

VILLAGE OF GLENWOOD

Financial Statements

For the Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

**To The Mayor and Council
of the Village of Glenwood**

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 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 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 auditors consider internal control relevant to the village'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 village's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Glenwood as at December 31, 2016, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

April 13, 2017

Chartered Accountants

VILLAGE OF GLENWOOD
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	550,004	415,966
Receivables		
Taxes and grants in place of taxes (Note 3)	33,983	26,163
Trade and other (Note 4)	<u>139,884</u>	<u>284,027</u>
	<u>723,871</u>	<u>726,156</u>
LIABILITIES		
Accounts payable and accrued liabilities	41,615	45,010
Deferred revenue (Note 5)	<u>195,017</u>	<u>185,900</u>
	<u>236,632</u>	<u>230,910</u>
NET FINANCIAL ASSETS	<u>487,239</u>	<u>495,246</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,983,338	2,892,394
Inventory for consumption	8,153	9,653
Prepaid expenses	<u>1,370</u>	<u>1,334</u>
	<u>2,992,861</u>	<u>2,903,381</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 8)	<u><u>3,480,100</u></u>	<u><u>3,398,627</u></u>

CONTINGENCIES (Note 11)

Approved by the Council:



VILLAGE OF GLENWOOD
Consolidated Statement of Operations
For the Year Ended December 31, 2016

	Budget (Unaudited) \$	2016 \$	2015 \$
REVENUES			
Net municipal property taxes (Schedule 3)	212,515	211,457	204,446
User fees and sales of goods	158,950	232,164	164,441
Government transfers (Schedule 4)	34,156	178,544	120,448
Franchise and concession contracts	15,240	16,654	11,254
Penalties and costs of taxes	2,500	2,111	1,246
Investment income	3,000	4,488	3,238
Pioneer Parlour revenue	<u>35,000</u>	<u>38,343</u>	<u>56,581</u>
	<u>461,361</u>	<u>683,761</u>	<u>561,654</u>
EXPENSES			
Administration	174,880	220,893	144,879
Water supply and wastewater treatment	96,718	88,575	58,801
Roads, streets, walks, lighting	70,275	67,899	59,054
Parks and recreation	10,760	23,079	11,544
Legislative	23,000	27,158	21,556
Police, fire, ambulance and bylaw enforcement	13,525	12,346	11,939
Culture	83,760	78,788	80,329
Community services and cemetery	8,700	7,088	12,297
Loss on disposal of tangible capital assets	-	3,417	-
Amortization	<u>-</u>	<u>196,992</u>	<u>189,531</u>
	<u>481,618</u>	<u>726,235</u>	<u>589,930</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	(20,257)	(42,474)	(28,276)
OTHER			
Government transfers for capital (Schedule 4)	<u>516,250</u>	<u>123,947</u>	<u>428,061</u>
EXCESS OF REVENUES OVER EXPENSES	495,993	81,473	399,785
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,398,627</u>	<u>3,398,627</u>	<u>2,998,842</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>3,894,620</u></u>	<u><u>3,480,100</u></u>	<u><u>3,398,627</u></u>



VILLAGE OF GLENWOOD
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2016

	Budget (Unaudited) \$	2016 \$	2015 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>495,993</u>	<u>81,473</u>	<u>399,785</u>
Acquisition of tangible capital assets	(564,712)	(308,853)	(352,489)
Proceeds on disposal of tangible capital assets	-	17,500	-
Amortization of tangible capital assets	-	196,992	189,531
Loss on disposal of tangible capital assets	<u>-</u>	<u>3,417</u>	<u>-</u>
	<u>(564,712)</u>	<u>(90,944)</u>	<u>(162,958)</u>
Use of supplies inventory	-	1,500	1,213
Acquisition of prepaid assets	<u>-</u>	<u>(36)</u>	<u>(503)</u>
	<u>-</u>	<u>1,464</u>	<u>710</u>
INCREASE IN NET FINANCIAL ASSETS	(68,719)	(8,007)	237,537
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>495,246</u>	<u>495,246</u>	<u>257,709</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>426,527</u></u>	<u><u>487,239</u></u>	<u><u>495,246</u></u>





VILLAGE OF GLENWOOD
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 \$
BALANCE, BEGINNING OF THE YEAR	<u>506,233</u>	<u>-</u>	<u>2,892,394</u>	<u>3,398,627</u>	<u>2,998,842</u>
Excess (deficiency) of revenues over expenses	81,473	-	-	81,473	399,785
Current year funds used for tangible capital assets	(308,853)	-	308,853	-	-
Disposal of tangible capital assets	20,917	-	(20,917)	-	-
Annual amortization expense	<u>196,992</u>	<u>-</u>	<u>(196,992)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(9,471)</u>	<u>-</u>	<u>90,944</u>	<u>81,473</u>	<u>399,785</u>
BALANCE, END OF YEAR	<u><u>496,762</u></u>	<u><u>-</u></u>	<u><u>2,983,338</u></u>	<u><u>3,480,100</u></u>	<u><u>3,398,627</u></u>



