

**VILLAGE OF BOYLE**  
**Consolidated Financial Statements**  
**December 31, 2016**

**VILLAGE OF BOYLE**  
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**December 31, 2016**

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# *Shoemaker, Viney & Friesen*

CHARTERED ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation



Timothy J. Friesen Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

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To the Board Members of Village of Boyle

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

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

Westlock, Alberta  
March 15, 2017

CHARTERED ACCOUNTANTS

**VILLAGE OF BOYLE**  
**Consolidated Statement of Financial Position**  
**Year Ended December 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 2,628,805	\$ 5,538,696
Taxes and grants in place of taxes <i>(Note 3)</i>	53,193	40,512
Trade and other receivables	1,823,055	948,351
Land for resale inventory	1	1
Investments <i>(Note 4)</i>	32,851	32,851
	<b>4,537,905</b>	<b>6,560,411</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	102,377	436,921
Deferred revenue <i>(Note 5)</i>	643,863	2,403,340
Long term debt <i>(Note 6)</i>	3,779,084	3,860,318
	<b>4,525,324</b>	<b>6,700,579</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>12,581</b>	<b>(140,168)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 1)</i>	14,210,100	11,224,455
Inventory for consumption	33,158	32,980
Prepaid expenses	21,761	20,152
	<b>14,265,019</b>	<b>11,277,587</b>
<b>ACCUMULATED SURPLUS <i>(Note 9) (Schedule 5)</i></b>	<b>\$ 14,277,600</b>	<b>\$ 11,137,419</b>

Contingencies and commitments - See Notes 13 and 15

**VILLAGE OF BOYLE**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2016**

	Budget (unaudited)	2016	2015
<b>REVENUE</b>			
Net municipal taxes <i>(Schedule 2)</i>	\$ 1,173,237	\$ 1,170,970	\$ 1,163,359
User fees and sales of goods	1,441,100	1,494,033	1,660,194
Government transfers for operating <i>(Schedule 3)</i>	170,013	152,592	150,649
Penalties, costs of taxes and fines	43,400	74,713	50,898
Rentals	182,540	182,007	193,290
Licenses and permits	40,600	20,707	104,719
Investment income	35,395	39,411	53,096
Other	59,000	13,862	31,708
Donations	50,000	28,487	19,000
Franchise fees	40,000	30,433	34,155
<b>Total Revenue</b>	<b>3,235,285</b>	<b>3,207,215</b>	<b>3,461,068</b>
<b>EXPENSES</b>			
Legislative	339,030	313,152	135,893
Administration	422,880	436,094	364,304
Protective services	108,900	94,752	98,969
Roads, streets, walks, lighting	480,610	446,317	443,438
Water supply and distribution	552,680	505,394	510,906
Wastewater treatment and disposal	61,225	43,519	52,100
Waste management	168,250	152,365	166,261
Family and community support	10,420	10,421	10,421
Land use planning, zoning and development	54,570	48,160	49,465
Subdivision land development	74,139	77,270	95,949
Parks, recreation and culture	437,385	408,950	393,350
Natural gas supply and distribution	414,770	394,669	610,474
Amortization of tangible capital assets	645,114	632,356	645,114
<b>Total Expenses</b>	<b>3,769,973</b>	<b>3,563,419</b>	<b>3,576,644</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(534,688)</b>	<b>(356,204)</b>	<b>(115,576)</b>
<b>CAPITAL INCOME</b>			
Government transfers for capital <i>(Schedule 3)</i>	-	216,626	333,085
Donations <i>(Schedule 3)</i>	1,150,000	1,181,986	500,000
Deferral of debenture proceeds	1,215,000	2,097,773	(2,097,773)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>1,830,312</b>	<b>3,140,181</b>	<b>(1,380,264)</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>11,137,419</b>	<b>11,137,419</b>	<b>12,517,683</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 12,967,731</b>	<b>\$ 14,277,600</b>	<b>\$ 11,137,419</b>

