

VILLAGE OF EDGERTON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Edgerton:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Village of Edgerton (the Entity), which comprise the consolidated statement of financial position as at December 31, 2019, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Edgerton as at December 31, 2019, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 7.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 11.

M.D. of Wainwright

April 9, 2020



Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash (Note 2)	354,918	561,592
Term deposits (Note 2)	666,546	314,196
Taxes and grants in place of taxes (Note 3)	82,289	69,960
Trade and other receivables	15,956	17,377
Receivable from other governments	273,602	176,627
Inventory held for resale	307,526	326,566
Other financial assets	1,312	2,483
	<u>1,702,149</u>	<u>1,468,801</u>
LIABILITIES		
Accounts payable and accrued liabilities	64,942	92,930
Deposits held in trust	10,159	24,947
Deferred revenue (Note 5)	372,051	78,736
Long term debt (Note 6)	60,000	70,000
	<u>507,152</u>	<u>266,613</u>
NET FINANCIAL ASSETS	<u>1,194,997</u>	<u>1,202,188</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	5,598,228	5,695,838
Prepaid expenses	2,223	65,630
	<u>5,600,451</u>	<u>5,761,468</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>6,795,448</u>	<u>6,963,656</u>

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (unaudited)	2019	2018
REVENUE			
Net municipal property taxes (Schedule 3)	360,148	363,410	362,791
User fees and sales of goods	310,700	290,581	317,641
Penalties and costs on taxes	9,600	5,846	10,349
Licenses and permits	1,100	664	751
Fines	500	897	30
Franchise and concession contracts	65,000	71,270	67,159
Investment income	4,000	8,393	5,756
Rentals	3,600	8,600	8,705
Government transfers for operating	274,296	313,219	374,253
Other	58,200	28,507	20,758
	<u>1,087,144</u>	<u>1,091,387</u>	<u>1,168,193</u>
EXPENSES			
Legislative	44,500	37,925	43,911
Administration	285,500	258,314	312,904
Protective services	137,700	116,933	128,880
Transportation	118,025	140,743	153,951
Water supply and distribution	114,370	98,793	131,902
Wastewater treatment and disposal	95,005	101,801	87,763
Waste management	88,500	76,877	83,580
Public health and welfare	6,750	3,697	6,452
Recreation	169,800	165,172	180,074
Culture	37,800	47,681	37,996
Amortization	191,000	219,931	207,021
Loss (gain) on disposal of assets	-	(15,506)	-
	<u>1,292,150</u>	<u>1,293,961</u>	<u>1,374,668</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(205,006)	(202,574)	(206,475)
OTHER			
Government transfers for capital (Schedule 4)	50,000	34,366	550,511
EXCESS OF REVENUE OVER EXPENSES	(155,006)	(168,208)	344,036
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,963,656	6,963,656	6,619,620
ACCUMULATED SURPLUS, END OF YEAR	<u>6,808,650</u>	<u>6,795,448</u>	<u>6,963,656</u>

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (unaudited)	2019	2018
EXCESS OF REVENUE OVER EXPENSES	(155,006)	(168,208)	344,036
Acquisition of tangible capital assets	(558,000)	(128,315)	(518,496)
Proceeds on disposal of tangible capital assets	-	21,500	-
Amortization of tangible capital assets	191,000	219,931	207,021
Loss on sale of tangible capital assets	-	(15,506)	-
	(367,000)	97,610	(311,475)
Net (increase) decrease of prepaid assets	-	63,407	(212)
INCREASE IN NET FINANCIAL ASSETS	(522,006)	(7,191)	32,349
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,202,188	1,202,188	1,169,839
NET FINANCIAL ASSETS, END OF YEAR	680,182	1,194,997	1,202,188

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	(168,208)	344,036
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	219,931	207,021
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(12,329)	(5,788)
Decrease (increase) in trade and other receivables	1,421	20,689
Decrease (increase) in receivable from other governments	(96,975)	186,538
Decrease (increase) in inventory held for resale	19,040	(39,403)
Decrease (increase) in prepaid expenses	63,407	(212)
Decrease (increase) in other financial assets	1,171	(37)
Increase (decrease) in accounts payable and accrued liabilities	(27,988)	18,902
Increase (decrease) in deferred revenue	293,315	(196,287)
	<u>277,279</u>	<u>535,459</u>
CAPITAL		
Acquisition of tangible capital assets	(128,315)	(518,496)
Sale of tangible capital assets	21,500	-
	<u>(106,815)</u>	<u>(518,496)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(34,588)	96,287
FINANCING		
Long-term debt repaid	(10,000)	(40,000)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	125,876	73,250
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>772,105</u>	<u>698,855</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>897,981</u></u>	<u><u>772,105</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	100	100
Cash in bank	354,818	561,492
Term deposits	666,546	314,196
Less: restricted portion of cash and term deposits (Note 2)	(123,483)	(103,683)
	<u><u>897,981</u></u>	<u><u>772,105</u></u>