VILLAGE OF GLENWOOD
 Schedule of Tangible Capital Assets
 For the Year Ended December 31, 2016

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	2016 \$	2015 \$
COST:							
BALANCE, BEGINNING OF YEAR	97,757	209,350	749,129	5,670,188	325,426	7,051,850	6,699,361
Acquisition of tangible capital assets	-	68,975	52,449	127,813	59,616	308,853	352,489
Disposal of tangible capital assets	-	-	-	-	(39,220)	(39,220)	-
BALANCE, END OF YEAR	<u>97,757</u>	<u>278,325</u>	<u>801,578</u>	<u>5,798,001</u>	<u>345,822</u>	<u>7,321,483</u>	<u>7,051,850</u>
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	8,374	438,115	3,522,468	190,499	4,159,456	3,969,925
Annual amortization	-	11,133	16,388	151,935	17,536	196,992	189,531
Accumulated amortization on disposals	-	-	-	-	(18,303)	(18,303)	-
BALANCE, END OF YEAR	-	<u>19,507</u>	<u>454,503</u>	<u>3,674,403</u>	<u>189,732</u>	<u>4,338,145</u>	<u>4,159,456</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>97,757</u>	<u>258,818</u>	<u>347,075</u>	<u>2,123,598</u>	<u>156,090</u>	<u>2,983,338</u>	<u>2,892,394</u>
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>97,757</u>	<u>200,976</u>	<u>311,014</u>	<u>2,147,720</u>	<u>134,927</u>	<u>2,892,394</u>	

VILLAGE OF GLENWOOD
Schedule of Property Taxes Levied
For the Year Ended December 31, 2016

SCHEDULE 3

	Budget (Unaudited) \$	2016 \$	2015 \$
TAXATION			
Real property taxes	280,006	276,960	270,212
Linear property taxes	<u>9,200</u>	<u>11,064</u>	<u>11,528</u>
	<u>289,206</u>	<u>288,024</u>	<u>281,740</u>
REQUISITIONS			
Alberta School Foundation Fund	67,220	67,220	68,035
United Irrigation District	3,750	3,626	3,626
Seniors foundation	<u>5,721</u>	<u>5,721</u>	<u>5,633</u>
	<u>76,691</u>	<u>76,567</u>	<u>77,294</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>212,515</u></u>	<u><u>211,457</u></u>	<u><u>204,446</u></u>



VILLAGE OF GLENWOOD
Schedule of Government Transfers
For the Year Ended December 31, 2016

SCHEDULE 4

	Budget (Unaudited) \$	2016 \$	2015 \$
TRANSFERS FOR OPERATIONS			
Provincial Government	29,156	178,544	120,448
Other Local Governments	<u>5,000</u>	<u>-</u>	<u>-</u>
	<u>34,156</u>	<u>178,544</u>	<u>120,448</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>516,250</u>	<u>123,947</u>	<u>428,061</u>
	<u><u>550,406</u></u>	<u><u>302,491</u></u>	<u><u>548,509</u></u>



VILLAGE OF GLENWOOD
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2016

SCHEDULE 5

	Budget (Unaudited) \$	2016 \$	2015 \$
EXPENDITURES			
Materials, goods and utilities	91,350	97,546	65,806
Salaries, wages and benefits	217,460	257,147	171,977
Contracted and general services	145,308	145,105	139,851
Transfers to local boards and agencies	25,000	23,455	21,453
Bank charges and short-term interest	1,250	2,573	1,312
Loss on disposal of tangible capital assets	-	3,417	-
Amortization	-	196,992	189,531
	<u>480,368</u>	<u>726,235</u>	<u>589,930</u>





VILLAGE OF GLENWOOD
 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 \$	Total
REVENUES							
Net municipal taxes	211,457	-	-	-	-	-	211,457
Government transfers	150,900	-	49,018	-	-	102,573	302,491
User fees and sales of goods	52,328	90	294	320	9,704	169,428	232,164
Investment income	4,488	-	-	-	-	-	4,488
Other revenue	18,765	-	-	-	38,343	-	57,108
	<u>437,938</u>	<u>90</u>	<u>49,312</u>	<u>320</u>	<u>48,047</u>	<u>272,001</u>	<u>807,708</u>
EXPENSES							
Contracted and general services	75,786	4,632	13,861	4,702	11,973	34,151	145,105
Salaries, wages and benefits	155,125	595	44,256	-	30,156	27,015	257,147
Materials, goods and utilities	14,566	-	9,782	-	56,259	16,939	97,546
Transfers to local boards and agencies	-	7,119	-	-	5,866	10,470	23,455
Other expenses	2,573	-	3,417	-	-	-	5,990
	<u>248,050</u>	<u>12,346</u>	<u>71,316</u>	<u>4,702</u>	<u>104,254</u>	<u>88,575</u>	<u>529,243</u>
NET REVENUES BEFORE AMORTIZATION	189,888	(12,256)	(22,004)	(4,382)	(56,207)	183,426	278,465
Amortization	5,915	10,113	73,249	-	17,119	90,596	196,992
NET REVENUES	<u>183,973</u>	<u>(2,143)</u>	<u>(95,253)</u>	<u>(4,382)</u>	<u>(73,326)</u>	<u>92,830</u>	<u>81,473</u>

VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2016

1. Significant Accounting Policies

The consolidated financial statements of the Village of Glenwood are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village of Glenwood 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. The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the village council for the administration of their financial affairs and resources.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting -

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates -

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reported period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments -

Investments are recorded at cost less any provision for other than temporary impairment.



VILLAGE OF GLENWOOD

Notes to Financial Statements

For the Year Ended December 31, 2016

1. Significant Accounting Policies (continued)

- e) 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 their respective function.
- f) 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 collectible 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 borrowing, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.
- g) 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.
- 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 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
- 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 revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2016

1. Significant Accounting Policies (continued)

i) Non-Financial Assets (continued) -

1) 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:

	<u>YEARS</u>
Land Improvements	15-25
Buildings	25-50
Engineered Structures	
Water System	20-75
Wastewater System	35-75
Other Engineered Structures	5-75
Machinery and Equipment	5-20
Vehicles	5-20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

2) 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.

3) Inventories -

Inventories of materials and supplies held for consumption are recorded at the lower of cost or replacement cost.

2. Cash and Temporary Investments

	2016	2015
	\$	\$
Cash on hand	<u>550,004</u>	<u>415,966</u>

Included in cash on hand is a restricted amount of \$195,017 (2015 - \$185,900) which is being held exclusively for capital projects. (Note 5)



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2016

3. Taxes and Grants in Place of Taxes Receivables

	2016 \$	2015 \$
Current taxes and grants in place of taxes	21,950	20,084
Arrears taxes	<u>12,033</u>	<u>6,079</u>
	<u><u>33,983</u></u>	<u><u>26,163</u></u>

4. Trade Accounts Receivable

	2016 \$	2015 \$
Utilities receivable	4,853	8,139
Atco Gas franchise fees receivable	13,505	15,240
Goods and services taxes receivable	71,522	49,277
Other trade receivables	22,360	34,998
Grant funds receivable	<u>27,644</u>	<u>176,373</u>
	<u><u>139,884</u></u>	<u><u>284,027</u></u>

5. Deferred Revenue

	2016 \$	2015 \$
Municipal Sustainability Initiative (MSI) - Capital	195,017	-
ACP Intermunicipal Collaboration	-	45,250
ACP Regional Collaboration	<u>-</u>	<u>140,650</u>
	<u><u>195,017</u></u>	<u><u>185,900</u></u>



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2016

6. 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 be disclosed as follows:

	2016	2015
	\$	\$
Total debt limit	1,025,642	842,481
Total debt	-	-
Total unused debt limit	<u>1,025,642</u>	<u>842,481</u>
Service on debt limit	170,940	140,414
Service on debt	-	-
Amount of unused service on debt	<u>170,940</u>	<u>140,414</u>

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.

7. Equity in Tangible Capital Assets

	2016	2015
	\$	\$
Tangible capital assets (Schedule 2)	7,321,483	7,051,850
Accumulated amortization (Schedule 2)	<u>(4,338,145)</u>	<u>(4,159,456)</u>
	<u>2,983,338</u>	<u>2,892,394</u>

8. Accumulated Surplus

	2016	2015
	\$	\$
Unrestricted surplus	496,762	506,233
Equity in tangible capital assets	<u>2,983,338</u>	<u>2,892,394</u>
	<u>3,480,100</u>	<u>3,398,627</u>



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2016

9. Segmented Disclosure

The village 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).

10. Salary and Benefits Disclosure

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

	Salary (1)	Benefits & Allowances (2)	2016 Total	2015 Total
	\$	\$	\$	\$
Mayor -Jordan Koch	2,050	-	2,050	2,750
Councilors:				
Darrell Edwards	1,958	-	1,958	1,600
Ben Goetz	2,700	-	2,700	2,750
Steve Lybbert	2,350	-	2,350	2,400
Barbara Michel	2,470	-	2,470	2,400
CAO - Chad Parsons	72,750	6,110	78,860	60,750

- (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, accident 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, car and travel allowances, conferences, and memberships.



VILLAGE OF GLENWOOD
Notes to Financial Statements
For the Year Ended December 31, 2016

11. 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.

12. Financial Instruments

The village's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities. It is management's opinion that the village is not exposed to significant interest, currency or credit risks arising from these financial statements.

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

13. Approval of Financial Statements

Council and Management have approved these financial statements.