**VILLAGE OF BOYLE**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2016**

	Budget (Unaudited)	2016	2015
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 1,830,312	<b>\$ 3,140,181</b>	\$ (1,380,264)
Purchase of tangible capital assets	(2,580,000)	<b>(3,618,001)</b>	(3,109,307)
Amortization of tangible capital assets	645,114	<b>632,356</b>	645,111
	<u>(1,934,886)</u>	<u><b>(2,985,645)</b></u>	<u>(2,464,196)</u>
(Acquisition) disposal of inventory	-	<b>(178)</b>	(3,804)
(Acquisition) disposal of prepaid expenses	-	<b>(1,609)</b>	2,013
	<u>-</u>	<u><b>(1,787)</b></u>	<u>(1,791)</u>
<b>(INCREASE)/DECREASE IN NET FINANCIAL ASSETS (DEBT)</b>	<b>(104,574)</b>	<b>152,749</b>	<b>(3,846,248)</b>
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>(140,168)</u>	<u><b>(140,168)</b></u>	<u>3,706,080</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	<u>\$ (244,742)</u>	<u><b>\$ 12,581</b></u>	<u>\$ (140,168)</u>

**VILLAGE OF BOYLE**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 3,140,181	\$ (1,380,264)
Item not affecting cash:		
Amortization of tangible capital assets	<u>632,356</u>	645,114
	<u>3,772,537</u>	<u>(735,150)</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(12,681)	(2,225)
Trade and other receivables	(874,704)	(340,053)
Accounts payable and accrued liabilities	(334,544)	121,109
Deferred revenue	(1,759,477)	2,143,318
Inventory for consumption	(178)	(3,804)
Prepaid expenses	<u>(1,609)</u>	<u>2,013</u>
	<u>(2,983,193)</u>	<u>1,920,358</u>
Cash flow from operating activities	<u>789,344</u>	<u>1,185,208</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(3,618,001)</u>	<u>(3,109,307)</u>
<b>FINANCING ACTIVITY</b>		
Long term debt issued (repaid)	<u>(81,234)</u>	3,860,318
<b>Net change in cash and cash equivalents during the year</b>	<b>(2,909,891)</b>	<b>1,936,219</b>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,538,696</u>	<u>3,602,477</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,628,805</u></b>	<b><u>\$ 5,538,696</u></b>

**Consolidated Schedule of Tangible Capital Assets  
Year Ended December 31, 2016  
(Schedule 1)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016	2015
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,464,395	\$ 979,423	\$ 14,121,844	\$ 14,357,359	\$ 1,304,731	\$ 547,259	\$ 32,775,011	\$ 29,665,704
Acquisitions	-	-	3,438,747	121,613	-	57,641	3,618,001	3,109,307
<b>BALANCE, END OF YEAR</b>	<b>1,464,395</b>	<b>979,423</b>	<b>17,560,591</b>	<b>14,478,972</b>	<b>1,304,731</b>	<b>604,900</b>	<b>36,393,012</b>	<b>32,775,011</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	474,686	8,596,287	10,906,317	1,230,477	342,789	21,550,556	20,905,442
Annual amortization	-	39,177	401,747	113,027	41,053	37,352	632,356	645,114
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>513,863</b>	<b>8,998,034</b>	<b>11,019,344</b>	<b>1,271,530</b>	<b>380,141</b>	<b>22,182,912</b>	<b>21,550,556</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 1,464,395</b>	<b>\$ 465,560</b>	<b>\$ 8,562,557</b>	<b>\$ 3,459,628</b>	<b>\$ 33,201</b>	<b>\$ 224,759</b>	<b>\$ 14,210,100</b>	<b>\$ 11,224,455</b>



**VILLAGE OF BOYLE**  
**Consolidated Schedule of Property and Other Taxes** *(Schedule 2)*  
**Year Ended December 31, 2016**

	Budget (Unaudited)	2016	2015
<b>TAXATION</b>			
Residential land and improvements	\$ 790,071	\$ 789,071	\$ 750,551
Non residential land and improvements	372,577	371,273	361,659
Linear property taxes	79,563	79,600	79,518
Machinery and equipment	195,732	195,732	224,095
Government grants in place of property taxes	23,740	23,740	23,395
	<u>1,461,683</u>	<u>1,459,416</u>	<u>1,439,218</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	260,827	260,827	248,993
Greater North Foundation	27,619	27,619	26,866
	<u>288,446</u>	<u>288,446</u>	<u>275,859</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,173,237</u>	<u>\$ 1,170,970</u>	<u>\$ 1,163,359</u>

