

VILLAGE OF BOYLE
Consolidated Financial Statements
December 31, 2018

VILLAGE OF BOYLE
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December 31, 2018

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Shoemaker, Viney & Friesen

CHARTERED 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, 2018, 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, 2018, 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.

(continues)

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.

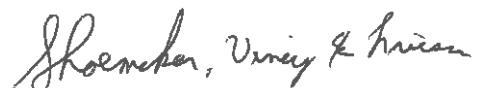
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Westlock, Alberta
April 17, 2019



CHARTERED ACCOUNTANTS

VILLAGE OF BOYLE
Consolidated Statement of Financial Position
Year Ended December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 3,780,315	\$ 3,162,783
Taxes and grants in place of taxes <i>(Note 3)</i>	63,762	78,503
Trade and other receivables	1,141,210	1,277,685
Land for resale inventory	1	1
Investments <i>(Note 4)</i>	32,792	32,792
	5,018,080	4,551,764
LIABILITIES		
Accounts payable and accrued liabilities	50,175	47,390
Deferred revenue <i>(Note 5)</i>	768,634	606,697
Long term debt <i>(Note 6)</i>	3,319,182	3,398,679
	4,137,991	4,052,766
NET FINANCIAL ASSETS (DEBT)	880,089	498,998
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 1)</i>	13,464,976	13,994,660
Inventory for consumption	23,973	25,365
Prepaid expenses	18,050	15,089
	13,506,999	14,035,114
ACCUMULATED SURPLUS <i>(Note 9) (Schedule 5)</i>	\$ 14,387,088	\$ 14,534,112

Contingencies and commitments - See Notes 13 and 15

VILLAGE OF BOYLE
Consolidated Statement of Operations
Year Ended December 31, 2018

	Budget (unaudited)	2018	2017
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 1,058,535	\$ 1,054,480	\$ 1,187,336
User fees and sales of goods	1,456,415	1,499,412	1,499,870
Government transfers for operating <i>(Schedule 3)</i>	164,740	305,510	333,190
Penalties, costs of taxes and fines	62,200	79,860	75,354
Rentals	141,940	181,674	174,960
Licenses and permits	11,000	11,589	34,847
Investment income	20,000	52,092	39,611
Other	12,500	25,758	96,578
Donations	5,000	-	23,198
Franchise fees	45,000	40,757	29,342
Total Revenue	2,977,330	3,251,132	3,494,286
EXPENSES			
Legislative	125,820	131,633	138,489
Administration	453,835	439,412	414,598
Protective services	109,615	90,629	81,989
Roads, streets, walks, lighting	499,350	473,260	446,024
Water supply and distribution	519,865	478,858	611,851
Wastewater treatment and disposal	47,585	45,530	46,117
Waste management	154,340	153,198	155,030
Family and community support	10,420	10,421	10,421
Land use planning, zoning and development	58,895	60,267	47,450
Subdivision land development	64,775	75,759	88,465
Parks, recreation and culture	487,955	434,064	396,697
Natural gas supply and distribution	433,180	462,616	475,108
Amortization of tangible capital assets	596,509	568,199	596,509
Total Expenses	3,562,144	3,423,846	3,508,748
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(584,814)	(172,714)	(14,462)
CAPITAL INCOME			
Government transfers for capital <i>(Schedule 3)</i>	147,660	25,690	270,974
Donations <i>(Schedule 3)</i>	28,450	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(408,704)	(147,024)	256,512
ACCUMULATED SURPLUS - BEGINNING OF YEAR	14,534,112	14,534,112	14,277,600
ACCUMULATED SURPLUS - END OF YEAR	\$ 14,125,408	\$ 14,387,088	\$ 14,534,112

