

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2020

|   | <u>2020</u>      | <u>2019</u>      |
|---|------------------|------------------|
| <b>FINANCIAL ASSETS</b>                     |                  |                  |
| Cash (Note 2)                               | 817,790          | 354,918          |
| Term deposits (Note 2)                      | 548,795          | 658,954          |
| Taxes and grants in place of taxes (Note 3) | 63,172           | 82,289           |
| Trade and other receivables                 | 13,689           | 15,956           |
| Receivable from other governments           | 244,680          | 273,602          |
| Inventory held for resale                   | 287,526          | 307,526          |
| Other financial assets                      | 1,253            | 1,312            |
|   | <u>1,976,905</u> | <u>1,694,557</u> |
| <b>LIABILITIES</b>                          |                  |                  |
| Accounts payable and accrued liabilities    | 69,915           | 64,942           |
| Deposits held in trust                      | 1,961            | 2,567            |
| Deferred revenue (Note 5)                   | 635,195          | 372,051          |
| Long term debt (Note 6)                     | 50,000           | 60,000           |
|   | <u>757,071</u>   | <u>499,560</u>   |
| <b>NET FINANCIAL ASSETS</b>                 | <u>1,219,834</u> | <u>1,194,997</u> |
| <b>NON-FINANCIAL ASSETS</b>                 |                  |                  |
| Tangible capital assets                     | 5,415,007        | 5,598,228        |
| Prepaid expenses                            | -                | 2,223            |
|   | <u>5,415,007</u> | <u>5,600,451</u> |
| <b>ACCUMULATED SURPLUS (NOTE 8)</b>         | <u>6,634,841</u> | <u>6,795,448</u> |

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

|  | Budget<br>(unaudited) | 2020                    | 2019             |
|--|-----------------------|-------------------------|------------------|
| <b>REVENUE</b>   |                       |                         |                  |
| Net municipal property taxes (Schedule 3)                        | 362,000               | <b>362,051</b>          | 363,410          |
| User fees and sales of goods                                     | 317,700               | <b>278,410</b>          | 290,581          |
| Penalties and costs on taxes                                     | 7,600                 | <b>8,527</b>            | 5,846            |
| Licenses and permits   | 1,400                 | <b>396</b>              | 664              |
| Fines  | 500                   | <b>910</b>              | 897              |
| Franchise and concession contracts                               | 75,000                | <b>70,728</b>           | 71,270           |
| Investment income  | 4,000                 | <b>6,461</b>            | 8,393            |
| Rentals  | -                     | -                       | 8,600            |
| Government transfers for operating                               | 247,771               | <b>344,187</b>          | 313,219          |
| Other  | 45,850                | <b>27,543</b>           | 28,507           |
|  | <u>1,061,821</u>      | <u><b>1,099,213</b></u> | <u>1,091,387</u> |
| <b>EXPENSES</b>  |                       |                         |                  |
| Legislative  | 45,100                | <b>21,953</b>           | 37,925           |
| Administration   | 335,200               | <b>272,821</b>          | 258,314          |
| Protective services  | 131,000               | <b>159,556</b>          | 116,933          |
| Transportation   | 114,289               | <b>116,918</b>          | 140,743          |
| Water supply and distribution                                    | 134,231               | <b>88,844</b>           | 98,793           |
| Wastewater treatment and disposal                                | 80,003                | <b>137,361</b>          | 101,801          |
| Waste management   | 77,292                | <b>79,521</b>           | 76,877           |
| Public health and welfare  | 7,100                 | <b>5,065</b>            | 3,697            |
| Recreation   | 167,300               | <b>160,777</b>          | 165,172          |
| Culture  | 46,830                | <b>63,893</b>           | 47,681           |
| Amortization   | 219,900               | <b>225,215</b>          | 219,931          |
| Loss (gain) on disposal of assets                                | -                     | -                       | (15,506)         |
|  | <u>1,361,445</u>      | <u><b>1,354,504</b></u> | <u>1,293,961</u> |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b> | (299,624)             | <b>(255,291)</b>        | (202,574)        |
| <b>OTHER</b>   |                       |                         |                  |
| Government transfers for capital (Schedule 4)                    | 50,000                | <b>94,684</b>           | 34,366           |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                           | (249,624)             | <b>(160,607)</b>        | (168,208)        |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>                    | 6,795,448             | <b>6,795,448</b>        | 6,963,656        |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>                          | <u>6,545,824</u>      | <u><b>6,634,841</b></u> | <u>6,795,448</u> |

