



**GREGORY,  
HARRIMAN  
& ASSOCIATES LLP**

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**Village of Longview**

**Financial Statements**

**For the Year Ended December 31, 2016**

**VILLAGE OF LONGVIEW**

**DECEMBER 31, 2016**

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**INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of the  
Village of Longview

We have audited the accompanying consolidated financial statements of the Village of Longview, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' 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 of material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 consolidated financial statement presentation.

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 Longview as at December 31, 2016 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Strathmore, Alberta  
April 18, 2017

*Gregory, Harriman & Assoc. LLP*  
Gregory, Harriman & Associates LLP

**Village of Longview**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 1,096,593	\$ 1,719,166
Taxes and grants in place receivable <i>(Note 3)</i>	20,151	33,173
Trade and other accounts receivable <i>(Note 4)</i>	840,650	914,654
Investments <i>(Note 5)</i>	58,097	58,097
	<b>2,015,491</b>	<b>2,725,090</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	81,594	178,022
Deferred revenue <i>(Note 7)</i>	427,274	1,059,603
Long term debt <i>(Note 9, 10)</i>	642,625	663,946
	<b>1,151,493</b>	<b>1,901,571</b>
<b>NET FINANCIAL ASSETS</b>	<b>863,998</b>	<b>823,519</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	34,522	50,723
Tangible capital assets (Schedule 2) <i>(Note 11)</i>	9,415,893	9,625,982
	<b>9,450,415</b>	<b>9,676,705</b>
<b>ACCUMULATED SURPLUS (Schedule 1) <i>(Note 13)</i></b>	<b>\$ 10,314,413</b>	<b>\$ 10,500,224</b>

**COMMITMENTS** *(Note 15)*

**CONTINGENCIES** *(Note 16)*

Approved by : \_\_\_\_\_ Mayor

 Chief Administrative Officer

**Village of Longview**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2016**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	\$ 317,515	\$ 319,919	\$ 314,028
Sale of goods and user charges	223,897	167,943	179,022
Penalties and costs on taxes	7,296	3,829	7,247
Licenses and permits	3,553	4,087	2,215
Fines distribution	41,669	25,753	1,653
Franchise and concession contracts	50,314	54,387	49,816
Investment income	2,031	12,318	2,931
Rentals	52,826	50,731	39,200
Government transfers (Schedule 4)	41,170	115,696	91,645
Other revenues	-	2,690	5,659
<b>TOTAL REVENUE</b>	<u>740,271</u>	<u>757,353</u>	<u>693,416</u>
<b>EXPENDITURES (Schedule 5)</b>			
Legislative	21,670	19,462	18,353
Administration	270,704	279,200	223,299
Protective services	131,716	143,821	101,137
Roads, streets, walks and lighting	17,395	73,772	74,704
Water supply and distribution	102,266	200,321	190,524
Wastewater treatment and disposal	58,629	191,665	174,099
Waste management	6,265	6,945	7,930
Planning and development	2,126	3,794	2,111
Public health and welfare services	10,347	12,574	10,245
Culture	12,827	36,163	24,705
Parks and recreation	35,188	64,425	51,740
Recreation boards	13,425	10,926	10,550
<b>TOTAL EXPENSES</b>	<u>682,558</u>	<u>1,043,068</u>	<u>889,397</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	57,713	(285,715)	(195,981)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	99,904	774,578
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	57,713	(185,811)	578,597
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	10,500,224	10,500,224	9,921,627
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 10,557,937</u>	<u>\$ 10,314,413</u>	<u>\$ 10,500,224</u>

The accompanying notes form an integral part of these financial statements.

