

Village of Empress
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Management's Responsibility

To the Members of Council:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Village. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 20, 2017



Management

Auditor's Report

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Empress, which comprise the statement of financial position at December 31, 2016, the statements of operations, changes in net financial assets, cash flows, and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Village was not able to provide sufficient evidence on gravel pit post-closure costs as at December 31, 2016. As such, we were unable to satisfy ourselves concerning the estimate of the landfill post-closure liability of \$41,645. Since gravel pit post-closure costs enter in to the determination of the results of operations, we were unable to determine whether adjustments to expenditures for the year might be necessary.

Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village of Empress as at December 31, 2016, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Medicine Hat, Alberta
April 20, 2017

MNP LLP

Chartered Professional Accountants

**Village of Empress
Statement of Financial Position**

As at December 31, 2016


	2016	2015
FINANCIAL ASSETS		
Cash (Note 2)	202,087	610,960
Receivables		
Taxes and grants in place of taxes (Note 3)	27,520	27,527
Trade and other accounts receivable	96,154	38,058
Land held for resale inventory	50,257	50,998
Investments (Note 4)	2,204	2,154
	378,222	729,697
LIABILITIES		
Accounts payable and accrued liabilities	56,259	27,127
Deposit liabilities (Note 5)	1,400	1,400
Deferred revenue (Note 6)	24,710	425,556
Provision for gravel pit closure and post-closure costs (Note 7)	41,645	41,645
	124,014	495,728
NET FINANCIAL ASSETS	254,208	233,969
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	3,438,336	2,780,117
Prepaid expenses	2,478	2,420
	3,440,814	2,782,537
ACCUMULATED SURPLUS (Schedule I, Note 10)	3,695,022	3,016,506

Commitments and contingencies - See Notes 14 and 15

Approved by



Mayor



Councillor

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Operations

For the year ended December 31, 2016

	Budget	2016	2015
REVENUE			
Net municipal taxes (Schedule III)	152,792	152,180	150,463
User fees and sales of goods	96,356	106,460	98,932
Government transfers for operating (Schedule IV)	138,336	125,059	109,338
Investment income	-	10	964
Penalties and costs of taxes	8,075	8,954	8,863
Licenses and permits	-	25	-
Franchise and concession contracts	3,200	2,972	2,996
Other	18,630	32,657	33,653
	417,389	428,317	405,209
EXPENSES			
Legislative	13,300	12,209	12,325
Administrative	178,515	175,520	178,641
Bylaws enforcement	27,331	15,470	12,305
Water supply and distribution	95,134	90,392	91,757
Wastewater treatment and disposal	22,543	22,414	19,604
Waste management	4,639	4,969	4,502
Family and community support	12,713	9,950	9,041
Land use planning, zoning and development	9,150	9,100	7,669
Common	350	369	289
Cultural	153,115	147,249	143,864
Recreation and culture	53,655	70,478	51,633
	570,445	558,120	531,630
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	(153,056)	(129,803)	(126,421)
OTHER			
Other contributions	80,000	80,000	-
Gain (loss) on disposal of tangible capital assets	-	527	(14,772)
Government transfers for capital (Schedule IV)	771,278	727,792	488,692
	851,278	808,319	473,920
EXCESS OF REVENUE OVER EXPENSES	698,222	678,516	347,499
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,016,506	3,016,506	2,669,007
ACCUMULATED SURPLUS, END OF YEAR	3,714,728	3,695,022	3,016,506

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Changes in Net Financial Assets

For the year ended December 31, 2016

	Budget	2016	2015
EXCESS OF REVENUE OVER EXPENSES	698,222	678,516	347,499
Acquisition of tangible capital assets	(861,278)	(821,392)	(493,726)
Contributed tangible capital assets	(80,000)	-	-
Proceeds on disposal of tangible capital assets	-	23,659	1,916
Amortization of tangible capital assets	140,481	140,041	130,049
Loss (gain) on sale of tangible capital assets	-	(527)	580
	(800,797)	(658,219)	(361,181)
Use (acquisition) of prepaid assets	-	(58)	(216)
DECREASE IN NET FINANCIAL ASSETS	(102,575)	20,239	(13,898)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	233,969	233,969	247,867
NET FINANCIAL ASSETS, END OF YEAR	131,394	254,208	233,969