VILLAGE OF BOYLE
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2018

	2018	2017
EXCESS OF REVENUE OVER EXPENSES	\$ (147,024)	\$ 256,512
Purchase of tangible capital assets	(38,515)	(381,068)
Amortization of tangible capital assets	568,199	596,508
	<u>529,684</u>	<u>215,440</u>
(Acquisition) disposal of inventory	1,392	7,793
(Acquisition) disposal of prepaid expenses	(2,961)	6,672
	<u>(1,569)</u>	<u>14,465</u>
(INCREASE)/DECREASE IN NET FINANCIAL ASSETS (DEBT)	381,091	486,417
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	498,998	12,581
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ 880,089	\$ 498,998

VILLAGE OF BOYLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (147,024)	\$ 256,512
Item not affecting cash:		
Amortization of tangible capital assets	568,199	596,508
	<u>421,175</u>	<u>853,020</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	14,741	(25,310)
Trade and other receivables	136,475	545,370
Accounts payable and accrued liabilities	2,785	(54,987)
Deferred revenue	161,937	(37,166)
Inventory for consumption	1,392	7,793
Prepaid expenses	(2,961)	6,672
	<u>314,369</u>	<u>442,372</u>
Cash flow from operating activities	<u>735,544</u>	<u>1,295,392</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(38,515)	(381,068)
Investments	-	59
Cash flow used by investing activities	<u>(38,515)</u>	<u>(381,009)</u>
FINANCING ACTIVITY		
Long term debt issued (repaid)	(79,497)	(380,405)
Net change in cash and cash equivalents during the year	617,532	533,978
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,162,783</u>	<u>2,628,805</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,780,315</u>	<u>\$ 3,162,783</u>

**Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2018**
(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
COST:								
BALANCE, BEGINNING OF YEAR	\$ 1,464,395	979,423	17,600,545	14,749,945	1,352,365	627,407	36,774,080	36,393,012
Acquisitions	-	33,680	-	-	4,835	-	38,515	381,068
BALANCE, END OF YEAR	1,464,395	979,423	17,634,225	14,749,945	1,357,200	627,407	36,812,595	36,774,080
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	553,040	9,388,109	11,135,076	1,285,984	417,211	22,779,420	22,182,912
Annual amortization	-	39,176	350,842	114,648	26,692	36,841	568,199	596,508
BALANCE, END OF YEAR	-	592,216	9,738,951	11,249,724	1,312,676	454,052	23,347,619	22,779,420
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,464,395	387,207	7,895,274	3,500,221	44,524	173,355	13,464,976	13,994,660

VILLAGE OF BOYLE
Consolidated Schedule of Property and Other Taxes *(Schedule 2)*
Year Ended December 31, 2018

	Budget (Unaudited)	2018	2017.
TAXATION			
Residential land and improvements	\$ 800,275	\$ 800,175	\$ 790,071
Non residential land and improvements	286,631	282,783	371,273
Linear property taxes	187,035	187,891	178,877
Machinery and equipment	81,670	82,068	122,974
Government grants in place of property taxes	15,594	13,918	12,232
	1,371,205	1,366,835	1,476,043
REQUISITIONS			
Alberta School Foundation Fund	285,025	284,712	261,316
Greater North Foundation	27,645	27,643	27,391
	312,670	312,355	288,707
NET MUNICIPAL TAXES	\$ 1,058,535	\$ 1,054,480	\$ 1,187,336

VILLAGE OF BOYLE
Consolidated Schedule of Government Transfers *(Schedule 3)*
Year Ended December 31, 2018

	Budget (Unaudited)	2018	2017
TRANSFERS FOR OPERATING:			
Federal Government	\$ 4,725	\$ -	\$ 152,345
Provincial Government	38,180	107,939	59,680
Local Government	121,835	197,571	121,165
	<u>164,740</u>	<u>305,510</u>	<u>333,190</u>
TRANSFERS FOR CAPITAL:			
Donations	28,450	-	-
Provincial Government	-	25,690	270,974
Federal Government	147,660	-	-
	<u>176,110</u>	<u>25,690</u>	<u>270,974</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 340,850</u>	<u>\$ 331,200</u>	<u>\$ 604,164</u>