**Village of Longview**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the Year Ended December 31, 2016**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2016</b>	2015
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ 57,713</u>	<u>\$ (185,811)</u>	<u>\$ 578,597</u>
Acquisition of tangible capital assets (Schedule 2)	(12,754)	(68,352)	(811,077)
Amortization of tangible capital assets (Schedule 2)	-	278,441	268,908
	<u>(12,754)</u>	<u>210,089</u>	<u>(542,169)</u>
Net change in prepaid expense	-	16,201	796
<b>INCREASE IN NET ASSETS</b>	44,959	40,479	37,224
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>823,519</u>	<u>823,519</u>	<u>786,295</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 868,478</u>	<u>\$ 863,998</u>	<u>\$ 823,519</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Longview**  
**Consolidated Statement of Changes in Cash Flows**  
**For the Year Ended December 31, 2016**

	2016	2015
<b>THE FOLLOWING ACTIVITIES:</b>		
<b>Operating</b>		
Excess (Shortfall) of revenue over expenses	\$ (185,811)	\$ 578,597
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	278,441	268,908
	<u>92,630</u>	<u>847,505</u>
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in place receivable	13,022	1,284
Decrease (Increase) in trade and other receivables	40,894	625,488
Decrease (Increase) in Goods and Services Tax receivable	33,111	(31,185)
Decrease (Increase) in prepaid expenses	16,202	797
Increase (Decrease) in accounts payable and accrued liabilities	(96,430)	100,397
Increase (Decrease) in deferred revenue	<u>(632,331)</u>	<u>(751,683)</u>
Cash provided by operating transactions	<u>(532,902)</u>	<u>792,603</u>
<b>Capital</b>		
Acquisition of tangible capital assets	<u>(68,352)</u>	<u>(811,077)</u>
Cash applied to capital transactions	<u>(68,352)</u>	<u>(811,077)</u>
<b>Investing</b>		
Decrease (Increase) in restricted cash and temporary investments	632,331	751,683
Decrease (Increase) in investments	-	(58,097)
Cash provided by (applied to) investing transactions	<u>632,331</u>	<u>693,586</u>
<b>Financing Activities</b>		
Long term debt repaid	<u>(21,321)</u>	<u>(20,484)</u>
Cash provided by (applied to) financing transactions	<u>(21,321)</u>	<u>(20,484)</u>
<b>Change in Cash and temporary investments, during the year</b>	<b>9,756</b>	<b>654,628</b>
<b>Cash and temporary investments, beginning of the year</b>	<u><b>659,563</b></u>	<u><b>4,935</b></u>
<b>Cash and temporary investments, end of the year</b>	<u><b>\$ 669,319</b></u>	<u><b>\$ 659,563</b></u>
<b>Cash and temporary investments is made up of:</b>		
Cash and temporary investments (Note 2)	\$ 1,096,593	\$ 1,719,166
Less: restricted portion of cash and temporary investments (Note 2)	<u>(427,274)</u>	<u>(1,059,603)</u>
	<u><b>\$ 669,319</b></u>	<u><b>\$ 659,563</b></u>

**Village of Longview**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2016**  
**(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,124,261	\$ 413,928	\$ 8,962,036	\$ 10,500,224	\$ 9,921,627
Excess (Shortfall) of revenue over expenses	(185,811)	-	-	(185,811)	578,597
Current year funds used for tangible capital assets	(68,352)	-	68,352	-	-
Annual amortization expense	278,441	-	(278,441)	-	-
Capital long term debt repaid	(21,321)	-	21,321	-	-
Change in accumulated surplus	2,957	-	(188,768)	(185,811)	578,597
<b>BALANCE, END OF YEAR</b>	<b>\$ 1,127,218</b>	<b>\$ 413,928</b>	<b>\$ 8,773,268</b>	<b>\$ 10,314,413</b>	<b>\$ 10,500,224</b>

