards and agencies	2,650	**2,640**	2,640
Total Consolidated Expenditures by Object	$ 742,533	**$ 690,537**	$ 636,348

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Segemented Disclosure

Year Ended December 31, 2015

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	**Total**
REVENUE								
Net municipal taxes	$ 513,698	$ -	$ -	$ -	$ -	$ -	$ -	**$ 513,698**
Government transfers	21,690	-	29,976	-	-	-	-	**51,666**
User fees and sales of goods	1,065	-	-	-	-	691	-	**1,756**
Investment income	1,599	-	-	-	-	-	-	**1,599**
Other revenues	20,952	1,230	-	-	-	-	-	**22,182**
	559,004	1,230	29,976	-	-	691	-	**590,901**
EXPENSES								
Contract & general services	39,533	61,345	11,802	7,041	2,884	42,048	-	**164,653**
Salaries & wages	146,533	-	143,424	-	-	-	-	**289,957**
Materials, goods & utilities	4,192	-	46,979	-	1,045	-	-	**52,216**
Transfers to local boards	-	-	-	-	2,640	-	-	**2,640**
Long term debt interest	44	-	-	-	-	-	-	**44**
	190,302	61,345	202,205	7,041	6,569	42,048	-	**509,510**
Excess (deficiency) of revenue over expenses before other	368,702	(60,115)	(172,229)	(7,041)	(6,569)	(41,357)	-	**81,391**
OTHER EXPENSE								
Amortization	4,182	-	143,506	-	33,123	215	-	**181,026**
EXCESS OF REVENUE OVER EXPENSES	$ 364,520	$ (60,115)	$ (315,735)	$ (7,041)	$ (39,692)	$ (41,572)	$ -	**$ (99,635)**

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Changes in Accumulated Surplus ***(Schedule 5)***

Year Ended December 31, 2015

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	**Total 2015**	Total 2014
BALANCE, BEGINNING OF YEAR	$ 421,713	$ 61,436	$ 3,664,853	**$ 4,148,002**	$ 3,900,844
Excess (deficiency) of revenues over expenses	(99,635)	-	-	**(99,635)**	247,158
Current year funds used for tangible capital assets	(44,811)	-	44,811	**-**	-
Annual amortization expense	181,026	-	(181,026)	**-**	-
Principle repayments on long term debt	(4,528)	-	4,528	**-**	-
Transfer to/from reserves	(287,308)	287,308	-	**-**	-
	(255,256)	287,308	(131,687)	**(99,635)**	247,158
BALANCE, END OF YEAR	$ 166,457	$ 348,744	$ 3,533,166	**$ 4,048,367**	$ 4,148,002

The accompanying notes form an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Spring Lake 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:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Village of Spring Lake (the "Village"). The 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.

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.

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

Tax Revenue

Annually, the Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Village Council in accordance with legislation and Village Council approved policies to raise the tax revenue required to meet the Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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.

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.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

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

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.

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 leveling 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.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

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 Changes in Net Financial Assets (Debt) for the year.

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

Tangible Capital Assets

Tangible Capital Assets are stated at cost or deemed cost less accumulated amortization. Tangible Capital Assets are amortized over their estimated useful lives on a straight-line basisat the following rates:

Land improvements	15 - 45 years
Buildings	10 - 25 years
Machinery and equipment	10 - 15 years
Motor vehicles	10 years
Engineered structures	10 - 20 years

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.

Tangible Capital Assets acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as Tangible Capital Assets but are disclosed.

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

	2015	2014
Cash	**$ 68,751**	$ 363,939
Term deposits	**2,689**	32,884
Restricted cash	**914,850**	565,724
	$ 986,290	$ 962,547

Term deposits are short term investments with original maturities of one year or less.

