

**VILLAGE OF EDGERTON**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

## INDEPENDENT AUDITOR'S REPORT

### To the Mayor and Council of the Village of Edgerton:

#### *Report on the Consolidated Financial Statements*

I have audited the accompanying consolidated financial statements of the Village of Edgerton, which comprise the statement of financial position as at December 31, 2017, and the 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*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Edgerton as at December 31, 2017, 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.

M.D. of Wainwright  
February 22, 2018



Brian King Professional Corporation  
Chartered Professional Accountant

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	613,354	262,890
Term deposits (Note 2)	311,230	721,597
Taxes and grants in place of taxes (Note 3)	64,172	60,543
Trade and other receivables	38,066	18,077
Receivable from other governments	363,165	225,696
Inventory held for resale	287,163	44,895
Other financial assets	2,446	2,446
	<u>1,679,596</u>	<u>1,336,144</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	74,028	92,827
Deposits held in trust	50,706	10,745
Deferred revenue (Note 5)	275,023	141,053
Long term debt (Note 6)	110,000	134,584
	<u>509,757</u>	<u>379,209</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,169,839</u>	956,935
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	5,384,363	5,339,175
Prepaid expenses	65,418	66,677
	<u>5,449,781</u>	<u>5,405,852</u>
<b>ACCUMULATED SURPLUS (NOTE 8)</b>	<u>6,619,620</u>	<u>6,362,787</u>

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (unaudited)	2017	2016
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	349,228	350,808	343,255
User fees and sales of goods	277,880	270,851	251,666
Penalties and costs on taxes	6,000	10,538	10,910
Licenses and permits	600	245	662
Fines	-	615	80
Franchise and concession contracts	65,000	70,673	66,157
Investment income	1,675	4,475	6,621
Rentals	3,600	8,214	4,914
Government transfers for operating	316,692	405,462	326,261
Other	46,300	121,382	14,178
	<u>1,066,975</u>	<u>1,243,263</u>	<u>1,024,704</u>
<b>EXPENSES</b>			
Legislative	32,300	34,457	33,524
Administration	285,691	407,290	239,147
Protective services	117,275	101,202	140,133
Transportation	147,884	112,338	105,144
Water supply and distribution	106,120	99,590	109,245
Wastewater treatment and disposal	75,315	96,287	76,633
Waste management	68,871	74,870	66,368
Public health and welfare	24,816	4,286	6,819
Recreation	174,305	147,715	79,581
Culture	3,650	51,814	33,147
Amortization	-	192,660	171,473
Loss (gain) on disposal of assets	-	-	13,125
	<u>1,051,227</u>	<u>1,323,598</u>	<u>1,074,339</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	15,748	(80,335)	(49,635)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	402,252	337,168	927,519
<b>EXCESS OF REVENUE OVER EXPENSES</b>	418,000	256,833	877,884
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,362,787</u>	<u>6,362,787</u>	<u>5,484,903</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>6,780,787</u></u>	<u><u>6,619,620</u></u>	<u><u>6,362,787</u></u>

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (unaudited)	2017	2016
<b>EXCESS OF REVENUE OVER EXPENSES</b>	418,000	<b>256,833</b>	877,884
Acquisition of tangible capital assets	(920,000)	<b>(237,848)</b>	(1,564,597)
Amortization of tangible capital assets	-	<b>192,660</b>	171,473
Loss on sale of tangible capital assets	-	-	13,125
	<u>(920,000)</u>	<u><b>(45,188)</b></u>	<u>(1,379,999)</u>
Net (increase) decrease of prepaid assets	-	<b>1,259</b>	(4,241)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(502,000)	<b>212,904</b>	(506,356)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	956,935	<b>956,935</b>	1,463,291
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>454,935</u>	<u><b>1,169,839</b></u>	<u>956,935</u>