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

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|   | Budget<br>(unaudited) | 2020                    | 2019                    |
|---|-----------------------|-------------------------|-------------------------|
| <b>EXCESS OF REVENUE OVER EXPENSES</b>          | <u>(249,624)</u>      | <u>(160,607)</u>        | <u>(168,208)</u>        |
| Acquisition of tangible capital assets          | (558,000)             | (41,994)                | (128,315)               |
| Proceeds on disposal of tangible capital assets | -                     | -                       | 21,500                  |
| Amortization of tangible capital assets         | 219,900               | 225,215                 | 219,931                 |
| Loss on sale of tangible capital assets         | -                     | -                       | (15,506)                |
|   | <u>(338,100)</u>      | <u>183,221</u>          | <u>97,610</u>           |
| Net (increase) decrease of prepaid assets       | -                     | 2,223                   | 63,407                  |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>         | <u>(587,724)</u>      | <u>24,837</u>           | <u>(7,191)</u>          |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>  | <u>1,194,997</u>      | <u>1,194,997</u>        | <u>1,202,188</u>        |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>        | <u><u>607,273</u></u> | <u><u>1,219,834</u></u> | <u><u>1,194,997</u></u> |

# VILLAGE OF EDGERTON

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

|  | 2020            | 2019             |
|--|-----------------|------------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b> |                 |                  |
| <b>OPERATING</b>   |                 |                  |
| Excess of revenues over expenses   | (160,607)       | (168,208)        |
| Non-cash items included in excess of revenue over expenses:              |                 |                  |
| Amortization of tangible capital assets                                  | 225,215         | 219,931          |
| Non-cash charges to operations (net change):                             |                 |                  |
| Decrease (increase) in taxes and grants in place of taxes                | 19,117          | (12,329)         |
| Decrease (increase) in trade and other receivables                       | 2,267           | 1,421            |
| Decrease (increase) in receivable from other governments                 | 28,922          | (96,975)         |
| Decrease (increase) in inventory held for resale                         | 20,000          | 19,040           |
| Decrease (increase) in prepaid expenses                                  | 2,223           | 63,407           |
| Decrease (increase) in other financial assets                            | 59              | 1,171            |
| Increase (decrease) in accounts payable and accrued liabilities          | 4,973           | (27,988)         |
| Increase (decrease) in deferred revenue                                  | 263,144         | 293,315          |
|  | <b>405,313</b>  | <b>277,279</b>   |
| <b>CAPITAL</b>   |                 |                  |
| Acquisition of tangible capital assets                                   | (41,994)        | (128,315)        |
| Sale of tangible capital assets  | -               | 21,500           |
|  | <b>(41,994)</b> | <b>(106,815)</b> |
| <b>INVESTING</b>   |                 |                  |
| Decrease (increase) in restricted cash or cash equivalents               | (284,958)       | (34,588)         |
| <b>FINANCING</b>   |                 |                  |
| Long-term debt repaid  | (10,000)        | (10,000)         |
| <b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>                    | <b>68,361</b>   | <b>125,876</b>   |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                      | <b>897,981</b>  | <b>772,105</b>   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                            | <b>966,342</b>  | <b>897,981</b>   |
| <b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>                          |                 |                  |
| Cash on hand   | 100             | 100              |
| Cash in bank   | 817,690         | 354,818          |
| Term deposits  | 548,795         | 658,954          |
| Less: restricted portion of cash and term deposits (Note 2)              | (400,243)       | (115,891)        |
|  | <b>966,342</b>  | <b>897,981</b>   |





