

VILLAGE OF BOYLE
Consolidated Financial Statements
December 31, 2019

VILLAGE OF BOYLE
Index to Consolidated Financial Statements
December 31, 2019

	Page
AUDITOR'S REPORT	4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Changes in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Consolidated Schedule of Tangible Capital Assets (<i>Schedule 1</i>)	10
Consolidated Schedule of Property and Other Taxes (<i>Schedule 2</i>)	11
Consolidated Schedule of Government Transfers (<i>Schedule 3</i>)	12
Consolidated Schedule of Expenses by Object (<i>Schedule 4</i>)	13
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 5</i>)	14
Consolidated Schedule of Segmented Disclosure (<i>Schedule 6</i>)	15
Notes to Consolidated Financial Statements	16 - 25
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	26

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Boyle is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its Council Meetings. This council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Shoemaker, Viney & Friesen, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.



Chief Administrative Officer

Boyle, Alberta
March 18, 2020

Shoemaker, Viney & Friesen

CHARTERED PROFESSIONAL ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation

Timothy J. Friesen Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Council of the Village of Boyle

Opinion

We have audited the consolidated financial statements of the Village of Boyle, which comprise the consolidated statement of financial position as at December 31, 2019, consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Village of Boyle in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements, management is responsible for assessing the Village of Boyle's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village of Boyle or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village of Boyle's financial reporting process.

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Independent Auditor's Report to the Council of Village of Boyle (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 our 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 Village Of Boyle'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 Village of Boyle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village of Boyle to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village of Boyle's debt limit can be found in Note 7.

The engagement partner on the audit resulting in this independent auditor's report is John Shoemaker, CA, CPA.



VILLAGE OF BOYLE
Consolidated Statement of Financial Position
Year Ended December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 4,529,266	\$ 3,780,315
Taxes and grants in place of taxes <i>(Note 3)</i>	140,360	63,762
Trade and other receivables	875,081	1,141,210
Land for resale inventory	1	1
Investments <i>(Note 4)</i>	32,792	32,792
	5,577,500	5,018,080
LIABILITIES		
Accounts payable and accrued liabilities	87,366	50,175
Deferred revenue <i>(Note 5)</i>	1,261,634	768,634
Long term debt <i>(Note 6)</i>	3,159,156	3,319,182
	4,508,156	4,137,991
NET FINANCIAL ASSETS (DEBT)	1,069,344	880,089
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 1)</i>	13,058,454	13,464,976
Inventory for consumption	22,836	23,973
Prepaid expenses	16,797	18,050
	13,098,087	13,506,999
ACCUMULATED SURPLUS <i>(Note 9) (Schedule 5)</i>	\$ 14,167,431	\$ 14,387,088

Contingencies and commitments - See Notes 13, 15 and 16

VILLAGE OF BOYLE
Consolidated Statement of Operations
Year Ended December 31, 2019

	Budget (unaudited)	2019	2018
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 1,035,138	\$ 1,066,515	\$ 1,054,480
User fees and sales of goods	1,513,150	1,524,046	1,499,412
Government transfers for operating <i>(Schedule 3)</i>	227,666	236,430	305,510
Penalties, costs of taxes and fines	73,200	55,789	79,860
Rentals	145,440	145,348	181,674
Licenses and permits	12,000	7,901	11,589
Investment income	30,000	70,340	52,092
Other	20,000	61,984	25,758
Franchise fees	25,000	57,641	40,757
Total Revenue	3,081,594	3,225,994	3,251,132
EXPENSES			
Legislative	138,050	141,900	131,633
Administration	429,355	450,387	439,412
Protective services	112,150	102,644	90,629
Roads, streets, walks, lighting	543,230	537,049	473,260
Water supply and distribution	499,240	522,843	478,858
Wastewater treatment and disposal	50,025	51,464	45,530
Waste management	156,500	151,212	153,198
Family and community support	11,255	11,255	10,421
Land use planning, zoning and development	72,495	66,413	60,267
Subdivision land development	65,384	71,508	75,759
Parks, recreation and culture	498,400	437,183	434,064
Natural gas supply and distribuion	449,580	357,984	462,616
Amortization of tangible capital assets	568,199	543,809	568,199
Total Expenses	3,593,863	3,445,651	3,423,846
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(512,269)	(219,657)	(172,714)
CAPITAL INCOME			
Government transfers for capital <i>(Schedule 3)</i>	-	-	25,690
Donations <i>(Schedule 3)</i>	52,500		
DEFICIENCY OF REVENUE OVER EXPENSES	(459,769)	(219,657)	(147,024)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	14,387,088	14,387,088	14,534,112
ACCUMULATED SURPLUS - END OF YEAR	\$ 13,927,319	\$ 14,167,431	\$ 14,387,088