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Cash Flows
For the year ended December 31, 2016

	2016	2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expense	678,516	347,499
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	140,041	130,049
Loss (gain) on disposal of tangible capital assets	(527)	580
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	7	31,406
Decrease (increase) in trade and other accounts receivable	(58,096)	13,399
Decrease (increase) in land held for resale	741	(25,591)
Decrease (increase) in prepaid expenses	(58)	(216)
Increase (decrease) in accounts payable and accrued liabilities	29,132	(1,114)
Increase (decrease) in deferred revenue	(400,846)	172,345
Cash provided by operating transactions	388,910	668,357
CAPITAL		
Proceeds on sale of tangible capital assets	23,659	1,916
Acquisition of tangible capital assets	(821,392)	(493,726)
Cash applied to capital transactions	(797,733)	(491,810)
Increase in other investments	(50)	(50)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(408,873)	176,497
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	610,960	434,463
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	202,087	610,960

The accompanying notes are an integral part of these financial statements

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2016

Schedule I - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2016

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
BALANCE, BEGINNING OF YEAR	1,071	235,317	2,780,117	3,016,506	2,669,007
Excess of revenue over expenses	678,516	-	-	678,516	347,499
Transfers to reserves	(20,000)	20,000	-	-	-
Current year funds used for tangible capital assets	(821,392)	-	821,392	-	-
Annual amortization expense	140,041	-	(140,041)	-	-
Disposal of tangible capital assets	23,132	-	(23,132)	-	-
Change in accumulated surplus	297	20,000	658,219	678,516	347,499
BALANCE, END OF YEAR	1,368	255,317	3,438,336	3,695,022	3,016,506

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule II - Schedule of Tangible Capital Assets

For the year ended December 31, 2016

	Land	Land Improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2016	2015
COST:								
BALANCE, BEGINNING OF YEAR	43,407	193,666	657,322	2,983,353	410,901	179,723	4,468,372	3,983,602
Acquisition of tangible capital assets	-	279,141	279,218	236,104	19,929	7,000	821,392	493,726
Disposal of tangible capital assets	-	(28,915)	-	-	-	-	(28,915)	(8,956)
BALANCE, END OF YEAR	43,407	443,892	936,540	3,219,457	430,830	186,723	5,260,849	4,468,372
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	27,228	155,318	1,228,501	191,918	85,290	1,688,255	1,564,666
Annual amortization	-	11,949	6,195	74,964	22,975	23,958	140,041	130,049
Accumulated amortization on disposals	-	(5,783)	-	-	-	-	(5,783)	(6,460)
BALANCE, END OF YEAR	-	33,394	161,513	1,303,465	214,893	109,248	1,822,513	1,688,255
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	43,407	410,498	775,027	1,915,992	215,937	77,475	3,438,336	2,780,117
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	43,407	166,438	502,004	1,754,852	218,983	94,433	2,780,117	

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule III - Schedule of Net Municipal Taxes

For the year ended December 31, 2016

	Budget	2016	2015
TAXATION			
Real property taxes	170,939	169,412	168,583
Linear property taxes	5,555	5,617	5,555
Government grants in lieu of property taxes	3,844	3,821	3,871
	180,338	178,850	178,009
REQUISITIONS			
Alberta School Foundation Fund	21,650	20,863	21,650
Seniors Foundation	5,896	5,807	5,896
	27,546	26,670	27,546
NET MUNICIPAL TAXES	152,792	152,180	150,463

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2016

	Budget	2016	2015
TRANSFERS FOR OPERATING			
Provincial Government	36,990	38,415	39,355
Federal Government	13,920	-	1,591
Other Local Governments	87,426	86,644	68,392
	138,336	125,059	109,338
TRANSFERS FOR CAPITAL			
Provincial Government	636,025	464,810	77,389
Federal Government	23,478	157,504	10,805
Other Local Governments	111,775	105,478	400,498
	771,278	727,792	488,692
TOTAL GOVERNMENT TRANSFERS	909,614	852,851	598,030

