

**VILLAGE OF BAWLF**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council of the Village of Bawlf:**

*Report on the Consolidated Financial Statements*

### *Opinion*

I have audited the consolidated financial statements of the Village of Bawlf (the Entity), which comprise the consolidated statement of financial position as at December 31, 2018, 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 Bawlf as at December 31, 2018, 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:



**Brian King Professional Corporation**  
Chartered Professional Accountant



- 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 5.
- 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 9.

M.D. of Wainwright  
June 19, 2019

Brian King Professional Corporation  
Chartered Professional Accountant

# VILLAGE OF BAWLF

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	1,220,984	711,318
Taxes and grants in place of taxes (Note 3)	64,862	63,088
Trade and other receivables	17,464	20,268
Due from other governments	121,856	451,342
Inventory held for resale	180,000	180,000
Other financial assets	1,012	1,012
	<u>1,606,178</u>	<u>1,427,028</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	49,497	94,181
Deposits held in trust	3,073	1,600
Deferred revenue (Note 4)	904,880	732,862
	<u>957,450</u>	<u>828,643</u>
<b>NET FINANCIAL ASSETS</b>	<u>648,728</u>	<u>598,385</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>4,318,734</u>	<u>4,386,545</u>
<b>ACCUMULATED SURPLUS (NOTE 7)</b>	<u>4,967,462</u>	<u>4,984,930</u>

*Commitments and contingencies - See Note 10*



# VILLAGE OF BAWLF

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (unaudited)	2018	2017
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	295,612	<b>294,953</b>	269,497
User fees and sales of goods	198,050	<b>214,462</b>	248,933
Penalties and costs on taxes	13,500	<b>13,620</b>	14,514
Licenses and permits	5,000	<b>4,740</b>	3,901
Fines	800	<b>596</b>	822
Franchise and concession contracts	-	<b>12,779</b>	12,349
Investment income	400	<b>4,776</b>	2,192
Government transfers for operating	21,135	<b>73,573</b>	78,322
Other	10,209	<b>1,150</b>	19,650
	<u>544,706</u>	<u><b>620,649</b></u>	<u>650,180</u>
<b>EXPENSES</b>			
Legislative	11,020	<b>10,870</b>	11,478
Administration	160,610	<b>192,634</b>	174,471
Protective services	58,116	<b>42,438</b>	54,747
Transportation	186,634	<b>162,598</b>	152,209
Water supply and distribution	103,711	<b>100,775</b>	128,608
Wastewater treatment and disposal	74,487	<b>35,929</b>	86,238
Waste management	30,800	<b>31,648</b>	30,473
Public health and welfare	12,659	<b>3,014</b>	3,089
Planning and development	11,257	<b>10,889</b>	29,531
Recreation	24,185	<b>11,979</b>	15,457
Culture	8,727	<b>6,579</b>	7,308
Amortization	140,000	<b>149,617</b>	146,635
Loss (gain) on disposal of assets	(12,500)	<b>(10,700)</b>	-
	<u>809,706</u>	<u><b>748,270</b></u>	<u>840,244</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(265,000)	<b>(127,621)</b>	(190,064)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	<b>110,153</b>	314,339
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(265,000)	<b>(17,468)</b>	124,275
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,984,930</u>	<u><b>4,984,930</b></u>	<u>4,860,655</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>4,719,930</u></u>	<u><u><b>4,967,462</b></u></u>	<u><u>4,984,930</u></u>

# VILLAGE OF BAWLF

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (unaudited)	2018	2017
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(265,000)</u>	<u>(17,468)</u>	<u>124,275</u>
Acquisition of tangible capital assets	-	(97,106)	(277,984)
Proceeds on disposal of tangible capital assets	-	26,000	-
Amortization of tangible capital assets	140,000	149,617	146,635
Loss on sale of tangible capital assets	<u>(12,500)</u>	<u>(10,700)</u>	<u>-</u>
	<u>127,500</u>	<u>67,811</u>	<u>(131,349)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<u>(137,500)</u>	<u>50,343</u>	<u>(7,074)</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>598,385</u>	<u>598,385</u>	<u>605,459</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>460,885</u></u>	<u><u>648,728</u></u>	<u><u>598,385</u></u>