VILLAGE OF BOYLE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	2019	2018
EXCESS OF REVENUE OVER EXPENSES	<u>\$ (219,657)</u>	<u>\$ (147,024)</u>
Purchase of tangible capital assets	(137,287)	(38,515)
Amortization of tangible capital assets	<u>543,809</u>	<u>568,199</u>
	<u>406,522</u>	<u>529,684</u>
(Acquisition) disposal of inventory	1,137	1,392
(Acquisition) disposal of prepaid expenses	<u>1,253</u>	<u>(2,961)</u>
	<u>2,390</u>	<u>(1,569)</u>
(INCREASE)/DECREASE IN NET FINANCIAL ASSETS (DEBT)	189,255	381,091
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>880,089</u>	<u>498,998</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	<u>\$ 1,069,344</u>	<u>\$ 880,089</u>

VILLAGE OF BOYLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (219,657)	\$ (147,024)
Item not affecting cash:		
Amortization of tangible capital assets	<u>543,809</u>	<u>568,199</u>
	<u>324,152</u>	<u>421,175</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(76,598)	14,741
Trade and other receivables	266,129	136,475
Accounts payable and accrued liabilities	37,191	2,785
Deferred revenue	493,000	161,937
Inventory for consumption	1,137	1,392
Prepaid expenses	<u>1,253</u>	<u>(2,961)</u>
	<u>722,112</u>	<u>314,369</u>
Cash flow from operating activities	<u>1,046,264</u>	<u>735,544</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(137,287)</u>	<u>(38,515)</u>
FINANCING ACTIVITY		
Long term debt issued (repaid)	<u>(160,026)</u>	<u>(79,497)</u>
Net change in cash and cash equivalents during the year	748,951	617,532
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,780,315</u>	<u>3,162,783</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,529,266</u>	<u>\$ 3,780,315</u>

(Schedule 1)

Consolidated Schedule of Tangible Capital Assets

Year Ended December 31, 2019

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
COST:								
BALANCE, BEGINNING OF YEAR	\$ 1,464,395	979,423	17,634,225	14,749,945	1,357,200	627,407	36,812,595	36,774,080
Acquisitions	-	-	25,555	111,732	-	-	137,287	38,515
BALANCE, END OF YEAR	1,464,395	979,423	17,659,780	14,861,677	1,357,200	627,407	36,949,882	36,812,595
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	592,216	9,738,951	11,249,724	1,312,676	454,052	23,347,619	22,779,420
Annual amortization	-	39,177	335,213	121,183	11,396	36,840	543,809	568,199
BALANCE, END OF YEAR	-	631,393	10,074,164	11,370,907	1,324,072	490,892	23,891,428	23,347,619
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,464,395	348,030	7,585,616	3,490,770	33,128	136,515	13,058,454	13,464,976

VILLAGE OF BOYLE
Consolidated Schedule of Property and Other Taxes *(Schedule 2)*
Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
TAXATION			
Residential land and improvements	\$ 801,288	\$ 800,955	\$ 800,175
Non residential land and improvements	280,165	280,770	282,783
Linear property taxes	182,110	181,409	187,891
Machinery and equipment	87,485	88,125	82,068
Government grants in place of property taxes	19,790	19,784	13,918
	<u>1,370,838</u>	<u>1,371,043</u>	<u>1,366,835</u>
REQUISITIONS			
Alberta School Foundation Fund	310,700	274,899	284,712
Greater North Foundation	25,000	29,629	27,643
	<u>335,700</u>	<u>304,528</u>	<u>312,355</u>
NET MUNICIPAL TAXES	<u>\$ 1,035,138</u>	<u>\$ 1,066,515</u>	<u>\$ 1,054,480</u>

VILLAGE OF BOYLE
Consolidated Schedule of Government Transfers *(Schedule 3)*
Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 87,566	\$ 103,717	\$ 107,939
Local Government and other	140,100	132,713	197,571
	227,666	236,430	305,510
TRANSFERS FOR CAPITAL:			
Donations	52,500	-	-
Provincial Government	-	-	25,690
Federal Government	-	-	-
	52,500	-	25,690
TOTAL GOVERNMENT TRANSFERS	\$ 280,166	\$ 236,430	\$ 331,200

VILLAGE OF BOYLE
Consolidated Schedule of Expenses by Object *(Schedule 4)*
Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 1,032,744	\$ 1,022,048	\$ 986,594
Contracted and general services	390,225	393,215	354,087
Materials, goods and utilities	745,800	618,784	662,720
Purchases from other government	600,000	616,731	563,438
Transfers to local boards and agencies	132,725	125,732	122,120
Bank charges and long term interest	108,670	107,194	112,801
Grants to other organizations	13,500	13,050	12,900
Provision for allowances	2,000	-	23,430
Amortization of tangible capital assets	568,199	543,809	568,199
Other expenditures	-	5,088	17,557
	<u>\$ 3,593,863</u>	<u>\$ 3,445,651</u>	<u>\$ 3,423,846</u>