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	256,833	877,884
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	192,660	171,473
Loss on disposal of tangible capital assets	-	13,125
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(3,629)	10,613
Decrease (increase) in trade and other receivables	(19,989)	81,348
Decrease (increase) in receivable from other governments	(137,469)	(72,423)
Decrease (increase) in inventory held for resale	(242,268)	(11,249)
Decrease (increase) in prepaid expenses	1,259	(4,241)
Decrease (increase) in other financial assets	-	(1,134)
Increase (decrease) in accounts payable and accrued liabilities	(18,799)	21,424
Increase (decrease) in deposits held in trust	39,961	(4,015)
Increase (decrease) in deferred revenue	133,970	(147,124)
	<b>202,529</b>	<b>935,681</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(237,848)	(1,564,597)
	<b>(237,848)</b>	<b>(1,564,597)</b>
<b>INVESTING</b>		
Decrease (increase) in term deposits	410,367	182,443
	<b>410,367</b>	<b>182,443</b>
<b>FINANCING</b>		
Long-term debt issued	-	120,000
Long-term debt repaid	(24,584)	(28,253)
	<b>(24,584)</b>	<b>91,747</b>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>350,464</b>	<b>(354,726)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>262,890</b>	<b>617,616</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>613,354</b>	<b>262,890</b>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash on hand	100	100
Cash in bank	613,254	262,790
	<b>613,354</b>	<b>262,890</b>

VILLAGE OF EDGERTON

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>BALANCE, BEGINNING OF YEAR</b>	784,094	374,102	5,204,591	6,362,787	5,484,903
Excess (deficiency) of revenues over expenses	256,833	-	-	256,833	877,884
Unrestricted funds designated for future use	(59,913)	59,913	-	-	-
Restricted funds used for tangible capital assets	-	(42,365)	42,365	-	-
Current year funds used for tangible capital assets	(195,483)	-	195,483	-	-
Annual amortization expense	192,660	-	(192,660)	-	-
Long term debt repaid	(24,584)	-	24,584	-	-
Change in accumulated surplus	169,513	17,548	69,772	256,833	877,884
<b>BALANCE, END OF YEAR</b>	<u>953,607</u>	<u>391,650</u>	<u>5,274,363</u>	<u>6,619,620</u>	<u>6,362,787</u>

VILLAGE OF EDGERTON

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2017	2016
<b>COST:</b>								
Balance - beginning of year	137,390	128,985	2,743,484	4,043,607	696,883	294,917	8,045,266	6,498,169
Acquisition of tangible capital assets	-	-	26,115	169,460	29,967	-	225,542	1,521,122
Construction in progress	-	-	-	12,306	-	-	12,306	43,475
Disposal of tangible capital assets	-	-	-	-	-	-	-	17,500
Balance - end of year	137,390	128,985	2,769,599	4,225,373	726,850	294,917	8,283,114	8,045,266
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	73,922	292,830	1,904,680	287,750	146,909	2,706,091	2,538,993
Annual amortization	-	6,449	58,269	86,029	30,358	11,555	192,660	171,473
Accumulated amortization on disposals	-	-	-	-	-	-	-	4,375
Balance - end of year	-	80,371	351,099	1,990,709	318,108	158,464	2,898,751	2,706,091
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>137,390</b>	<b>48,614</b>	<b>2,418,500</b>	<b>2,234,664</b>	<b>408,742</b>	<b>136,453</b>	<b>5,384,363</b>	<b>5,339,175</b>
<b>PRIOR YEAR NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>137,390</b>	<b>55,063</b>	<b>2,450,654</b>	<b>2,138,927</b>	<b>409,133</b>	<b>148,008</b>	<b>5,339,175</b>	



# VILLAGE OF EDGERTON

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 3)

	Budget (Unaudited)	2017	2016
<b>TAXATION</b>			
Real property taxes	417,839	<b>419,721</b>	413,116
Linear property taxes	12,138	<b>12,138</b>	10,730
Government grants in place of property taxes	682	<b>682</b>	695
	<u>430,659</u>	<u><b>432,541</b></u>	<u>424,541</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	77,000	<b>77,283</b>	76,855
Battle River Foundation	4,431	<b>4,450</b>	4,431
	<u>81,431</u>	<u><b>81,733</b></u>	<u>81,286</u>
<b>NET MUNICIPAL TAXES</b>	<u>349,228</u>	<u><b>350,808</b></u>	<u>343,255</u>

# VILLAGE OF EDGERTON

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 4)

	Budget (Unaudited)	2017	2016
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	50,000	<b>49,395</b>	-
Provincial Government	46,865	<b>114,169</b>	78,483
Local Governments	219,827	<b>241,898</b>	247,778
	<u>316,692</u>	<u><b>405,462</b></u>	<u>326,261</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	327,252	<b>324,862</b>	547,519
Local Governments	75,000	<b>12,306</b>	380,000
	<u>402,252</u>	<u><b>337,168</b></u>	<u>927,519</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>718,944</u>	<u><b>742,630</b></u>	<u>1,253,780</u>