# VILLAGE OF BAWLF

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	(17,468)	124,275
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	149,617	146,635
Loss on disposal of tangible capital assets	(10,700)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(1,774)	(14,792)
Decrease (increase) in due from other governments	329,486	(178,996)
Decrease (increase) in trade and other receivables	2,804	2,294
Decrease (increase) in inventory held for resale	-	(156,594)
Increase (decrease) in accounts payable and accrued liabilities	(44,684)	(19,306)
Increase (decrease) in deposits held in trust	1,473	(200)
Increase (decrease) in deferred revenue	172,018	(79,819)
	<u>580,772</u>	<u>(176,503)</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(97,106)	(277,984)
Sale of tangible capital assets	26,000	-
	<u>(71,106)</u>	<u>(277,984)</u>
<b>INVESTING</b>		
Decrease (increase) in restricted cash or cash equivalents	<u>(482,480)</u>	<u>264,539</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>27,186</b>	<b>(189,948)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>409,799</b></u>	<u><b>599,747</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>436,985</b></u></u>	<u><u><b>409,799</b></u></u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash and temporary investments (Note 2)	1,220,984	711,318
Less: restricted portion of cash and temporary investments (Note 2)	<u>(783,999)</u>	<u>(301,519)</u>
	<u><u><b>436,985</b></u></u>	<u><u><b>409,799</b></u></u>



# VILLAGE OF BAWLF

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2018 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	387,402	210,983	4,386,545	<b>4,984,930</b>	4,860,655
Excess (deficiency) of revenues over expenses	(17,468)	-	-	(17,468)	124,275
Current year funds used for tangible capital assets	(97,106)	-	97,106	-	-
Disposal of tangible capital assets	15,300	-	(15,300)	-	-
Annual amortization expense	149,617	-	(149,617)	-	-
Change in accumulated surplus	50,343	-	(67,811)	(17,468)	124,275
<b>BALANCE, END OF YEAR</b>	<b>437,745</b>	<b>210,983</b>	<b>4,318,734</b>	<b>4,967,462</b>	<b>4,984,930</b>



# VILLAGE OF BAWLF

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2018	2017
<b>COST:</b>								
Balance - beginning of year	40,745	5	1,710,362	5,887,075	249,372	105,099	7,992,658	7,714,674
Acquisition of tangible capital assets	-	-	-	97,106	-	-	97,106	277,984
Disposal of tangible capital assets	-	-	-	-	64,487	-	64,487	-
Balance - end of year	40,745	5	1,710,362	5,984,181	184,885	105,099	8,025,277	7,992,658
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	5	531,512	2,811,612	222,289	40,695	3,606,113	3,459,478
Annual amortization	-	-	34,207	103,175	5,201	7,034	149,617	146,635
Accumulated amortization on disposals	-	-	-	-	49,187	-	49,187	-
Balance - end of year	-	5	565,719	2,914,787	178,303	47,729	3,706,543	3,606,113
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>40,745</b>	<b>-</b>	<b>1,144,643</b>	<b>3,069,394</b>	<b>6,582</b>	<b>57,370</b>	<b>4,318,734</b>	<b>4,386,545</b>
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	40,745	-	1,178,850	3,075,463	27,083	64,404	4,386,545	

# VILLAGE OF BAWLF

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2018 (Schedule 3)

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Real property taxes	380,461	<b>379,813</b>	349,166
Linear property taxes	3,889	<b>3,889</b>	3,605
	<u>384,350</u>	<u><b>383,702</b></u>	<u>352,771</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	88,738	<b>88,738</b>	83,274
Designated Industrial Levy	-	<b>11</b>	-
	<u>88,738</u>	<u><b>88,749</b></u>	<u>83,274</u>
<b>NET MUNICIPAL TAXES</b>	<u>295,612</u>	<u><b>294,953</b></u>	<u>269,497</u>

# VILLAGE OF BAWLF

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2018 (Schedule 4)