## VILLAGE OF EDGERTON

### SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 1)

|   | Unrestricted<br>Surplus | Restricted<br>Surplus | Equity in Tangible<br>Capital Assets | <b>2020</b>             | 2019             |
|---|-------------------------|-----------------------|--------------------------------------|-------------------------|------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>                 | 811,143                 | 446,077               | 5,538,228                            | <b>6,795,448</b>        | 6,963,656        |
| Excess (deficiency) of revenues over expenses     | (160,607)               | -                     | -                                    | <b>(160,607)</b>        | (168,208)        |
| Unrestricted funds designated for future use      | (65,236)                | 65,236                | -                                    | -                       | -                |
| Restricted funds used for operations              | 16,688                  | (16,688)              | -                                    | -                       | -                |
| Restricted funds used for tangible capital assets | -                       | (41,994)              | 41,994                               | -                       | -                |
| Annual amortization expense                       | 225,215                 | -                     | (225,215)                            | -                       | -                |
| Long term debt repaid                             | (10,000)                | -                     | 10,000                               | -                       | -                |
| Change in accumulated surplus                     | 6,060                   | 6,554                 | (173,221)                            | <b>(160,607)</b>        | (168,208)        |
| <b>BALANCE, END OF YEAR</b>                       | <u>817,203</u>          | <u>452,631</u>        | <u>5,365,007</u>                     | <b><u>6,634,841</u></b> | <u>6,795,448</u> |

## VILLAGE OF EDGERTON

### CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 2)

|   | LAND           | LAND<br>IMPROVEMENTS | BUILDINGS        | ENGINEERED<br>STRUCTURES | MACHINERY<br>AND<br>EQUIPMENT | VEHICLES       | <b>2020</b>      | 2019             |
|---|----------------|----------------------|------------------|--------------------------|-------------------------------|----------------|------------------|------------------|
| <b>COST:</b>  |                |                      |                  |                          |                               |                |                  |                  |
| Balance - beginning of year                                     | 140,000        | 170,697              | 2,769,599        | 4,725,055                | 797,682                       | 302,917        | <b>8,905,950</b> | 8,801,610        |
| Acquisition of tangible capital assets                          | -              | -                    | -                | -                        | 41,994                        | -              | <b>41,994</b>    | 128,315          |
| Disposal of tangible capital assets                             | -              | -                    | -                | -                        | -                             | -              | -                | 23,975           |
| Balance - end of year   | 140,000        | 170,697              | 2,769,599        | 4,725,055                | 839,676                       | 302,917        | <b>8,947,944</b> | 8,905,950        |
| <b>ACCUMULATED AMORTIZATION</b>                                 |                |                      |                  |                          |                               |                |                  |                  |
| Balance - beginning of year                                     |                | 94,313               | 467,874          | 2,201,216                | 362,163                       | 182,156        | <b>3,307,722</b> | 3,105,772        |
| Annual amortization   | -              | 8,535                | 57,889           | 110,873                  | 35,197                        | 12,721         | <b>225,215</b>   | 219,931          |
| Accumulated amortization on disposals                           | -              | -                    | -                | -                        | -                             | -              | -                | 17,981           |
| Balance - end of year   | -              | 102,848              | 525,763          | 2,312,089                | 397,360                       | 194,877        | <b>3,532,937</b> | 3,307,722        |
| <b>NET BOOK VALUE OF TANGIBLE<br/>CAPITAL ASSETS</b>            | <b>140,000</b> | <b>67,849</b>        | <b>2,243,836</b> | <b>2,412,966</b>         | <b>442,316</b>                | <b>108,040</b> | <b>5,415,007</b> | <b>5,598,228</b> |
| <b>PRIOR YEAR NET BOOK VALUE OF<br/>TANGIBLE CAPITAL ASSETS</b> | <b>140,000</b> | <b>76,384</b>        | <b>2,301,725</b> | <b>2,523,839</b>         | <b>435,519</b>                | <b>120,761</b> | <b>5,598,228</b> |                  |