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2016

	Budget	2016	2015
EXPENSES BY OBJECT			
Salaries, wages and benefits	201,970	215,754	199,877
Contracted and general services	84,643	74,152	59,984
Materials, goods and utilities	130,281	114,549	114,486
Transfers to local boards and agencies	11,500	12,000	25,399
Bank charges and short-term interest	1,570	1,624	1,835
Amortization of tangible capital assets	140,481	140,041	130,049
	570,445	558,120	531,630

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule VI - Schedule of Segmented Disclosure

For the year ended December 31, 2016

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	152,180	-	-	-	-	-	-	152,180
Government transfers	-	-	917,851	-	-	-	-	917,851
User fees and sales of goods	-	-	-	25	-	106,460	-	106,485
Investment income	10	-	-	-	-	-	-	10
Other revenues	8,954	2,972	-	-	-	-	48,184	60,110
	161,144	2,972	917,851	25	-	106,460	48,184	1,236,636
EXPENSES								
Contract & general services	16,202	3,810	1,794	9,061	9,593	30,744	2,948	74,152
Salaries & wages	116,947	2,350	49,382	-	20,259	22,312	4,504	215,754
Goods & supplies	49,336	4,174	39,068	39	13,390	8,044	498	114,549
Transfers to local boards	-	-	-	-	10,000	-	2,000	12,000
Other expenses	1,624	-	-	-	-	-	-	1,624
	184,109	10,334	90,244	9,100	53,242	61,100	9,950	418,079
NET REVENUE, BEFORE AMORTIZATION	(22,965)	(7,362)	827,607	(9,075)	(53,242)	45,360	38,234	818,557
Amortization expense	3,620	5,505	57,005	-	17,236	56,675	-	140,041
NET REVENUE	(26,585)	(12,867)	770,602	(9,075)	(70,478)	(11,315)	38,234	678,516

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Empress (the "Village") are the representations of management prepared in accordance with accounting standards 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 Empress are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and senior foundations that are not part of the Village's 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.

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 expenses during the period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts as provided where necessary. Amortization is based on the estimated lives of tangible capital assets.

Expenditures that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration. Annual provisions for these costs are amortized on a straightline basis over 25 years.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

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 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 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.

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.

i) Gravel Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its gravel site and provide for post-closure care of the site. Closure and post-closure activities include landscaping, as well as surface and ground water monitoring, and visual inspection. At this time the amount is unknown. The requirement is being provided for over the estimated remaining life of the gravel site based on usage.

j) 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 Village.

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 into revenue by an amount equal to the debt repayment.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

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.

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 revenue over expenses, provides the Change in Net Financial Assets for the year.

m) 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 over the estimated useful life as follows:

	<u>Years</u>
Buildings	40
Land improvements	20
Engineered structures:	
Water system	75
Wastewater system	75
Other engineered structures	25 - 40
Machinery and equipment	4-15
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.

Effective January 1, 2016, the Municipality revised the estimated useful lives of some tangible capital assets from 40 years to a range of 10 to 75 years. This change in useful life was applied prospectively and prior year results have not been restated.

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.

n) Employee Future Benefits

Selected employees of the Village are members of the Local Authority Pension Plan (LAPP), a multi-employer define benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Village does not recognize its share of any plan surplus or deficit.

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2016

2. CASH

	2016	2015
Cash	202,087	610,960

Included in cash are restricted amounts of \$24,710 (2015 - \$425,556) received from the Municipal Sustainability Initiative and other sources and held exclusively for approved projects (Note 6).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2016	2015
Current taxes and grants in place of taxes	19,865	19,313
Arrears taxes	7,655	8,214
	27,520	27,527

4. INVESTMENTS

	2016	2015
Equity investments in UFA and South Country Co-op	2,204	2,154

5. DEPOSIT LIABILITIES

In addition to utility deposits totaling \$300 (2015 - \$300), the Village holds deposits related to park improvements of \$1,100 (2015 - \$1,100).