	Budget (Unaudited)	2018	2017
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	-	<b>45,202</b>	47,028
Local Governments	21,135	<b>28,371</b>	31,294
	<u>21,135</u>	<u><b>73,573</b></u>	<u>78,322</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	<b>77,744</b>	28,597
Provincial Government	-	<b>32,409</b>	285,742
	<u>-</u>	<u><b>110,153</b></u>	<u>314,339</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>21,135</u>	<u><b>183,726</b></u>	<u>392,661</u>



# VILLAGE OF BAWLF

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2018 (Schedule 5)

	Budget (Unaudited)	2018	2017
<b>Expenditures</b>			
Salaries, wages and benefits	252,338	<b>242,964</b>	248,515
Contracted and general services	313,408	<b>259,974</b>	299,838
Purchases from other governments	2,917	<b>1,507</b>	2,716
Materials, goods and utilities	69,610	<b>76,226</b>	105,177
Transfers to local boards and agencies	37,733	<b>26,910</b>	25,541
Other expenditures	6,200	<b>1,772</b>	11,822
Amortization of tangible capital assets	140,000	<b>149,617</b>	146,635
Loss (gain) on disposal of tangible capital assets	(12,500)	<b>(10,700)</b>	-
	<u>809,706</u>	<u><b>748,270</b></u>	<u>840,244</u>

# VILLAGE OF BAWLF

## SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2018 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	294,953	-	-	-	-	-	-	294,953
User fees and sales of goods	2,951	-	-	189,286	400	18,030	3,795	214,462
Penalties and costs on taxes	12,157	-	-	1,463	-	-	-	13,620
Licenses and permits	1,050	2,830	-	-	-	860	-	4,740
Fines	-	596	-	-	-	-	-	596
Franchise and concession contracts	12,779	-	-	-	-	-	-	12,779
Investment income	4,776	-	-	-	-	-	-	4,776
Government transfers	40,202	28,371	5,000	-	-	-	-	73,573
Other	-	-	-	-	1,150	-	-	1,150
	<u>368,868</u>	<u>31,797</u>	<u>5,000</u>	<u>190,749</u>	<u>1,550</u>	<u>18,890</u>	<u>3,795</u>	<u>620,649</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	137,233	11,365	63,109	27,435	-	-	3,822	242,964
Contracted and general services	55,434	26,551	58,792	107,471	-	9,382	2,344	259,974
Purchases from other governments	-	-	-	-	-	1,507	-	1,507
Materials, goods and utilities	9,065	4,522	32,752	27,972	-	-	1,915	76,226
Transfers to local boards and agencies	-	-	-	13,419	3,014	-	10,477	26,910
Other expenditures	1,772	-	-	-	-	-	-	1,772
	<u>203,504</u>	<u>42,438</u>	<u>154,653</u>	<u>176,297</u>	<u>3,014</u>	<u>10,889</u>	<u>18,558</u>	<u>609,353</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>165,364</u>	<u>(10,641)</u>	<u>(149,653)</u>	<u>14,452</u>	<u>(1,464)</u>	<u>8,001</u>	<u>(14,763)</u>	<u>11,296</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	7,715	12,422	47,366	67,614	-	-	14,500	149,617
Loss on disposal of tangible capital assets	-	-	(10,700)	-	-	-	-	(10,700)
	<u>7,715</u>	<u>12,422</u>	<u>36,666</u>	<u>67,614</u>	<u>-</u>	<u>-</u>	<u>14,500</u>	<u>138,917</u>
<b>NET REVENUE</b>	<u>157,649</u>	<u>(23,063)</u>	<u>(186,319)</u>	<u>(53,162)</u>	<u>(1,464)</u>	<u>8,001</u>	<u>(29,263)</u>	<u>(127,621)</u>

# VILLAGE OF BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Bawlf 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 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.

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

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

#### **b) Basis of Accounting**

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

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

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



# VILLAGE OF BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

#### d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

#### f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

#### g) 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.

#### h) 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.

# VILLAGE OF BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) 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.