# VILLAGE OF EDGERTON

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 3)

|  | Budget<br>(Unaudited) | 2020                  | 2019           |
|--|-----------------------|-----------------------|----------------|
| <b>TAXATION</b>                              |                       |                       |                |
| Real property taxes                          | 432,847               | <b>431,363</b>        | 432,750        |
| Linear property taxes                        | 12,839                | <b>12,839</b>         | 12,714         |
| Government grants in place of property taxes | 814                   | <b>814</b>            | 821            |
|  | <u>446,500</u>        | <u><b>445,016</b></u> | <u>446,285</u> |
| <b>REQUISITIONS</b>                          |                       |                       |                |
| Alberta School Foundation                    | 80,000                | <b>78,584</b>         | 78,418         |
| Battle River Foundation                      | 4,500                 | <b>4,381</b>          | 4,381          |
| Designated Industrial Property               | -                     | -                     | 76             |
|  | <u>84,500</u>         | <u><b>82,965</b></u>  | <u>82,875</u>  |
| <b>NET MUNICIPAL TAXES</b>                   | <u>362,000</u>        | <u><b>362,051</b></u> | <u>363,410</u> |

# VILLAGE OF EDGERTON

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 4)

|                                   | Budget<br>(Unaudited) | 2020                  | 2019           |
|-----------------------------------|-----------------------|-----------------------|----------------|
| <b>TRANSFERS FOR OPERATING</b>    |                       |                       |                |
| Provincial Government             | -                     | <b>104,668</b>        | 67,570         |
| Local Governments                 | 247,771               | <b>239,519</b>        | 245,649        |
|                                   | <u>247,771</u>        | <u><b>344,187</b></u> | <u>313,219</u> |
| <b>TRANSFERS FOR CAPITAL</b>      |                       |                       |                |
| Federal Government                | 50,000                | -                     | -              |
| Local Governments                 | -                     | <b>94,684</b>         | 34,366         |
|                                   | <u>50,000</u>         | <u><b>94,684</b></u>  | <u>34,366</u>  |
| <b>TOTAL GOVERNMENT TRANSFERS</b> | <u>297,771</u>        | <u><b>438,871</b></u> | <u>347,585</u> |

# VILLAGE OF EDGERTON

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 5)

|   | Budget<br>(Unaudited) | 2020                    | 2019             |
|---|-----------------------|-------------------------|------------------|
| <b>Expenditures</b>                         |                       |                         |                  |
| Salaries, wages and benefits                | 405,190               | <b>385,701</b>          | 377,509          |
| Contracted and general services             | 387,775               | <b>398,867</b>          | 327,795          |
| Materials, goods and utilities              | 177,550               | <b>193,779</b>          | 205,936          |
| Transfers to local boards and agencies      | 154,030               | <b>128,228</b>          | 162,251          |
| Bank charges and short term interest        | 2,500                 | <b>2,659</b>            | 3,650            |
| Other expenditures                          | 14,500                | <b>20,055</b>           | 12,395           |
| Amortization of tangible capital assets     | 219,900               | <b>225,215</b>          | 219,931          |
| Loss on disposal of tangible capital assets | -                     | -                       | (15,506)         |
|   | <u>1,361,445</u>      | <u><b>1,354,504</b></u> | <u>1,293,961</u> |