Included in cash are restricted amounts received from the municipal grants and are held exclusively for future approved projects. (Note 6)

3. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2015	2014
Current taxes and grants in place of taxes	**$ 16,546**	$ 11,433
Arrears taxes and grants in place of taxes	**4,883**	16,765
	$ 21,429	$ 28,198

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2015	2014
Municipal Sustainability Initiative - Capital	**$ 380,933**	$ 130,555
Municipal Sustainability Initiative - Operating	**21,690**	19,199
Federal Gas Tax Fund	**100,000**	50,000
Goods and Services Tax refundable	**33,304**	24,293
	$ 535,927	$ 224,047

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2015 Net book value**	2014 Net book value
Land	$ 1,329,022	$ -	**$ 1,329,022**	$ 1,329,022
Land improvements	253,629	120,233	**133,396**	120,002
Engineered structures	2,427,167	982,529	**1,444,638**	1,569,328
Buildings	576,883	93,685	**483,198**	478,983
Machinery and equipment	226,220	137,382	**88,838**	104,876
Motor vehicles	109,425	70,186	**39,239**	49,487
Assets under construction	14,835	-	**14,835**	17,682
	$ 4,937,181	$ 1,404,015	**$ 3,533,166**	$ 3,669,380

The net book value of the Tangible Capital Assets at year end also represents the amount of equity in Tangible Capital Assets.

Equity in Tangible Capital Assets equals the Tangible Capital Assets balance.

6. DEFERRED REVENUE

Deferred revenue is comprised of:

		2015		2014
Basic Municipal Transportation Grant	**$**	**139,446**	$	139,446
Federal Gas Tax Fund		**100,000**		50,000
Municipal Sustainability Initiative - Capital		**779,480**		556,833
Prepaid taxes		**2,229**		940
	$	**1,021,155**	$	747,219

Basic Municipal Transportation Grant

The Basic Municipal Transportation Grant is restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2).

Federal Gas Tax Fund

The Federal Gas Tax Fund is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future road paving project.

Municipal Sustainability Initiative - Capital

The Municipal Sustainability Initiative - Capital is restricted to eligible capital projects as approved under the funding agreement which are scheduled for completion in the next 3 to 5 years. Unexpended funds related to the advance are supported by restricted cash held exclusively for these projects (refer to Note 2).

7. LONG TERM DEBT

		2015		2014
Servus Credit Union loan bearing interest at 3% per annum, repayable in monthly blended payments of $628. The loan mature on August 31, 2015 and is secured by the credit and security of the Village at large.	**$**	**-**	$	4,527
	$	**-**	$	4,527

Interest on long term debt amounted to $44 (2014 - $261)

8. 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 Spring Lake be disclosed as follows:

	2015	2014
Total debt limit	**$ 841,388**	$ 809,481
Total debt	**-**	(4,527)
Amount of debt limit unused	**841,388**	804,954
Debt servicing limit	**140,231**	134,914
Debt servicing	**-**	(4,571)
Amount of debt servicing limit unused	**$ 140,231**	$ 130,343

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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in Tangible Capital Assets is comprised of:

	2015	2014
Tangible Capital Assets (Note 5)	**$ 4,937,181**	$ 4,892,369
Accumulated amortization (Note 5)	**(1,404,015)**	(1,222,989)
Long term debt (Note 7)	**-**	(4,527)
	$ 3,533,166	$ 3,664,853

10. SEGMENTED DISCLOSURE

The Village of Spring Lake 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 4).

11. SALARY AND BENEFITS DISCLOSURE

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:

	Salary (1)	Benefits & allowances (2)	**2015 Total**	2014 Total
B. Flesher - Councilor	$ 3,448	$ -	**$ 3,448**	$ 3,220
B. Hall - Councilor	3,328	-	**3,328**	3,968
C. MacDonald - Councilor	-	-	**-**	2,976
J. Roznicki - Councilor	4,500	52	**4,552**	5,331
R. Williams - Councilor	3,456	-	**3,456**	4,092
J. Shewchuk - Councilor	3,200	-	**3,200**	6,400
Chief Administrative Officer	88,711	180	**88,891**	86,237
	$ 106,643	$ 232	**$ 106,875**	$ 112,224

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

12. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy 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.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The Village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Village for debt with similar terms.

13. CONTINGENT LIABILITY

The municipality is a member of the MUNIX Reciprocal Insurance Exchange. Under the terms of the membership, the municipality 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.

14. CONTAMINATED SITES LIABILITY

On January 1, 2015 the Village adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Village.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

17. BUDGET AMOUNTS

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