VILLAGE OF EDGERTON

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	886,881	450,937	5,625,838	6,963,656	6,619,620
Excess (deficiency) of revenues over expenses	(168,208)	-	-	(168,208)	344,036
Restricted funds used for operations	4,860	(4,860)	-	-	-
Current year funds used for tangible capital assets	(128,315)	-	128,315	-	-
Disposal of tangible capital assets	5,994	-	(5,994)	-	-
Annual amortization expense	219,931	-	(219,931)	-	-
Long term debt repaid	(10,000)	-	10,000	-	-
Change in accumulated surplus	(75,738)	(4,860)	(87,610)	(168,208)	344,036
BALANCE, END OF YEAR	811,143	446,077	5,538,228	6,795,448	6,963,656

VILLAGE OF EDGERTON
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2019	2018
COST:								
Balance - beginning of year	137,390	128,985	2,769,599	4,725,055	745,664	294,917	8,801,610	8,283,114
Acquisition of tangible capital assets	2,610	41,712	-	-	75,993	8,000	128,315	518,496
Disposal of tangible capital assets	-	-	-	-	23,975	-	23,975	-
Balance - end of year	140,000	170,697	2,769,599	4,725,055	797,682	302,917	8,905,950	8,801,610
ACCUMULATED AMORTIZATION								
Balance - beginning of year		86,821	409,674	2,090,343	348,916	170,018	3,105,772	2,898,751
Annual amortization	-	7,492	58,200	110,873	31,228	12,138	219,931	207,021
Accumulated amortization on disposals	-	-	-	-	17,981	-	17,981	-
Balance - end of year	-	94,313	467,874	2,201,216	362,163	182,156	3,307,722	3,105,772
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	140,000	76,384	2,301,725	2,523,839	435,519	120,761	5,598,228	5,695,838
PRIOR YEAR NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	137,390	42,164	2,359,925	2,634,712	396,748	124,899	5,695,838	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 3)

	Budget (Unaudited)	2019	2018
TAXATION			
Real property taxes	430,013	432,750	431,819
Linear property taxes	12,714	12,714	11,841
Government grants in place of property taxes	821	821	710
	<u>443,548</u>	<u>446,285</u>	<u>444,370</u>
REQUISITIONS			
Alberta School Foundation	79,000	78,418	77,200
Battle River Foundation	4,400	4,381	4,348
Designated Industrial Property	-	76	31
	<u>83,400</u>	<u>82,875</u>	<u>81,579</u>
NET MUNICIPAL TAXES	<u>360,148</u>	<u>363,410</u>	<u>362,791</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 4)

	Budget (Unaudited)	2019	2018
TRANSFERS FOR OPERATING			
Provincial Government	32,025	67,570	134,423
Local Governments	242,271	245,649	239,830
	<u>274,296</u>	<u>313,219</u>	<u>374,253</u>
TRANSFERS FOR CAPITAL			
Federal Government	50,000	-	150,000
Provincial Government	-	-	239,507
Local Governments	-	34,366	161,004
	<u>50,000</u>	<u>34,366</u>	<u>550,511</u>
TOTAL GOVERNMENT TRANSFERS	<u>324,296</u>	<u>347,585</u>	<u>924,764</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 5)

	Budget (Unaudited)	2019	2018
Expenditures			
Salaries, wages and benefits	443,775	377,509	402,918
Contracted and general services	338,625	327,795	391,808
Materials, goods and utilities	166,050	205,936	202,243
Transfers to local boards and agencies	140,200	162,251	157,873
Bank charges and short term interest	2,500	3,650	2,896
Other expenditures	10,000	12,395	9,909
Amortization of tangible capital assets	191,000	219,931	207,021
Loss on disposal of tangible capital assets	-	(15,506)	-
	<u>1,292,150</u>	<u>1,293,961</u>	<u>1,374,668</u>

