

VILLAGE OF EDGERTON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, 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, 2022, 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 26, 2023

Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash (Note 2)	372,794	286,528
Term deposits (Note 2)	390,855	450,740
Taxes and grants in place of taxes (Note 3)	100,623	61,439
Trade and other receivables	13,324	65,017
Receivable from other governments	509,507	566,925
Inventory held for resale	284,950	288,378
Other financial assets	1,252	1,252
	<u>1,673,305</u>	<u>1,720,279</u>
LIABILITIES		
Accounts payable and accrued liabilities	232,666	39,627
Deposits held in trust	1,285	1,805
Deferred revenue (Note 5)	437,043	487,078
Long term debt (Note 6)	30,000	40,000
	<u>700,994</u>	<u>568,510</u>
NET FINANCIAL ASSETS	<u>972,311</u>	<u>1,151,769</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	5,985,955	5,735,323
Prepaid expenses	74,102	86,999
	<u>6,060,057</u>	<u>5,822,322</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>7,032,368</u>	<u>6,974,091</u>

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
REVENUE			
Net municipal property taxes (Schedule 3)	358,000	359,808	360,253
User fees and sales of goods	265,900	249,298	262,969
Penalties and costs on taxes	11,600	8,978	7,353
Licenses and permits	500	69	434
Fines	1,000	1,107	409
Franchise and concession contracts	75,000	75,880	75,167
Investment income	11,500	12,310	3,047
Rentals	-	2,828	-
Government transfers for operating	355,771	344,177	425,092
Other	122,200	57,574	68,860
Gain on disposal of assets	-	9,000	2,772
	<u>1,201,471</u>	<u>1,121,029</u>	<u>1,206,356</u>
EXPENSES			
Legislative	32,000	35,347	26,456
Administration	304,230	323,100	281,733
Protective services	138,200	135,310	125,553
Transportation	101,160	131,334	123,177
Water supply and distribution	82,060	105,904	91,065
Wastewater treatment and disposal	106,035	99,214	100,405
Waste management	71,660	80,858	82,007
Public health and welfare	6,400	4,146	5,820
Recreation	185,600	163,912	244,965
Culture	44,600	32,652	40,045
Amortization	216,900	258,076	237,794
	<u>1,296,045</u>	<u>1,375,062</u>	<u>1,362,668</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(94,574)	(254,033)	(156,312)
OTHER			
Government transfers for capital (Schedule 4)	149,000	312,310	495,562
EXCESS OF REVENUE OVER EXPENSES	54,426	58,277	339,250
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>6,974,091</u>	<u>6,974,091</u>	<u>6,634,841</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>7,028,517</u></u>	<u><u>7,032,368</u></u>	<u><u>6,974,091</u></u>

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
EXCESS OF REVENUE OVER EXPENSES	<u>54,426</u>	<u>58,277</u>	<u>339,250</u>
Acquisition of tangible capital assets	(558,000)	(508,708)	(558,110)
Proceeds on disposal of tangible capital assets	-	9,000	2,772
Amortization of tangible capital assets	216,900	258,076	237,794
Loss (gain) on sale of tangible capital assets	<u>-</u>	<u>(9,000)</u>	<u>(2,772)</u>
	<u>(341,100)</u>	<u>(250,632)</u>	<u>(320,316)</u>
Net (increase) decrease of prepaid assets	<u>-</u>	<u>12,897</u>	<u>(86,999)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(286,674)</u>	<u>(179,458)</u>	<u>(68,065)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,151,769</u>	<u>1,151,769</u>	<u>1,219,834</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>865,095</u></u>	<u><u>972,311</u></u>	<u><u>1,151,769</u></u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	58,277	339,250
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	258,076	237,794
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(39,184)	1,733
Decrease (increase) in trade and other receivables	51,693	(51,328)
Decrease (increase) in receivable from other governments	57,418	(322,245)
Decrease (increase) in inventory held for resale	3,428	(852)
Decrease (increase) in prepaid expenses	12,897	(86,999)
Decrease (increase) in other financial assets	-	1
Increase (decrease) in accounts payable and accrued liabilities	193,039	(30,288)
Increase (decrease) in deferred revenue	(50,035)	(148,117)
	536,609	(63,823)
CAPITAL		
Acquisition of tangible capital assets	(508,708)	(558,110)
Sale of tangible capital assets	9,000	2,772
	(499,708)	(555,338)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(81,655)	319,311
FINANCING		
Long-term debt repaid	(10,000)	(10,000)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(54,754)	(309,850)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	656,492	966,342
CASH AND CASH EQUIVALENTS, END OF YEAR	601,738	656,492
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	100	100
Cash in bank	372,694	286,428
Term deposits	390,855	450,740
Less: restricted portion of cash and term deposits (Note 2)	(161,911)	(80,776)
	601,738	656,492