# VILLAGE OF EDGERTON

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2017 (Schedule 5)

	Budget (Unaudited)	2017	2016
<b>Expenditures</b>			
Salaries, wages and benefits	383,683	<b>351,219</b>	380,927
Contracted and general services	307,323	<b>356,708</b>	265,952
Materials, goods and utilities	176,150	<b>145,258</b>	162,758
Provision for allowances	-	<b>242</b>	1,898
Transfers to local boards and agencies	139,997	<b>147,810</b>	68,519
Bank charges and short term interest	-	<b>2,415</b>	-
Interest on capital long term debt	-	<b>130</b>	1,188
Other expenditures	44,074	<b>127,156</b>	8,499
Amortization of tangible capital assets	-	<b>192,660</b>	171,473
Write down of tangible capital assets	-	-	13,125
	<u>1,051,227</u>	<u><b>1,323,598</b></u>	<u>1,074,339</u>

VILLAGE OF EDGERTON

SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	350,808	-	-	-	-	-	-	350,808
User fees and sales of goods	730	3,075	3,348	253,599	900	-	9,199	270,851
Penalties and costs on taxes	8,358	-	-	2,180	-	-	-	10,538
Licenses and permits	245	-	-	-	-	-	-	245
Fines	615	-	-	-	-	-	-	615
Franchise and concession contracts	70,673	-	-	-	-	-	-	70,673
Investment income	3,002	682	-	-	525	-	266	4,475
Rentals	3,300	-	-	-	-	4,914	-	8,214
Government transfers	134,867	77,271	5,470	24,227	-	-	163,627	405,462
Other	95,012	4,011	-	-	22,354	-	5	121,382
	<u>667,610</u>	<u>85,039</u>	<u>8,818</u>	<u>280,006</u>	<u>23,779</u>	<u>4,914</u>	<u>173,097</u>	<u>1,243,263</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	141,311	17,642	47,030	145,236	-	-	-	351,219
Contracted and general services	138,954	49,672	27,040	79,546	582	-	60,914	356,708
Materials, goods and utilities	26,702	27,485	38,210	45,858	631	225	6,147	145,258
Provision for allowances	242	-	-	-	-	-	-	242
Transfers to local boards and agencies	10,000	2,566	-	-	3,016	-	132,228	147,810
Bank charges and short term interest	2,415	-	-	-	-	-	-	2,415
Interest on capital long term debt	-	-	-	-	-	-	130	130
Other expenditures	122,123	3,837	58	107	57	864	110	127,156
	<u>441,747</u>	<u>101,202</u>	<u>112,338</u>	<u>270,747</u>	<u>4,286</u>	<u>1,089</u>	<u>199,529</u>	<u>1,130,938</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>225,863</u>	<u>(16,163)</u>	<u>(103,520)</u>	<u>9,259</u>	<u>19,493</u>	<u>3,825</u>	<u>(26,432)</u>	<u>112,325</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	9,930	30,677	56,046	47,484	946	-	47,577	192,660
<b>NET REVENUE</b>	<u>215,933</u>	<u>(46,840)</u>	<u>(159,566)</u>	<u>(38,225)</u>	<u>18,547</u>	<u>3,825</u>	<u>(74,009)</u>	<u>(80,335)</u>

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Edgerton 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 association of Chartered Professional Accountants.

Significant aspects of the accounting policies adopted by the village 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 are, therefore accountable to the Council for the administration of their financial affairs and resources. Included with the municipality are the following:

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.

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **c) Use of Estimates**

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

#### **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) 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.

#### **f) 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.

#### **g) 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.

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### h) 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 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:

	YEARS
Buildings	20-50
Engineered structures - other	20-75
Engineered structures - water system	45-75
Engineered structures - wastewater system	45-75
Land improvements	20
Machinery and equipment	10-25
Vehicles	10-25

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.