VILLAGE OF BOYLE
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2019
SCHEDULE 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2019	Total 2018
BALANCE, BEGINNING OF YEAR	\$ 2,877,567	\$ 1,363,727	\$ 10,145,794	\$ 14,387,088	\$ 14,534,112
Excess (Deficiency) of revenues over expenses	(219,657)	-	-	(219,657)	(147,024)
Unrestricted funds designated for future use	(129,500)	129,500	-	-	-
Restricted funds used for operations	146,600	(146,600)	-	-	-
Current year funds used for tangible capital assets	(137,287)	-	137,287	-	-
Annual amortization expense	543,809	-	(543,809)	-	-
Long term debt repaid	(160,026)	-	160,026	-	-
Change in accumulated surplus	43,939	(17,100)	(246,496)	(219,657)	(147,024)
BALANCE, END OF YEAR	\$ 2,921,506	\$ 1,346,627	\$ 9,899,298	\$ 14,167,431	\$ 14,387,088

VILLAGE OF BOYLE
SCHEDULE OF SEGMENTED DISCLOSURE
For the Year Ended December 31, 2019
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas	Other	Total
REVENUE:									
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,066,515	\$ 1,066,515
Government transfers	-	54,500	25,876	7,765	148,289	-	-	-	236,430
User fees and sales of goods	2,284	48,880	2,075	-	19,023	932,560	519,224	-	1,524,046
Investment income	-	-	-	-	-	-	-	70,340	70,340
Rentals	1,800	15,000	8,120	70,431	49,997	-	-	-	145,348
Other revenues	52,782	22,633	59,125	4,897	6,679	9,727	27,472	-	183,315
	56,866	141,013	95,196	83,093	223,988	942,287	546,696	1,136,855	3,225,994
EXPENSES:									
Contract & general services	135,134	17,658	44,096	2,136	57,494	119,720	16,977	-	393,215
Salaries & wages	295,706	39,920	287,984	61,435	153,245	95,788	87,970	-	1,022,048
Goods & supplies	37,752	45,066	204,778	48,868	197,814	71,461	13,045	-	618,784
Purchases from other	-	-	-	-	-	376,739	239,992	-	616,731
Grants to other	13,050	-	-	25,126	27,540	61,811	-	11,255	138,782
Other expenses	110,645	-	191	356	1,090	-	-	-	112,282
	592,287	102,644	537,049	137,921	437,183	725,519	357,984	11,255	2,901,842
NET REVENUE, BEFORE AMORTIZATION	(535,421)	38,369	(441,853)	(54,828)	(213,195)	216,768	188,712	1,125,600	324,152
Amortization expense	162,622	46,394	41,878	-	191,272	65,492	36,151	-	543,809
NET REVENUE	(698,043)	(8,025)	(483,731)	(54,828)	(404,467)	151,276	152,561	1,125,600	(219,657)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Boyle 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 Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Village of Boyle 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 of Boyle and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources.

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

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

b) Basis of Accounting

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

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

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VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

f) 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.

g) 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.

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.

(continues)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

i) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village of Boyle 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.

k) 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.

(continues)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

l) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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:

Land improvements	15 to 20 years
Buildings	25 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	3 to 20 years
Engineered structures	15 to 65 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

2. CASH AND TEMPORARY INVESTMENTS

	2019	2018
Bank account	<u>\$ 4,529,266</u>	<u>\$ 3,780,315</u>

Council has designated funds of \$1,346,627 (2018 - \$1,363,727) included in the above amounts for equipment replacement and other restricted purposes.

Included in temporary investments is a restricted amount of \$1,261,634 (2018 - \$768,634) received from various sources and shown as deferred revenue.

3. TAXES AND GRANTS IN PLACE OF TAXES

	2019	2018
Taxes and grants - current	\$ 107,432	\$ 48,894
Property taxes - arrears	32,928	14,868
	<u>\$ 140,360</u>	<u>\$ 63,762</u>

4. INVESTMENTS

	2019	2018
Debenture receivable	\$ 32,500	\$ 32,500
Class "A" common shares	105	105
	<u>32,605</u>	<u>32,605</u>
Other investment	<u>187</u>	<u>187</u>
	<u>\$ 32,792</u>	<u>\$ 32,792</u>

The Village of Boyle has signed an agreement with Gas Alberta Inc. to exclusively buy natural gas from Gas Alberta Inc. The Village was required to invest in common shares and provide a loan to assist with initial operating capital. The loan is secured by a debenture and is non-interest bearing.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