VILLAGE OF EDGERTON

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	363,410	-	-	-	-	-	-	363,410
User fees and sales of goods	99	-	1,378	249,889	1,730	35,000	2,485	290,581
Penalties and costs on taxes	5,846	-	-	-	-	-	-	5,846
Licenses and permits	664	-	-	-	-	-	-	664
Fines	897	-	-	-	-	-	-	897
Franchise and concession contracts	71,270	-	-	-	-	-	-	71,270
Investment income	5,377	249	334	-	922	-	1,511	8,393
Rentals	8,600	-	-	-	-	-	-	8,600
Government transfers	67,570	77,271	-	4,780	-	-	163,598	313,219
Other	10,043	4,029	-	2,441	470	6,200	5,324	28,507
	<u>533,776</u>	<u>81,549</u>	<u>1,712</u>	<u>257,110</u>	<u>3,122</u>	<u>41,200</u>	<u>172,918</u>	<u>1,091,387</u>
EXPENSES								
Salaries, wages and benefits	190,305	19,954	33,453	133,797	-	-	-	377,509
Contracted and general services	77,082	48,446	46,733	88,553	352	13,336	53,293	327,795
Materials, goods and utilities	16,986	42,409	60,557	55,121	103	27,489	3,271	205,936
Transfers to local boards and agencies	-	2,720	-	-	3,242	-	156,289	162,251
Bank charges and short term interest	3,650	-	-	-	-	-	-	3,650
Other expenditures	8,216	3,404	-	-	-	775	-	12,395
	<u>296,239</u>	<u>116,933</u>	<u>140,743</u>	<u>277,471</u>	<u>3,697</u>	<u>41,600</u>	<u>212,853</u>	<u>1,089,536</u>
NET REVENUE, BEFORE AMORTIZATION	<u>237,537</u>	<u>(35,384)</u>	<u>(139,031)</u>	<u>(20,361)</u>	<u>(575)</u>	<u>(400)</u>	<u>(39,935)</u>	<u>1,851</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	10,470	29,629	80,817	49,850	848	-	48,317	219,931
Loss on disposal of tangible capital assets	-	-	(15,506)	-	-	-	-	(15,506)
	<u>10,470</u>	<u>29,629</u>	<u>65,311</u>	<u>49,850</u>	<u>848</u>	<u>-</u>	<u>48,317</u>	<u>204,425</u>
NET REVENUE	<u>227,067</u>	<u>(65,013)</u>	<u>(204,342)</u>	<u>(70,211)</u>	<u>(1,423)</u>	<u>(400)</u>	<u>(88,252)</u>	<u>(202,574)</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town 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.

j) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

k) 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.

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. CASH AND TERM DEPOSITS

	<u>2019</u>	<u>2018</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)		
Alberta Community Partnership	21,000	21,000
Municipal District of Wainwright	92,324	51,690
SEED grant funding	-	6,046
	<u>113,324</u>	<u>78,736</u>
Included in cash and term deposits are amounts held in trust	10,159	24,947
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	<u>446,077</u>	<u>450,937</u>
Total restricted cash and term deposits	<u>682,884</u>	<u>633,356</u>
Total unrestricted cash and term deposits	<u>338,580</u>	<u>242,432</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2019	2018
Current taxes and grants in place of taxes	63,359	45,587
Arrears taxes	20,076	8,793
Property held by the village as a result of tax forfeiture	-	16,440
	83,435	70,820
Less: allowance for doubtful accounts	1,146	860
	82,289	69,960

5. DEFERRED INCOME

Deferred income consists of the following:

	2019	2018
Alberta Community Partnership	21,000	21,000
Prepaid property taxes	5,888	-
Municipal Sustainability Initiative - Capital	152,839	-
Federal Gas Tax	100,000	-
Municipal District of Wainwright	92,324	51,690
SEED grant funding	-	6,046
	372,051	78,736

6. LONG TERM DEBT

	2019	2018
Municipal District of Wainwright	60,000	70,000

Principal and interest payments are as follows:

	Principal	Interest	Total
2020	10,000	-	10,000
2021	10,000	-	10,000
2022	10,000	-	10,000
2023	10,000	-	10,000
2024	10,000	-	10,000
Thereafter	10,000	-	10,000
	60,000	-	60,000

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.

The village's total cash payments for interest on long term debt in 2019 were \$Nil (2018 - \$Nil).

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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:

	2019	2018
Total debt limit	<u>1,637,081</u>	<u>1,537,056</u>
Total debt	<u>60,000</u>	<u>70,000</u>
Surplus debt limit	<u>1,577,081</u>	<u>1,467,056</u>
Debt servicing limit	<u>272,847</u>	<u>256,176</u>
Debt servicing	<u>10,000</u>	<u>25,000</u>
Surplus debt servicing	<u>262,847</u>	<u>231,176</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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule 2)	<u>8,905,950</u>	<u>8,801,610</u>
Accumulated amortization (Schedule 2)	<u>(3,307,722)</u>	<u>(3,105,772)</u>
Long-term debt (Note 6)	<u>(60,000)</u>	<u>(70,000)</u>
	<u>5,538,228</u>	<u>5,625,838</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

9. ACCUMULATED SURPLUS

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	<u>811,143</u>	<u>886,881</u>
Restricted surplus		
General	14,165	14,165
Fire department	124,649	114,775
Water system	62,629	49,807
Sewer system	139,584	126,817
Cemetery	45,973	43,307
Recreation	59,077	102,066
	<u>446,077</u>	<u>450,937</u>
Equity in tangible capital assets	<u>5,538,228</u>	<u>5,625,838</u>
	<u>6,795,448</u>	<u>6,963,656</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, 2019

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:

	2019			2018
	Salary	Benefits & Allowances	Total	Total
Belik	11,223	394	11,617	11,605
Herbert	2,117	-	2,117	2,940
Jackson	5,371	95	5,466	4,890
Reid	2,084	-	2,084	3,305
White	6,578	111	6,689	3,360
CAO	73,974	8,832	82,806	81,470
Designated Officer (1)	7,640	-	7,640	7,484

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:

	2019	2018
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, 2019

14. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2019 (2018 – nil) as a result of this standard.

15. 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.

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.