**VILLAGE OF BOYLE**  
**Consolidated Schedule of Government Transfers** **(Schedule 3)**  
**Year Ended December 31, 2016**

	Budget (Unaudited)	2016	2015
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 39,000	\$ 42,826	\$ 43,443
Local Government	131,013	109,766	107,206
	170,013	152,592	150,649
<b>TRANSFERS FOR CAPITAL:</b>			
Donations	1,150,000	1,181,986	500,000
Provincial Government	-	216,626	333,085
Federal Government	-	-	-
	1,150,000	1,398,612	833,085
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 1,320,013</b>	<b>\$ 1,551,204</b>	<b>\$ 983,734</b>

**VILLAGE OF BOYLE**  
**Consolidated Schedule of Expenses by Object**  
**Year Ended December 31, 2016**

**(Schedule 4)**

	Budget (Unaudited)	2016	2015
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 958,540	\$ <b>918,397</b>	\$ 936,859
Contracted and general services	436,205	<b>360,081</b>	442,783
Materials, goods and utilities	612,650	<b>643,154</b>	491,366
Purchases from other government	618,980	<b>594,423</b>	832,188
Transfers to local boards and agencies	286,310	<b>231,237</b>	63,561
Bank charges and long term interest	125,085	<b>125,259</b>	4,420
Grants to other organizations	76,790	<b>30,806</b>	83,231
Provision for allowances	2,000	<b>9,389</b>	11,477
Amortization of tangible capital assets	645,114	<b>632,356</b>	645,114
Other expenditures	8,299	<b>18,317</b>	65,645
	<b>\$ 3,769,973</b>	<b>\$ 3,563,419</b>	<b>\$ 3,576,644</b>

**VILLAGE OF BOYLE**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**For the Year Ended December 31, 2016**  
**SCHEDULE 5**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2016	Total 2015
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,265,436	\$ 1,507,846	\$ 7,364,137	\$ 11,137,419	\$ 12,517,683
Excess (Deficiency) of revenues over expenses	3,140,181	-	-	3,140,181	717,509
Restricted funds used for tangible capital assets	-	(121,613)	121,613	-	-
Current year funds used for tangible capital assets	(3,271,388)	-	3,271,388	-	-
Contributed tangible capital assets	(225,000)	-	225,000	-	-
Annual amortization expense	632,356	-	(632,356)	-	-
Long term debt issued	-	-	-	-	(3,900,000)
Long term debt repaid	(81,234)	-	81,234	-	-
Capital debt used for tangible capital assets	-	-	-	-	1,802,227
<b>Change in accumulated surplus</b>	194,915	(121,613)	3,066,879	3,140,181	(1,380,264)
<b>BALANCE, END OF YEAR</b>	\$ 2,460,351	\$ 1,386,233	\$ 10,431,016	\$ 14,277,600	\$ 11,137,419