## VILLAGE OF EDGERTON

### SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 6)

|  | General<br>Government | Protective<br>Services  | Transportation<br>services | Environmental<br>Services | Public Health &<br>Welfare | Planning &<br>Development | Recreation &<br>Culture | Total                   |
|--|-----------------------|-------------------------|----------------------------|---------------------------|----------------------------|---------------------------|-------------------------|-------------------------|
| <b>REVENUE</b>                             |                       |                         |                            |                           |                            |                           |                         |                         |
| Net municipal property taxes (Schedule 2)  | 362,051               | -                       | -                          | -                         | -                          | -                         | -                       | 362,051                 |
| User fees and sales of goods               | 10                    | 11,407                  | 434                        | 242,265                   | 2,443                      | 20,000                    | 1,851                   | 278,410                 |
| Penalties and costs on taxes               | 8,505                 | -                       | -                          | 22                        | -                          | -                         | -                       | 8,527                   |
| Licenses and permits                       | 396                   | -                       | -                          | -                         | -                          | -                         | -                       | 396                     |
| Fines                                      | 910                   | -                       | -                          | -                         | -                          | -                         | -                       | 910                     |
| Franchise and concession contracts         | 70,728                | -                       | -                          | -                         | -                          | -                         | -                       | 70,728                  |
| Investment income                          | 5,422                 | 262                     | -                          | -                         | 505                        | -                         | 272                     | 6,461                   |
| Government transfers                       | 104,668               | 77,271                  | -                          | -                         | -                          | -                         | 162,248                 | 344,187                 |
| Other                                      | 9,177                 | 1,010                   | -                          | 1,000                     | 1,450                      | 5,568                     | 9,338                   | 27,543                  |
|  | <u>561,867</u>        | <u>89,950</u>           | <u>434</u>                 | <u>243,287</u>            | <u>4,398</u>               | <u>25,568</u>             | <u>173,709</u>          | <u>1,099,213</u>        |
| <b>EXPENSES</b>                            |                       |                         |                            |                           |                            |                           |                         |                         |
| Salaries, wages and benefits               | 186,570               | 40,650                  | 37,657                     | 120,824                   | -                          | -                         | -                       | 385,701                 |
| Contracted and general services            | 69,806                | 55,204                  | 27,389                     | 144,533                   | 925                        | 2,580                     | 98,430                  | 398,867                 |
| Materials, goods and utilities             | 20,451                | 58,506                  | 51,538                     | 39,287                    | 55                         | 20,000                    | 3,942                   | 193,779                 |
| Transfers to local boards and agencies     | -                     | 2,720                   | -                          | -                         | 3,485                      | -                         | 122,023                 | 128,228                 |
| Bank charges and short term interest       | 2,659                 | -                       | -                          | -                         | -                          | -                         | -                       | 2,659                   |
| Other expenditures                         | 15,288                | 2,476                   | 334                        | 1,082                     | 600                        | -                         | 275                     | 20,055                  |
|  | <u>294,774</u>        | <u>159,556</u>          | <u>116,918</u>             | <u>305,726</u>            | <u>5,065</u>               | <u>22,580</u>             | <u>224,670</u>          | <u>1,129,289</u>        |
| <b>NET REVENUE, BEFORE AMORTIZATION</b>    | <u>267,093</u>        | <u>(69,606)</u>         | <u>(116,484)</u>           | <u>(62,439)</u>           | <u>(667)</u>               | <u>2,988</u>              | <u>(50,961)</u>         | <u>(30,076)</u>         |
| <b>AMORTIZATION AND DISPOSAL OF ASSETS</b> |                       |                         |                            |                           |                            |                           |                         |                         |
| Amortization of tangible capital assets    | 10,895                | 31,729                  | 83,061                     | 49,850                    | 740                        | -                         | 48,940                  | 225,215                 |
| <b>NET REVENUE</b>                         | <u><u>256,198</u></u> | <u><u>(101,335)</u></u> | <u><u>(199,545)</u></u>    | <u><u>(112,289)</u></u>   | <u><u>(1,407)</u></u>      | <u><u>2,988</u></u>       | <u><u>(99,901)</u></u>  | <u><u>(255,291)</u></u> |

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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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, 2020

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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, 2020

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### 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, 2020

### 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>2020</u>      | <u>2019</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   | 675              | 21,000         |
| Municipal Sustainability Initiative - capital   | 152,839          | -              |
| MOST Grant  | 21,609           | -              |
| MSP Grant   | 50,519           | -              |
| Federal Gas Tax   | 100,000          | -              |
| Municipal District of Wainwright  | 72,640           | 92,324         |
|   | <u>398,282</u>   | <u>113,324</u> |
| Included in cash and term deposits are amounts held in trust  | 1,961            | 2,567          |
| Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)                            | <u>452,631</u>   | <u>446,077</u> |
| Total restricted cash and term deposits   | <u>1,251,156</u> | <u>675,292</u> |
| Total unrestricted cash and term deposits   | <u>115,429</u>   | <u>338,580</u> |

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

|  | 2020   | 2019   |
|--|--------|--------|
| Current taxes and grants in place of taxes | 44,013 | 63,359 |
| Arrears taxes                              | 21,440 | 20,076 |
|  | 65,453 | 83,435 |
| Less: allowance for doubtful accounts      | 2,281  | 1,146  |
|  | 63,172 | 82,289 |