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	792,188	486,580	5,695,323	6,974,091	6,634,841
Excess (deficiency) of revenues over expenses	58,277	-	-	58,277	339,250
Unrestricted funds designated for future use	(26,088)	26,088	-	-	-
Restricted funds used for operations	62,909	(62,909)	-	-	-
Current year funds used for tangible capital assets	(508,708)	-	508,708	-	-
Annual amortization expense	258,076	-	(258,076)	-	-
Long term debt repaid	(10,000)	-	10,000	-	-
Change in accumulated surplus	(165,534)	(36,821)	260,632	58,277	339,250
BALANCE, END OF YEAR	<u>626,654</u>	<u>449,759</u>	<u>5,955,955</u>	<u>7,032,368</u>	<u>6,974,091</u>

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2022	2021
COST:								
Balance - beginning of year	140,000	170,697	2,769,599	5,181,063	902,670	332,025	9,496,054	8,947,944
Acquisition of tangible capital assets	-	-	-	242,098	216,610	50,000	508,708	558,110
Disposal of tangible capital assets	-	-	-	-	-	(17,800)	(17,800)	(10,000)
Balance - end of year	140,000	170,697	2,769,599	5,423,161	1,119,280	364,225	9,986,962	9,496,054
ACCUMULATED AMORTIZATION								
Balance - beginning of year		111,383	583,535	2,431,833	434,427	199,553	3,760,731	3,532,937
Annual amortization	-	8,535	57,772	131,305	42,248	18,216	258,076	237,794
Accumulated amortization on disposals	-	-	-	-	-	(17,800)	(17,800)	(10,000)
Balance - end of year	-	119,918	641,307	2,563,138	476,675	199,969	4,001,007	3,760,731
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	140,000	50,779	2,128,292	2,860,023	642,605	164,256	5,985,955	5,735,323
PRIOR YEAR NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	140,000	59,314	2,186,064	2,749,230	468,243	132,472	5,735,323	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 3)

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	426,560	419,977	422,018
Linear property taxes	20,116	20,116	17,701
Government grants in place of property taxes	824	824	810
	<u>447,500</u>	<u>440,917</u>	<u>440,529</u>
REQUISITIONS			
Alberta School Foundation	85,000	76,943	75,837
Battle River Foundation	4,500	4,166	4,439
	<u>89,500</u>	<u>81,109</u>	<u>80,276</u>
NET MUNICIPAL TAXES	<u>358,000</u>	<u>359,808</u>	<u>360,253</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 4)

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Federal Government	50,000	50,000	-
Provincial Government	58,000	60,869	81,100
Local Governments	247,771	233,308	343,992
	<u>355,771</u>	<u>344,177</u>	<u>425,092</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	-	150,000
Provincial Government	149,000	266,093	276,893
Local Governments	-	46,217	68,669
	<u>149,000</u>	<u>312,310</u>	<u>495,562</u>
TOTAL GOVERNMENT TRANSFERS	<u>504,771</u>	<u>656,487</u>	<u>920,654</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 5)