**VILLAGE OF BOYLE**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**For the Year Ended December 31, 2016**  
**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas	Other	Total
<b>REVENUE:</b>									
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,170,970	\$ 1,170,970
Government transfers	-	-	3,825	7,935	140,832	-	-	-	152,592
User fees and sales of goods	3,829	43,595	21,674	95	342	940,926	483,572	-	1,494,033
Investment income	-	-	-	-	-	-	-	39,411	39,411
Rentals	-	15,000	6,874	70,166	89,967	-	-	-	182,007
Other revenues	3,526,231	59,752	56,809	6,592	4,113	7,377	3,713	-	3,664,587
	3,530,060	118,347	89,182	84,788	235,254	948,303	487,285	1,210,381	6,703,600
<b>EXPENSES:</b>									
Contract & general services	117,758	16,298	30,928	5,606	59,367	111,569	18,555	-	360,081
Salaries & wages	213,026	33,096	248,136	55,214	154,441	114,897	99,587	-	918,397
Goods & supplies	42,726	45,358	164,984	50,117	164,336	80,497	17,426	-	565,444
Purchases from other	-	-	-	-	-	335,322	259,101	-	594,423
Grants to other	231,237	-	-	-	30,806	-	-	10,421	272,464
Other expenses	144,500	-	-	14,492	-	61,262	-	-	220,254
	749,247	94,752	444,048	125,429	408,950	703,547	394,669	10,421	2,931,063
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<b>2,780,813</b>	<b>23,595</b>	<b>(354,866)</b>	<b>(40,641)</b>	<b>(173,696)</b>	<b>244,756</b>	<b>92,616</b>	<b>1,199,960</b>	<b>3,772,537</b>
Amortization expense	154,566	42,572	69,460	-	207,276	117,331	41,151	-	632,356
<b>NET REVENUE</b>	<b>2,626,247</b>	<b>(18,977)</b>	<b>(424,326)</b>	<b>(40,641)</b>	<b>(380,972)</b>	<b>127,425</b>	<b>51,465</b>	<b>1,199,960</b>	<b>3,140,181</b>

**VILLAGE OF BOYLE**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Village of Boyle 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 Accountants. Significant aspects of the accounting policies adopted by the Village of Boyle 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 of Boyle 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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.

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**VILLAGE OF BOYLE**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

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) 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 un-matured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

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 physical assets under the respective function.

h) Tax Revenue

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

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

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**VILLAGE OF BOYLE**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

i) 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.

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village of Boyle is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

k) 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.

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**VILLAGE OF BOYLE**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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

l) 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:

Land improvements	15 to 20 years
Buildings	25 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	3 to 20 years
Engineered structures	15 to 65 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.

**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.

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**VILLAGE OF BOYLE**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Bank account	<b>\$ 2,628,805</b>	<b>\$ 5,538,696</b>

Council has designated funds of \$1,386,233 (2015 - \$1,507,846) included in the above amounts for equipment replacement and other restricted purposes.

3. TAXES AND GRANTS IN PLACE OF TAXES

	2016	2015
Taxes and grants - current	<b>\$ 45,864</b>	<b>\$ 33,591</b>
Property taxes - arrears	<b>7,329</b>	<b>6,921</b>
	<b>\$ 53,193</b>	<b>\$ 40,512</b>

4. INVESTMENTS

	2016	2015
Debenture receivable	<b>\$ 32,500</b>	<b>\$ 32,500</b>
Class "A" common shares	<b>164</b>	<b>164</b>
	<b>32,664</b>	<b>32,664</b>
Other investment	<b>187</b>	<b>187</b>
	<b>\$ 32,851</b>	<b>\$ 32,851</b>

The Village of Boyle has signed an agreement with Gas Alberta Inc. to exclusively buy natural gas from Gas Alberta Inc. The Village was required to invest in common shares and provide a loan to assist with initial operating capital. The loan is secured by a debenture and is non-interest bearing.

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5. DEFERRED REVENUE

	2016	2015
Other non-government	\$ 57,263	\$ 154,487
Federal Gas Tax (formerly Alberta Infrastructure - New Deal for Cities and Communities)	151,081	151,081
Deferred debenture proceeds	-	2,097,772
Municipal Sustainability Initiative	302,145	-
Community Partnership Grant	133,374	-
	\$ 643,863	\$ 2,403,340

6. LONG TERM DEBT

	2016	2015
Tax supported debentures	\$ 3,779,084	\$ 3,860,318

Principal and interest repayment terms are as follows:

2017	\$ 83,794	\$ 117,522	\$ 201,316
2018	86,435	114,881	201,316
2019	89,159	112,157	201,316
2020	91,969	109,347	201,316
2021	94,867	106,449	201,316
Thereafter	3,332,860	1,398,071	4,730,931
	\$ 3,779,084	\$ 1,958,427	\$ 5,737,511

The current portion of the long-term debt amounts to \$83,794 (2015 - \$81,234)

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.127% per annum and matures January 15, 2045.