VILLAGE OF BOYLE
Consolidated Schedule of Expenses by Object
Year Ended December 31, 2018

(Schedule 4)

	Budget (Unaudited)	2018	2017
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 947,625	\$ 986,594	\$ 928,382
Contracted and general services	410,620	354,087	366,571
Materials, goods and utilities	677,300	662,720	585,971
Purchases from other government	670,625	563,438	745,132
Transfers to local boards and agencies	120,805	122,120	110,784
Bank charges and long term interest	111,160	112,801	120,636
Grants to other organizations	13,500	12,900	30,975
Provision for allowances	14,000	23,430	-
Amortization of tangible capital assets	596,509	568,199	596,508
Other expenditures	-	17,557	23,789
	<u>\$ 3,562,144</u>	<u>\$ 3,423,846</u>	<u>\$ 3,508,748</u>

VILLAGE OF BOYLE
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2018
SCHEDULE 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2018	Total 2017
BALANCE, BEGINNING OF YEAR	\$ 2,574,404	\$ 1,363,727	\$ 10,595,981	\$ 14,534,112	\$ 14,277,600
Excess (Deficiency) of revenues over expenses	(147,024)	-	-	(147,024)	256,512
Current year funds used for tangible capital assets	(38,515)	-	38,515	-	-
Annual amortization expense	568,199	-	(568,199)	-	-
Long term debt repaid	(79,497)	-	79,497	-	-
Change in accumulated surplus	303,163	-	(450,187)	(147,024)	256,512
BALANCE, END OF YEAR	\$ 2,877,567	\$ 1,363,727	\$ 10,145,794	\$ 14,387,088	\$ 14,534,112

VILLAGE OF BOYLE
SCHEDULE OF SEGMENTED DISCLOSURE
For the Year Ended December 31, 2018
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas	Other	Total
REVENUE:									
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,480	\$ 1,054,480
Government transfers	-	-	-	7,973	136,909	75,003	111,315	-	331,200
User fees and sales of goods	3,075	89,523	6,725	-	5,353	885,913	508,823	-	1,499,412
Investment income	-	-	-	-	-	-	-	52,092	52,092
Rentals	2,326	15,000	11,788	74,105	78,455	-	-	-	181,674
Other revenues	86,079	10,295	40,757	5,198	-	8,668	6,967	-	157,964
	91,480	114,818	59,270	87,276	220,717	969,584	627,105	1,106,572	3,276,822
EXPENSES:									
Contract & general services	135,644	13,725	21,423	1,547	59,300	105,938	16,510	-	354,087
Salaries & wages	242,135	38,707	277,339	60,605	151,321	105,327	111,160	-	986,594
Goods & supplies	42,532	38,197	174,489	39,858	191,617	75,296	100,721	-	662,720
Purchases from other	-	-	-	-	-	329,213	234,225	-	563,438
Grants to other	12,900	-	-	18,062	31,926	61,811	-	10,321	135,020
Other expenses	137,834	-	-	15,954	-	-	-	-	153,788
	571,045	90,629	473,261	136,026	434,164	677,585	462,616	10,321	2,855,647
NET REVENUE, BEFORE AMORTIZATION	(479,565)	24,189	(413,991)	(48,750)	(213,447)	291,999	164,489	1,096,251	421,175
Amortization expense	168,216	46,394	45,044	-	207,417	64,978	36,150	-	568,199
NET REVENUE	(647,781)	(22,205)	(459,035)	(48,750)	(420,864)	227,021	128,339	1,096,251	(147,024)

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2018

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 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, 2018

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, 2018

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, 2018

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 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, 2018

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Bank account	<u>\$ 3,780,315</u>	<u>\$ 3,162,783</u>

Council has designated funds of \$1,363,727 (2017 - \$1,363,727) included in the above amounts for equipment replacement and other restricted purposes.