	Budget (Unaudited)	2022	2021
Expenditures			
Salaries, wages and benefits	365,790	366,887	393,003
Contracted and general services	358,425	414,499	325,615
Materials, goods and utilities	156,900	171,421	164,527
Transfers to other governments	-	10,963	7,304
Transfers to local boards and agencies	169,300	134,069	220,551
Transfers to individuals and agencies	-	1,525	-
Bank charges and short term interest	1,500	1,343	2,787
Other expenditures	27,230	16,279	11,087
Amortization of tangible capital assets	216,900	258,076	237,794
Loss (gain) on disposal of tangible capital assets	-	(9,000)	(2,772)
	<u>1,296,045</u>	<u>1,366,062</u>	<u>1,359,896</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022 (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)	359,808	-	-	-	-	-	-	359,808
User fees and sales of goods	-	3,400	1,074	238,468	4,535	1	1,820	249,298
Penalties and costs on taxes	8,978	-	-	-	-	-	-	8,978
Licenses and permits	69	-	-	-	-	-	-	69
Fines	1,107	-	-	-	-	-	-	1,107
Franchise and concession contracts	75,880	-	-	-	-	-	-	75,880
Investment income	9,396	-	-	-	653	-	2,261	12,310
Rentals	2,828	-	-	-	-	-	-	2,828
Government transfers	110,869	77,271	-	-	-	-	156,037	344,177
Other	4,080	30,995	-	-	300	-	22,199	57,574
	<u>573,015</u>	<u>111,666</u>	<u>1,074</u>	<u>238,468</u>	<u>5,488</u>	<u>1</u>	<u>182,317</u>	<u>1,112,029</u>
EXPENSES								
Salaries, wages and benefits	189,604	24,798	36,360	115,625	500	-	-	366,887
Contracted and general services	139,486	56,616	28,851	125,581	161	-	63,804	414,499
Materials, goods and utilities	15,048	38,006	65,140	44,180	-	3,684	5,363	171,421
Transfers to other governments	-	10,963	-	-	-	-	-	10,963
Transfers to local boards and agencies	1,062	2,125	-	-	3,485	-	127,397	134,069
Transfers to individuals and agencies	-	-	-	-	-	1,525	-	1,525
Bank charges and short term interest	1,343	-	-	-	-	-	-	1,343
Other expenditures	11,904	2,802	983	590	-	-	-	16,279
	<u>358,447</u>	<u>135,310</u>	<u>131,334</u>	<u>285,976</u>	<u>4,146</u>	<u>5,209</u>	<u>196,564</u>	<u>1,116,986</u>
NET REVENUE, BEFORE AMORTIZATION	<u>214,568</u>	<u>(23,644)</u>	<u>(130,260)</u>	<u>(47,508)</u>	<u>1,342</u>	<u>(5,208)</u>	<u>(14,247)</u>	<u>(4,957)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	10,894	37,412	102,344	53,161	740	-	53,525	258,076
Loss (gain) on disposal of tangible capital asse	-	-	(9,000)	-	-	-	-	(9,000)
	<u>10,894</u>	<u>37,412</u>	<u>93,344</u>	<u>53,161</u>	<u>740</u>	<u>-</u>	<u>53,525</u>	<u>249,076</u>
NET REVENUE	<u><u>203,674</u></u>	<u><u>(61,056)</u></u>	<u><u>(223,604)</u></u>	<u><u>(100,669)</u></u>	<u><u>602</u></u>	<u><u>(5,208)</u></u>	<u><u>(67,772)</u></u>	<u><u>(254,033)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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>2022</u>	<u>2021</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	52,872	-
Municipal District of Wainwright	107,754	78,971
	<u>160,626</u>	<u>78,971</u>
Included in cash and term deposits are amounts held in trust	1,285	1,805
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	449,759	486,580
	<u>611,670</u>	<u>567,356</u>
Total unrestricted cash and term deposits	<u>151,979</u>	<u>169,912</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2022	2021
Current taxes and grants in place of taxes	70,916	50,194
Arrears taxes	20,662	6,425
Property held by the village as a result of tax forfeiture	9,045	4,820
	100,623	61,439

5. DEFERRED INCOME

Deferred income consists of the following:

	2022	2021
Alberta Community Partnership	52,872	-
Prepaid property taxes	11,414	6,744
Municipal Sustainability Initiative - Capital	115,003	301,363
Canada Community Building Fund	150,000	100,000
Municipal District of Wainwright	107,754	78,971
	437,043	487,078

6. LONG TERM DEBT

	2022	2021
Municipal District of Wainwright	30,000	40,000

Principal and interest payments are as follows:

	Principal	Interest	Total
2023	10,000	-	10,000
2024	10,000	-	10,000
2025	10,000	-	10,000
	30,000	-	30,000

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 2022 were \$Nil (2021 - \$Nil).

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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>2022</u>	<u>2021</u>
Total debt limit	<u>1,681,544</u>	<u>1,805,376</u>
Total debt	<u>30,000</u>	<u>40,000</u>
Surplus debt limit	<u>1,651,544</u>	<u>1,765,376</u>
Debt servicing limit	<u>280,257</u>	<u>300,896</u>
Debt servicing	<u>10,000</u>	<u>10,000</u>
Surplus debt servicing	<u>270,257</u>	<u>290,896</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>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	<u>9,986,962</u>	<u>9,496,054</u>
Accumulated amortization (Schedule 2)	<u>(4,001,007)</u>	<u>(3,760,731)</u>
Long-term debt (Note 6)	<u>(30,000)</u>	<u>(40,000)</u>
	<u>5,955,955</u>	<u>5,695,323</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

9. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	<u>626,654</u>	<u>792,188</u>
Restricted surplus		
General	14,165	14,165
Fire department	56,305	69,547
Water system	101,152	88,449
Sewer system	178,020	165,317
Cemetery	46,330	45,648
Recreation	53,787	103,454
	<u>449,759</u>	<u>486,580</u>
Equity in tangible capital assets	<u>5,955,955</u>	<u>5,695,323</u>
	<u>7,032,368</u>	<u>6,974,091</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, 2022

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:

	2022			2021
	Salary	Benefits & Allowances	Total	Total
Beattie	4,740	-	4,740	1,395
Belik	-	-	-	2,435
Hughes	1,745	-	1,745	1,369
Jackson	3,926	-	3,926	3,885
Reid	-	-	-	2,490
Waddell	2,910	-	2,910	-
White	8,292	-	8,292	9,767
CAO	85,542	10,758	96,300	106,861
Designated Officer (1)	8,164	-	8,164	7,952

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:

	2022	2021
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 Genesis Reciprocal Insurance Exchange (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, 2022

14. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2022 (2021 – 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.