#### j) 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	25-50
Engineered structures - other	15-40
Engineered structures - water system	35-75
Engineered structures - wastewater system	35-75
Land improvements	15-20
Machinery and equipment	5-20
Vehicles	3-20

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.



# VILLAGE OF BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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

	2018	2017
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)		
Federal Gas Tax	43,659	21,403
Municipal Sustainability Initiative - capital	722,267	246,107
Basic Municipal Transportation Grant	-	32,409
Alberta Community Partnership	15,000	-
	<u>780,926</u>	<u>299,919</u>
Deposits held in trust	3,073	1,600
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	210,983	210,983
Total restricted cash and term deposits	<u>994,982</u>	<u>512,502</u>
Total unrestricted cash and term deposits	<u>226,002</u>	<u>198,816</u>

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

	2018	2017
Current taxes and grants in place of taxes	44,707	38,413
Arrears taxes	20,155	24,675
	<u>64,862</u>	<u>63,088</u>

### 4. DEFERRED INCOME

Deferred income consists of the following:	2018	2017
Federal Gas Tax	43,659	71,403
Municipal Sustainability Initiative - capital	826,266	610,567
Alberta Community Partnership	15,000	-
Basic Municipal Transportation Grant	-	32,409
Prepaid property taxes	19,955	18,483
	<u>904,880</u>	<u>732,862</u>



# VILLAGE OF BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 5. 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 Bawlf be disclosed as follows:

	<u>2018</u>	<u>2017</u>
Total debt limit	<u>930,974</u>	<u>975,270</u>
Total debt	<u>-</u>	<u>-</u>
Surplus debt limit	<u>930,974</u>	<u>975,270</u>
Debt servicing limit	<u>155,162</u>	<u>162,545</u>
Debt servicing	<u>-</u>	<u>-</u>
Surplus debt servicing	<u>155,162</u>	<u>162,545</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.

### 6. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Tangible capital assets (Schedule 2)	<u>8,025,277</u>	<u>7,992,658</u>
Accumulated amortization (Schedule 2)	<u>(3,706,543)</u>	<u>(3,606,113)</u>
	<u>4,318,734</u>	<u>4,386,545</u>

# VILLAGE OF BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 7. ACCUMULATED SURPLUS

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

	<u>2018</u>	<u>2017</u>
<b>Unrestricted surplus</b>	<u><b>437,745</b></u>	<u>387,402</u>
<b>Restricted surplus</b>		
Fire department	18,835	18,835
Water	83,684	83,684
General	<u>108,464</u>	<u>108,464</u>
	<u><b>210,983</b></u>	<u>210,983</u>
<b>Equity in tangible capital assets</b>	<u><b>4,318,734</b></u>	<u>4,386,545</u>
	<u><u><b>4,967,462</b></u></u>	<u><u>4,984,930</u></u>

### 8. SEGMENTED DISCLOSURE

The Village of Bawlf 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 BAWLF

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

### 9. 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:

	2018			2017
	Salary	Benefits & Allowances	Total	Total
Adams	1,780	-	1,780	490
Buchanan	-	-	-	1,140
Demerch	2,330	-	2,330	690
Lorente	710	-	710	490
Gartner	230	-	230	-
Mohan	-	-	-	690
Tessari	-	-	-	1,370
Thompson	2,100	-	2,100	2,070
Wells	1,890	-	1,890	1,620
CAO	89,115	6,001	95,116	87,219
Designated Officer	4,407	-	4,407	4,424

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.

### 10. CONTINGENCIES

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). 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.

### 11. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2018 (2017 – nil) as a result of this standard.

### 12. SUBSEQUENT EVENTS.

Subsequent to the fiscal year end of the village, the village terminated the employment with the CAO for what it feels is just cause, should the village be determined not to have terminated employment for cause, the village will be responsible for termination pay according to the contract. No liability has been recognized in these financial statements for the termination pay, should the village be required to fund the termination pay, it will be charged in the year in which it is incurred.



# **VILLAGE OF BAWLF**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

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### **13. 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.

### **14. COMPARITIVE FIGURES**

Certain comparative figures have been restated to conform to the current year's presentation.

### **15. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.