3. TAXES AND GRANTS IN PLACE OF TAXES

	2018	2017
Taxes and grants - current	\$ 48,894	\$ 42,147
Property taxes - arrears	14,868	36,356
	<u>\$ 63,762</u>	<u>\$ 78,503</u>

4. INVESTMENTS

	2018	2017
Debenture receivable	\$ 32,500	\$ 32,500
Class "A" common shares	105	105
	<u>32,605</u>	<u>32,605</u>
Other investment	187	187
	<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.

5. DEFERRED REVENUE

	2018	2017
Other non-government	\$ 35,583	\$ 41,970
Federal Gas Tax (formerly Alberta Infrastructure - New Deal for Cities and Communities)	101,276	99,846
Municipal Sustainability Initiative	631,775	464,881
	<u>\$ 768,634</u>	<u>\$ 606,697</u>

VILLAGE OF BOYLE
Notes to Consolidated Financial Statements
December 31, 2018

6. LONG TERM DEBT

	2018	2017
Tax supported debentures	\$ 3,319,182	\$ 3,398,679

Principal and interest repayment terms are as follows:

2019	\$ 82,002	\$ 103,155	\$ 185,157
2020	84,587	100,570	185,157
2021	87,252	97,905	185,157
2022	90,002	95,155	185,157
2023	92,838	92,319	185,157
Thereafter	2,882,501	172,592	3,055,093
	\$ 3,319,182	\$ 661,696	\$ 3,980,878

The current portion of the long-term debt amounts to \$72,002 (2017 -\$79,497).

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 \$105,660 (2017 - \$115,864).

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 Boyle be disclosed as follows:

	2018	2017
Total debt limit	\$ 4,876,698	\$ 5,223,429
Total debt	3,319,182	3,398,679
Amount of debt limit unused	1,557,516	1,824,750
Debt servicing limit	812,783	870,572
Debt servicing	185,157	185,157
Amount of debt servicing limit unused	627,626	685,415

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 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.

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8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets (Schedule 1)	\$ 36,812,595	\$ 36,774,080
Accumulated amortization (Schedule 1)	<u>(23,347,619)</u>	<u>(22,779,420)</u>
	13,464,976	13,994,660
Long term debt (Note 6)	<u>(3,319,182)</u>	<u>(3,398,679)</u>
	<u>\$ 10,145,794</u>	<u>\$ 10,595,981</u>

9. ACCUMULATED SURPLUS

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

	2018	2017
Unrestricted surplus (deficit)	\$ 2,877,567	\$ 2,574,404
Restricted surplus		
Utility Reserves (incl. gas)	820,245	820,245
Recreation Reserves	130,942	130,942
Public Works Reserves (incl. roads)	323,504	323,504
Other Reserves	89,036	89,036
Equity in tangible capital assets (Note 8)	<u>10,145,794</u>	<u>10,595,981</u>
	<u>\$ 14,387,088</u>	<u>\$ 14,534,112</u>

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).

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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	2018 Total	2017 Total
Councillors				
Antal	\$ 11,935	\$ 4,904	\$ 16,839	\$ 16,394
Ferguson	11,040	4,891	15,931	4,309
Kiteley	13,745	4,930	18,675	4,329
Smith	17,555	4,985	22,540	5,025
Assaf	-	-	-	12,822
Radmanovich	-	-	-	14,371
Mayor				
Derko	23,810	5,076	28,886	18,225
Clark	-	-	-	12,454
Chief Administration Officer	95,495	18,653	114,148	104,917

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. 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. The LAPP serves about 259,714 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Village of Boyle are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Village of Boyle to the LAPP in 2018 were \$68,868 (2017 - \$74,477). Total current service contributions by the employees of the Village of Boyle to the Local Authorities Pension Plan in 2018 were \$62,818 (2017 - \$68,443).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

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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.

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. BUDGET FIGURES

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

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