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP



**Village of Longview**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2016**  
**(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016	2015
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 826,895	\$ 539,335	\$ 1,753,828	\$ 9,926,327	\$ 148,538	\$ 30,068	\$ 13,224,991	\$ 12,413,914
Acquisition of tangible capital assets	-	-	53,112	-	-	-	53,112	773,863
Construction in progress	-	-	-	15,240	-	-	15,240	37,214
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>826,895</b>	<b>539,335</b>	<b>1,806,940</b>	<b>9,941,567</b>	<b>148,538</b>	<b>30,068</b>	<b>13,293,343</b>	<b>13,224,991</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	201,850	545,122	2,762,591	63,653	25,793	3,599,009	3,330,101
Annual amortization	-	27,464	35,030	209,508	5,989	450	278,441	268,908
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>229,314</b>	<b>580,152</b>	<b>2,972,099</b>	<b>69,642</b>	<b>26,243</b>	<b>3,877,450</b>	<b>3,599,009</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 826,895</b>	<b>\$ 310,021</b>	<b>\$ 1,226,788</b>	<b>\$ 6,969,468</b>	<b>\$ 78,896</b>	<b>\$ 3,825</b>	<b>\$ 9,415,893</b>	<b>\$ 9,625,982</b>
2015 Net Book Value of Tangible Capital Assets	\$ 826,895	\$ 337,485	\$ 1,208,706	\$ 7,163,736	\$ 84,885	\$ 4,275	\$ 9,625,982	

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP

**Village of Longview**  
**Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2016**  
**(Schedule 3)**

	<i>Budget (Unaudited)</i>	<b>2016</b>	<b>2015</b>
<b>TAXATION</b>			
Real property taxes	\$ 430,823	\$ 433,833	\$ 430,599
Linear property taxes	23,390	22,678	23,159
	<u>454,213</u>	<u>456,511</u>	<u>453,758</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	124,560	124,560	127,557
Senior Foundation	6,567	6,487	6,503
Separate Education Board	3,209	3,209	3,334
Ambulance and Emergency	2,362	2,336	2,336
	<u>136,698</u>	<u>136,592</u>	<u>139,730</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 317,515</u>	<u>\$ 319,919</u>	<u>\$ 314,028</u>

**Village of Longview**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2016**  
**(Schedule 4)**

	<i>Budget</i> <i>(Unaudited)</i>	2016	2015
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 41,170	\$ 115,696	\$ 91,645
	<u>41,170</u>	<u>115,696</u>	<u>91,645</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	-	99,904	774,578
	<u>-</u>	<u>99,904</u>	<u>774,578</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 41,170</u>	<u>\$ 215,600</u>	<u>\$ 866,223</u>

**Village of Longview**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2016**  
**(Schedule 5)**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2016</b>	2015
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits <i>(Note 14)</i>	\$ 215,814	\$ 231,022	\$ 162,723
Contracted and general services <i>(Note 15)</i>	271,796	298,711	244,362
Materials, goods, supplies and utilities	135,657	178,673	157,505
Bank charges and short term interest	2,208	2,626	2,186
Transfers to individuals and organizations	30,031	25,002	25,694
Interest on capital long term debt	26,630	26,630	27,467
Amortization of tangible capital assets	-	278,441	268,908
Other expenses	422	1,963	552
	<u>\$ 682,558</u>	<u>\$ 1,043,068</u>	<u>\$ 889,397</u>

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP

**Village of Longview**  
**Notes to Financial Statements**  
**December 31, 2016**

**1) Significant Accounting Policies**

The Village of Longview (the "Municipality") is a Municipality in the Province of Alberta. The consolidated financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of these accounting policies adopted by the Village are as follows:

**A. Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenue 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 the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial resources.

The schedule of tax levies also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

**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 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. The amounts recorded for valuation of tangible capital assets, useful lives and related amortization of tangible capital assets is an area where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**D. Investments**

Investments are recorded at 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 levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any excess collections or under-levies of the prior year.

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**Village of Longview  
Notes to Financial Statements  
December 31, 2016**

**1) Significant Accounting Policies** *(continued)*

**F. Tax Revenue**

Tax revenue is 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.

**G. Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil 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 productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**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 that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

**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 revenue 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 asset, is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Land improvements	15-45
Buildings	25-50
Engineered structures	
Roadway system	10-75
Water system	45-75
Wastewater system	45-75
Machinery and equipment	5-30
Vehicles	10

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.