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 2. CASH AND TERM DEPOSITS

	<u>2017</u>	<u>2016</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 5)	175,023	75,000
Included in cash and term deposits are amounts held in trust	50,706	10,745
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	391,650	374,102
Total restricted cash and term deposits	<u>617,379</u>	<u>459,847</u>
Total unrestricted cash and term deposits	<u>307,205</u>	<u>524,640</u>

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	32,927	28,099
Arrears taxes	15,665	6,148
Property held by the village as a result of tax forfeiture	16,440	27,156
	<u>65,032</u>	<u>61,403</u>
Less: allowance for doubtful accounts	860	860
	<u>64,172</u>	<u>60,543</u>

### 5. DEFERRED INCOME

Deferred income consists of the following:	<u>2017</u>	<u>2016</u>
Homecoming donations	-	16,053
Federal Gas Tax	100,000	50,000
Municipal District of Wainwright	137,694	75,000
SEED grant funding	37,329	-
	<u>275,023</u>	<u>141,053</u>



# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 6. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Municipal District of Wainwright	<b>110,000</b>	120,000
Alberta Capital Finance Authority	-	14,584
	<u><b>110,000</b></u>	<u>134,584</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	10,000	-	10,000
2019	10,000	-	10,000
2020	10,000	-	10,000
2021	10,000	-	10,000
2022	10,000	-	10,000
Thereafter	60,000	-	60,000
	<u>110,000</u>	<u>-</u>	<u>110,000</u>

Debenture debt repayable to the Municipal District of Wainwright without interest and matures in 2029 and is secured by the credit and security of the village at large.

Debenture debt repayable to the Alberta Capital Finance Authority bears interest at 4.311% and matures in 2017 and is secured by the credit and security of the village at large.

The village's total cash payments for interest on long term debt in 2017 were \$314 (2016 - \$1,545).

### 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 Edgerton be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	<b>1,864,895</b>	1,537,056
Total debt	<b>110,000</b>	134,584
Surplus debt limit	<u><b>1,754,895</b></u>	<u>1,402,472</u>
Debt servicing limit	<b>310,816</b>	256,176
Debt servicing	<b>10,000</b>	24,899
Surplus debt servicing	<u><b>300,816</b></u>	<u>231,277</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, which 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.

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	8,283,114	8,045,266
Accumulated amortization (Schedule 2)	(2,898,751)	(2,706,091)
Long-term debt (Note 6)	(110,000)	(134,584)
	<u>5,274,363</u>	<u>5,204,591</u>

### 9. ACCUMULATED SURPLUS

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

	<u>2017</u>	<u>2016</u>
<b>Unrestricted surplus</b>	<u>953,607</u>	<u>784,094</u>
<b>Restricted surplus</b>		
General	14,165	14,165
Centennial	-	10,000
Fire department - Joint	66,081	41,043
Water system	36,629	65,878
Sewer system	113,638	100,523
Cemetery	43,902	36,188
Recreation	117,235	106,305
	<u>391,650</u>	<u>374,102</u>
<b>Equity in tangible capital assets</b>	<u>5,274,363</u>	<u>5,204,591</u>
	<u>6,619,620</u>	<u>6,362,787</u>

### 10. SEGMENTED DISCLOSURE

The Village of Edgerton 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 EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 11. SALARY AND BENEFITS DISCLOSURE

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

	2017			2016
	Salary	Benefits & Allowances	Total	Total
Belik	5,630	-	5,630	4,900
Herbert	2,380	-	2,380	3,750
Jackson	1,630	-	1,630	-
Krawchuk	2,010	-	2,010	5,040
Reid	1,530	-	1,530	-
Sjoquist	7,785	-	7,785	9,025
Tipler	1,605	-	1,605	3,865
White	1,290	-	1,290	-
CAO	66,255	13,631	79,886	79,351

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. TRUST FUNDS

The Village of Edgerton administers the following trust:

	2017	2016
Murdoch trust fund	7,592	7,592

The trust allows for the revenue generated from the funds to be used for the maintenance and upkeep of the cemetery.

### 13. CONTINGENCIES

The village is a member of the Jubilee/Genesis Reciprocal Insurance Exchange (JRIE/GRIE). 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.

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities 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 receivable 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 fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their fair value.

### 15. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2017	2016
Excess of revenue over expenditures, per financial statements	418,000	256,833	877,884
Adjustments			
Amortization expense	-	192,660	171,473
Acquisition of tangible capital assets	(920,000)	(237,848)	(1,564,597)
Results of operations - previous methods	(502,000)	211,645	(502,115)
Net transfers (to) from reserves	512,000	(17,548)	272,311
Debenture issued	-	-	120,000
Debenture repaid	(10,000)	(24,584)	(28,253)
Increase (decrease) in unrestricted surplus	-	169,513	(138,057)

### 16. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

### 17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.