5. DEFERRED REVENUE

	2019	2018
Other non-government	\$ 28,211	\$ 35,583
Federal Gas Tax (formerly Alberta Infrastructure - New Deal for Cities and Communities)	205,801	101,276
Municipal Sustainability Initiative	1,027,622	631,775
	\$ 1,261,634	\$ 768,634

6. LONG TERM DEBT

	2019	2018
Tax supported debentures	\$ 3,159,156	\$ 3,319,182

Principal and interest repayment terms are as follows:

2020	\$ 82,548	\$ 98,147	\$ 180,695
2021	85,149	95,546	180,695
2022	87,833	92,862	180,695
2023	90,601	90,094	180,695
2024	93,456	87,239	180,695
Thereafter	2,719,569	984,666	3,704,235
	\$ 3,159,156	\$ 1,448,554	\$ 4,607,710

The current portion of the long-term debt amounts to \$82,548 (2018 -\$82,002).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.127% per annum and matures January 15, 2045.

Interest on long term debt amounted to \$101,655 (2018 - \$105,660).

7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Village of Boyle be disclosed as follows:

	2019	2018
Total debt limit	\$ 4,838,991	\$ 4,876,698
Total debt	3,159,156	3,319,182
Amount of debt limit unused	1,679,835	1,557,516

(continues)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

7. DEBT LIMITS (continued)

Debt servicing limit	806,499	812,783
Debt servicing	180,695	185,157
Amount of debt servicing limit unused	625,804	627,626

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule 1)	\$ 36,949,882	\$ 36,812,595
Accumulated amortization (Schedule 1)	(23,891,428)	(23,347,619)
	13,058,454	13,464,976
Long term debt (Note 6)	(3,159,156)	(3,319,182)
	\$ 9,899,298	\$ 10,145,794

9. ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted surplus (deficit)	\$ 2,921,506	\$ 2,877,567
Restricted surplus		
Utility Reserves (incl. gas)	880,245	820,245
Recreation Reserves	130,942	130,942
Public Works Reserves (incl. roads)	176,904	323,504
Other Reserves	158,536	89,036
Equity in tangible capital assets (Note 8)	9,899,298	10,145,794
	\$ 14,167,431	\$ 14,387,088

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

10. SEGMENTED DISCLOSURE

The Village of Boyle 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).

11. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & allowances ²	2019 Total	2018 Total
<u>Councillors</u>				
Antal	\$ 11,665	\$ 5,022	\$ 16,687	\$ 16,839
Ferguson	13,320	6,675	19,995	15,931
Kiteley	14,425	6,342	20,767	18,675
Smith	21,215	9,885	31,100	22,540
<u>Mayor</u>				
Derko	20,630	8,679	29,309	28,886
Chief Administration Officer	104,156	8,319	112,475	114,148
Chief Administration Officer	20,858	1,988	22,846	-

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.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Boyle participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. LAPP serves about 265,813 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current services are recorded as expenditures in the year in which they become due.

The Village of Boyle is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village of Boyle are required to make current service contributions of 8.39% on pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions made by the Village of Boyle to LAPP in 2019 were \$59,732 (2018 - \$68,868). Total current service contributions made by the employees of the Village of Boyle to the Local Authorities Pension Plan in 2019 were \$53,938 (2018 - \$62,818).

At December 31, 2018, LAPP disclosed an actuarial surplus of \$3.47 billion.

13. CONTINGENCIES

The Village of Boyle is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Boyle 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.

The Village of Boyle is a member of the Joint Modified Landfill Committee. Under the terms of this agreement, the Village is liable for its proportionate share of closure and post-closure costs associated with the landfill. The Committee has established a reserve for landfill closure and post-closure costs and plans to fund this reserve annually. When the landfill reaches capacity, the Village of Boyle may become liable for its proportionate share of the actual closure and post-closure costs should they exceed the reserve established by the Committee. Due to the uncertainty surrounding this potential liability and since the closure and post-closure costs are not determinable at this time, no amount has been recorded in the financial statements to reflect this contingency.

14. FINANCIAL INSTRUMENTS

The Village of Boyle's financial instruments consist of cash, investments, accounts receivable, deposit liabilities and long term debt. It is management's opinion that the Village of Boyle is not exposed to significant interest or currency risks arising from these financial instruments.

The Village of Boyle is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village of Boyle 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 carrying value of the financial instrument approximates fair value.

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2019

15. COMMITMENTS

The Village of Boyle is committed to a regional water project which will cost the Village an estimated \$1.2 million. In 2017, the Village water department's expense included interest paid on loans taken out by the Regional Water Commission, along with commissions and water purchases.

16. LEGAL MATTERS

The Village of Boyle has been named in a lawsuit where another municipality is the principle defendant. The suit seeks damages of \$600,000 total from both defendants. It is unclear at this time what the legal liability for the Village is.

17. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