**Village of Longview  
Notes to Financial Statements  
December 31, 2016**

**2) Cash and Temporary Investments**

	2016	2015
Cash	\$ 1,094,844	\$ 1,715,024
Recreation Board	1,599	2,519
Petty cash	150	1,623
	\$ 1,096,593	\$ 1,719,166

The Village received Government grants and donations that are restricted in their use and are to be utilized as funding for operating or capital projects. Since the projects have not been completed for which the funding has been received, \$427,274 (2015 - \$1,059,603) is not available for general use by the Village (Note 7).

**3) Taxes and Grants in Place Receivable**

	2016	2015
Current taxes and grants in place	\$ 19,141	\$ 29,937
Tax arrears and grants in place	1,010	3,236
	\$ 20,151	\$ 33,173

**4) Trade and Other Accounts Receivable**

	2016	2015
Local improvement levy receivable	\$ 793,906	\$ 835,282
Utilities receivable	27,228	28,951
Goods and Services Tax receivable	8,550	41,660
Trade receivable	6,867	4,662
Grant receivable	4,099	4,099
	\$ 840,650	\$ 914,654

**5) Investments**

	2016	2015
Guaranteed Investment Certificate	\$ 58,097	\$ 58,097

The term deposit represents a Royal Bank of Canada guaranteed investment certificate that bears interest of 0.80% and matures January 1, 2018.

**6) Accounts Payable and Accrued Liabilities**

	2016	2015
Trade accounts payable	\$ 65,458	\$ 157,261
Accrued liabilities	14,625	14,250
Deposit liabilities	1,511	6,511
	\$ 81,594	\$ 178,022

**Village of Longview**  
**Notes to Financial Statements**  
**December 31, 2016**

<b>7) Deferred Revenue</b>	<u>2016</u>	<u>2015</u>
Municipal Sustainability Initiative - Capital	\$ 313,611	\$ 366,913
Basic Municipal Transportation Grant	69,370	69,370
Community Hall Senior Grant	15,000	-
Calgary Foundation Grant	14,546	29,785
Memorial Garden	9,677	11,849
Disaster Recovery Grant	4,098	4,098
Hall Lighting	972	972
Flood Recovery Erosion Control Program	-	576,616
	<u>\$ 427,274</u>	<u>\$ 1,059,603</u>

**Flood Recovery Erosion Control Program**

This program was designed to fund the critical projects and other erosion control priorities arising as a result of the 2013 flood events. The project was completed in 2015 and the Village was required to repay the remaining unused funds in 2016.

**Municipal Sustainability Initiative**

The Municipal Sustainability Initiative ("MSI") is a funding program aimed at providing financial support for critical core and community infrastructure projects and includes incentives to encourage collaboration and cooperation between neighbouring municipalities. This population-based funding program includes operating, capital and affordable housing components. The balance represents funds brought forward from 2015 of \$366,913, plus funds received by the Village in 2016 of \$91,477, less \$144,779 recognized as revenue in 2016.

**Basic Municipal Transportation Grant**

The Basic Municipal Transportation Grant ("BMTG") provides cost-shared grants to municipalities to assist with the provision of lasting street improvements, to enhance life in rural centers and to serve to attract the decentralization of industry. Approved projects are eligible for 75 percent provincial funding for construction and engineering costs. The balance represents the unexpended portion received in 2014.

All of the unexpended funds held in deferred revenue are supported by cash and temporary investments as noted in Note 2.

**8) Contaminated Sites Liability**

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2016 (2015 - nil) as a result of this standard.



**Village of Longview  
Notes to Financial Statements  
December 31, 2016**

**9) Long Term Debt**

	2016	2015
Tax supported debenture - capital	\$ 642,625	\$ 663,946
Less: Current portion	(22,192)	(21,321)
	\$ 620,433	\$ 642,625

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 22,192	\$ 25,759	\$ 47,951
2017	23,098	24,853	47,951
2018	24,041	23,910	47,951
2019	25,023	22,928	47,951
2020	26,045	21,906	47,951
Thereafter	522,226	173,060	695,286
	\$ 642,625	\$ 292,416	\$ 935,041

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 4.043% per annum and matures in 2036. Debenture debt is issued on the credit and security of the Village of Longview at large.