### 5. DEFERRED INCOME

| Deferred income consists of the following:    | 2020    | 2019    |
|---|---------|---------|
| Alberta Community Partnership                 | 675     | 21,000  |
| Prepaid property taxes                        | 8,634   | 5,888   |
| Municipal Sustainability Initiative - Capital | 331,118 | 152,839 |
| MOST Grant                                    | 21,609  | -       |
| MSP Grant                                     | 50,519  | -       |
| Federal Gas Tax                               | 150,000 | 100,000 |
| Municipal District of Wainwright              | 72,640  | 92,324  |
|   | 635,195 | 372,051 |

### 6. LONG TERM DEBT

|   | 2020      | 2019     |        |
|---|-----------|----------|--------|
| Municipal District of Wainwright                | 50,000    | 60,000   |        |
| Principal and interest payments are as follows: |           |          |        |
|   | Principal | Interest | Total  |
| 2021  | 10,000    | -        | 10,000 |
| 2022  | 10,000    | -        | 10,000 |
| 2023  | 10,000    | -        | 10,000 |
| 2024  | 10,000    | -        | 10,000 |
| 2025  | 10,000    | -        | 10,000 |
|   | 50,000    | -        | 50,000 |

Debenture debt repayable to the Municipal District of Wainwright without interest and matures in 2025 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 2020 were \$Nil (2019 - \$Nil).

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 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>2020</u>             | <u>2019</u>      |
|------------------------|-------------------------|------------------|
| Total debt limit       | <b>1,648,820</b>        | 1,637,081        |
| Total debt             | <b>50,000</b>           | 60,000           |
| Surplus debt limit     | <b><u>1,598,820</u></b> | <u>1,577,081</u> |
| <br>                   |                         |                  |
| Debt servicing limit   | <b>274,803</b>          | 272,847          |
| Debt servicing         | <b>10,000</b>           | 10,000           |
| Surplus debt servicing | <b><u>264,803</u></b>   | <u>262,847</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

|                                       | <u>2020</u>             | <u>2019</u>      |
|---------------------------------------|-------------------------|------------------|
| Tangible capital assets (Schedule 2)  | <b>8,947,944</b>        | 8,905,950        |
| Accumulated amortization (Schedule 2) | <b>(3,532,937)</b>      | (3,307,722)      |
| Long-term debt (Note 6)               | <b>(50,000)</b>         | (60,000)         |
|                                       | <b><u>5,365,007</u></b> | <u>5,538,228</u> |

# VILLAGE OF EDGERTON

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 9. ACCUMULATED SURPLUS

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

|  | <u>2020</u>             | <u>2019</u>             |
|--|-------------------------|-------------------------|
| <b>Unrestricted surplus</b>              | <b><u>817,203</u></b>   | <b><u>811,143</u></b>   |
| <b>Restricted surplus</b>                |                         |                         |
| General                                  | 14,165                  | 14,165                  |
| Fire department                          | 66,884                  | 124,649                 |
| Water system                             | 75,516                  | 62,629                  |
| Sewer system                             | 152,471                 | 139,584                 |
| Cemetery                                 | 45,056                  | 45,973                  |
| Recreation                               | 98,539                  | 59,077                  |
|  | <b><u>452,631</u></b>   | <b><u>446,077</u></b>   |
| <b>Equity in tangible capital assets</b> | <b><u>5,365,007</u></b> | <b><u>5,538,228</u></b> |
|  | <b><u>6,634,841</u></b> | <b><u>6,795,448</u></b> |

### 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, 2020

### 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:

|                        | 2020   |                       |         | 2019   |
|------------------------|--------|-----------------------|---------|--------|
|                        | Salary | Benefits & Allowances | Total   | Total  |
| Belik                  | 9,083  | 477                   | 9,560   | 11,617 |
| Herbert                | 680    | -                     | 680     | 2,117  |
| Jackson                | 3,620  | -                     | 3,620   | 5,466  |
| Reid                   | 2,775  | -                     | 2,775   | 2,084  |
| White                  | 3,140  | 165                   | 3,305   | 6,689  |
| CAO                    | 95,989 | 9,755                 | 105,744 | 82,806 |
| Designated Officer (1) | 7,796  | -                     | 7,796   | 7,640  |

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:

|                    | 2020         | 2019         |
|--------------------|--------------|--------------|
| Murdoch trust fund | <u>7,592</u> | <u>7,592</u> |

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, 2020

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### 14. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2020 (2019 – 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.