6. DEFERRED REVENUE

	2016	2015
Municipal Sustainability Initiative - Capital	14,131	332,467
Federal Gas Tax Fund	7,589	93,089
Other deferred revenue	2,990	-
	24,710	425,556

Alberta Municipal Sustainability Initiative

Funding is received annually from the Municipal Sustainability Initiative Program. The use of these funds is restricted to eligible operating costs and eligible capital projects, as approved under the funding agreement.

Federal Gas Tax Fund

Funding was received from 2014 to 2015 from the Federal Gas Tax Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement.

7. PROVISION FOR GRAVEL PIT CLOSURE AND POST-CLOSURE LIABILITY

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection Act. There is uncertainty with the respect to the measurement of estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. A third party commitment exists for those who hold claims on the stockpiles in the gravel pits owned by the Village to asset in the future reclamation however, the amount of assistance is undeterminable at this time.

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2016

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 Empress be disclosed as follows:

	2016	2015
Total debt limit	642,476	607,814
Total debt	-	-
Amount of debt limit unused	642,476	607,814
Debt servicing limit	107,079	101,302
Debt servicing	-	-
Amount of debt servicing limit unused	107,079	101,302

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a 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

	2016	2015
Tangible capital assets (Schedule II)	5,260,849	4,468,372
Accumulated amortization (Schedule II)	(1,822,513)	(1,688,255)
	3,438,336	2,780,117

10. ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus	1,369	1,072
Restricted surplus	255,317	235,317
Equity in tangible capital assets (Note 9)	3,438,336	2,780,117
	3,695,022	3,016,506

11. SEGMENTED DISCLOSURE

The Village of Empress 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 VI).

12. 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:

	Salary ¹	Benefits & allowances ²	2016	2015
Mayor:				
C. Van Dam	-	4,530	4,530	5,319
Councilors:				
A. Johnston	-	1,545	1,545	1,919
B. Farnden	-	3,352	3,352	2,732
C.A.O.	63,000	14,502 ³	77,502	77,238

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.
3. 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.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 250,000 people and 422 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service contributions are recorded as expenditures in the year in which they become due. Contributions for 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 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 to the LAPP in 2016 were \$12,442 (2015 - \$7,594). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2016 were \$11,381 (2015 - \$7,594).

At December 31, 2016, the LAPP disclosed a deficiency of \$4,861 million (2015 - \$923,416 thousand).

14. COMMITMENTS

The Village has entered into a memorandum of understanding with the Acadia Foundation to assist with the repayment of debt associated with the Acadia Foundation's expansion. Presently, the Acadia Foundation is undertaking the Acadia Foundation Building Expansion Project which includes upgrades, renovations, construction and expansion of the three lodges in the communities of Oyen, Consort and Hanna. In order to fund the project the Foundation will borrow not more than \$25 million over the term of the project. As of December 31, 2008 the Foundation had borrowed the entire \$25 million to fund constructions. The Village, as a municipality to the Acadia Foundation, is committed to pay their proportional share of the borrowing based on the equalized assessment for the year in which the funds were borrowed. The Village's share of the borrowing will be repaid over a period of 10 years in the amount of approximately \$3,280 per year.

15. CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

16. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, 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.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfil 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.

17. RECONCILIATION OF OPERATING RESULTS TO BUDGET

The December 31, 2015 budget, prepared by the Village of Empress, reflects all municipal activities including capital purchases, debt repayments and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only. It should not be used as a replacement for the statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget	2016	2015
Excess of revenue over expenditures, per financial statements	698,222	678,516	347,499
Add back:			
Amortization expense	140,481	140,041	130,049
Proceeds on disposal of tangible capital assets	-	23,659	1,916
Net transfers (to) from reserves	22,547	(20,000)	13,682
Deduct:			
Tangible capital asset purchases	(861,278)	(821,392)	(493,726)
Loss on disposal of tangible capital assets	-	(527)	580
Results of operations	(28)	297	-

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.