Interest on long term debt amounted to \$26,630 (2015 - \$27,467).

The Village's total cash payments for interest in 2016 were \$26,630 (2015 - \$27,467).

**10) 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 Longview be disclosed as follows:

	2016	2015
Total debt limit (1.5 * total eligible revenue)	\$ 1,136,030	\$ 1,040,124
Total long term debt (Note 9)	642,625	663,946
Unused total debt limit capacity	\$ 493,405	\$ 376,178
Service on debt limit (0.25 * total eligible revenue)	\$ 189,338	\$ 173,354
Service on debt (next years principal and interest due)	47,951	47,951
Unused service on debt limit capacity	\$ 141,387	\$ 125,403

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 consolidated financial statements must be interpreted as a whole.

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**11) Tangible Capital Assets**

	<u>2016</u>	<u>2015</u>
Land	\$ 826,895	\$ 826,895
Land improvements	310,021	337,485
Buildings	1,226,788	1,208,706
Engineered structures		
Roadway system	327,045	364,292
Water distribution system	1,761,189	1,806,747
Wastewater treatment system	4,881,234	4,992,697
Machinery, equipment and furnishings	78,896	84,885
Vehicles	3,825	4,275
	<u>\$ 9,415,893</u>	<u>\$ 9,625,982</u>

**12) Equity in Tangible Capital Assets**

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 2)	\$ 13,293,343	\$ 13,224,991
Accumulated amortization (Schedule 2)	(3,877,450)	(3,599,009)
Long term debt - Capital (Note 9)	(642,625)	(663,946)
	<u>\$ 8,773,268</u>	<u>\$ 8,962,036</u>

**13) 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 (Schedule 1)	\$ 1,127,218	\$ 1,124,261
Restricted surplus (reserves)		
Operating: Recreations Board - Operating	9,038	9,038
General Reserve - Operating	31,017	31,017
Public Works - Operating	3,081	3,081
Water/Wastewater - Operating	243,184	243,184
Hall Reserve - Operating	16,696	16,696
Capital: Offsite Levies - Capital	110,911	110,911
Equity in tangible capital assets (Note 12)	<u>8,773,268</u>	<u>8,962,036</u>
	<u>\$ 10,314,413</u>	<u>\$ 10,500,224</u>

**14) Salary and Benefits Disclosure**

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits &amp; Allowances (2)</u>	<u>Total 2016</u>	<u>Total 2015</u>
Councillor Ayrey, C.	\$ 2,260	\$ -	\$ 2,260	\$ 4,138
Councillor MacLeod, C.	3,757	954	4,711	4,319
Councillor Wight, K.	3,660	956	4,616	5,500
Chief Administrative Officer	53,861	-	53,861	52,970
	<u>\$ 63,538</u>	<u>\$ 1,910</u>	<u>\$ 65,448</u>	<u>\$ 66,927</u>

(1) Salary includes regular base pay and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

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**15) Commitments**

The Village has an agreement with the Municipal District (MD) of Foothills No. 31 for administration services. The contract terms are a cost of \$48,801 per year plus the annual applied MD cost of living adjustment. This contract expires September 30, 2018.

The Village also has an agreement with the Municipal District of Foothills No. 31 for the provision of water and wastewater services. The contract terms are a maximum of \$72,000 annually and are ongoing until cancelled by one of the parties.

**16) Contingencies**

The Village is a member of the Alberta Municipal Services Corporation. 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.

**17) Financial Instruments**

The Village's financial instruments consist of cash and temporary investments, taxes and grants in place receivable, trade and other accounts receivable, investments, accounts payable and accrued liabilities and long term debt.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Village is exposed to financial risk from interest rate differentials between market interest rates and the rates used on their financial instruments.

Credit Risk

The Village of Longview 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 of Longview 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.

**18) Comparative Figures**

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

**19) Approval of Financial Statements**

Council and Management have approved these financial statements.