Interest on long term debt amounted to \$120,082 (2015 - \$60,976).

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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 Boyle be disclosed as follows:

	2016	2015
Total debt limit	\$ 4,810,823	\$ 5,191,602
Total debt	<u>3,779,084</u>	<u>3,860,318</u>
Amount of debt limit unused	<u>1,031,739</u>	1,331,284
Debt servicing limit	801,804	865,267
Debt servicing	<u>201,316</u>	<u>201,316</u>
Amount of debt servicing limit unused	<u>\$ 600,488</u>	\$ 663,951

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

	2016	2015
Tangible capital assets ( <i>Schedule 1</i> )	\$ 36,393,012	\$ 32,775,011
Accumulated amortization( <i>Schedule 1</i> )	<u>(22,182,912)</u>	<u>(21,550,556)</u>
	14,210,100	11,224,455
Long term debt (Note 6)	<u>(3,779,084)</u>	<u>(3,860,318)</u>
	<u>\$ 10,431,016</u>	\$ 7,364,137

**VILLAGE OF BOYLE**  
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9. ACCUMULATED SURPLUS

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

	<b>2016</b>	2015
Unrestricted surplus (deficit)	<b>\$ 2,460,351</b>	\$ 2,265,436
Restricted surplus		
Utility Reserves (incl. gas)	<b>820,245</b>	820,245
Recreation Reserves	<b>130,942</b>	130,942
Public Works Reserves (incl. roads)	<b>346,010</b>	467,623
Other Reserves	<b>89,036</b>	89,036
Equity in tangible capital assets (Note 8)	<b>10,431,016</b>	7,364,137
	<b>\$ 14,277,600</b>	\$ 11,137,419

10. SEGMENTED DISCLOSURE

The Village of Boyle 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 BOYLE**  
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**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 <sup>1</sup>	Benefits & allowances <sup>2</sup>	<b>2016 Total</b>	2015 Total
<u>Councillors</u>				
Antal	\$ 12,225	\$ 4,694	\$ <b>16,919</b>	\$ 19,032
Assaf	9,510	4,569	<b>14,079</b>	15,059
Bencharsky	3,150	717	<b>3,867</b>	17,380
Derko	4,495	2,262	<b>6,757</b>	-
Radmanovich	11,990	4,682	<b>16,672</b>	20,554
<u>Mayor</u>				
Clark	11,550	217	<b>11,767</b>	15,714
Chief Administration Officer	91,362	22,554	<b>113,916</b>	105,520

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. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village of Boyle participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 244,621 people and 426 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the Village of Boyle to the LAPP in 2016 were \$71,685 (2015 - \$76,083). Total current service contributions by the employees of the Village of Boyle to the Local Authorities Pension Plan in 2016 were \$65,886 (2015 - \$68,886).

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

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**13. CONTINGENCIES**

The Village of Boyle is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Boyle 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 of Boyle is a member of the Joint Modified Landfill Committee. Under the terms of this agreement, the Village is liable for its proportionate share of closure and post-closure costs associated with the landfill. The Committee has established a reserve for landfill closure and post-closure costs and plans to fund this reserve annually. When the landfill reaches capacity, the Village of Boyle may become liable for its proportionate share of the actual closure and post-closure costs should they exceed the reserve established by the Committee. Due to the uncertainty surrounding this potential liability and since the closure and post-closure costs are not determinable at this time, no amount has been recorded in the financial statements to reflect this contingency.

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**14. FINANCIAL INSTRUMENTS**

The Village of Boyle's financial instruments consist of cash, investments, accounts receivable, deposit liabilities and long term debt. It is management's opinion that the Village of Boyle is not exposed to significant interest or currency risks arising from these financial instruments.

The Village of Boyle 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 of Boyle 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.

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**15. COMMITMENTS**

The Village of Boyle is committed to a regional water project which will cost the Village an estimated \$1.2 million. In 2015, the Village water department's expense included interest paid on loans taken out by the Regional Water Commission, along with commissions and water purchases.

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**16. BUDGET FIGURES**

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

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**17. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

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