

VILLAGE OF EDGERTON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

**Brian King Professional Corporation
Certified General Accountant**



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Edgerton:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Village of Edgerton, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Edgerton as at December 31, 2014, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

M.D. of Wainwright

February 20, 2015

A handwritten signature in black ink, appearing to be the initials "BK" followed by a long, sweeping horizontal line.

Certified General Accountant

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash (Note 2)	308,400	549,947
Term deposits (Note 2)	767,410	660,122
Taxes and grants in place of taxes (Note 3)	55,364	58,830
Trade and other receivables	20,229	21,309
Receivable from other governments	713,998	535,282
Inventory held for resale	33,646	36,794
Other financial assets	1,312	1,309
	<u>1,900,359</u>	<u>1,863,593</u>
LIABILITIES		
Accounts payable and accrued liabilities	78,514	30,101
Deposits held in trust	14,353	15,268
Deferred revenue (Note 5)	525,839	549,530
Long term debt (Note 6)	69,909	95,851
	<u>688,615</u>	<u>690,750</u>
NET FINANCIAL ASSETS	<u>1,211,744</u>	<u>1,172,843</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	3,432,208	3,139,441
Prepaid expenses	61,430	44,744
	<u>3,493,638</u>	<u>3,184,185</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>4,705,382</u>	<u>4,357,028</u>

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget (unaudited)	2014	2013
REVENUE			
Net municipal property taxes (Schedule 3)	332,537	333,975	333,959
User fees and sales of goods	261,768	265,030	243,535
Penalties and costs on taxes	8,000	8,118	8,608
Licenses and permits	500	522	371
Fines	300	40	322
Franchise and concession contracts	45,000	61,401	44,343
Investment income	5,750	10,117	7,017
Rentals	5,224	4,987	5,224
Government transfers for operating	327,109	303,197	266,473
Other	3,200	20,530	16,286
	<u>989,388</u>	<u>1,007,917</u>	<u>926,138</u>
EXPENSES			
Legislative	42,000	37,624	40,888
Administration	203,300	182,023	173,721
Protective services	117,873	85,790	102,436
Transportation	175,475	94,799	84,687
Water supply and distribution	85,500	64,805	76,044
Wastewater treatment and disposal	76,400	94,392	65,187
Waste management	64,300	54,557	59,026
Public health and welfare	3,716	6,312	3,632
Recreation	143,975	126,031	102,529
Culture	2,400	29,004	33,814
Amortization	-	143,098	137,745
	<u>914,939</u>	<u>921,583</u>	<u>879,709</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	74,449	86,334	46,429
OTHER			
Government transfers for capital (Schedule 4)	-	262,020	25,618
EXCESS OF REVENUE OVER EXPENSES	74,449	348,354	72,047
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,357,028</u>	<u>4,357,028</u>	<u>4,284,981</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>4,431,477</u></u>	<u><u>4,705,382</u></u>	<u><u>4,357,028</u></u>

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget (unaudited)	2014	2013
EXCESS OF REVENUE OVER EXPENSES	<u>74,449</u>	<u>348,354</u>	<u>72,047</u>
Acquisition of tangible capital assets	(48,271)	(435,865)	(43,669)
Amortization of tangible capital assets	<u>-</u>	<u>143,098</u>	<u>137,745</u>
	<u>(48,271)</u>	<u>(292,767)</u>	<u>94,076</u>
Net (increase) decrease of prepaid assets	<u>-</u>	<u>(16,686)</u>	<u>(15,183)</u>
INCREASE IN NET FINANCIAL ASSETS	26,178	38,901	150,940
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,172,843</u>	<u>1,172,843</u>	<u>1,021,903</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>1,199,021</u>	<u>1,211,744</u>	<u>1,172,843</u>

VILLAGE OF EDGERTON

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	348,354	72,047
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	143,098	137,745
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	3,466	(3,746)
Decrease (increase) in trade and other receivables	1,080	(1,259)
Decrease (increase) in receivable from other governments	(178,716)	(206,787)
Decrease (increase) in prepaid expenses	(16,686)	(15,183)
Decrease (increase) in other financial assets	(3)	(74)
Increase (decrease) in accounts payable and accrued liabilities	48,413	(12,602)
Increase (decrease) in deposits held in trust	(915)	92
Increase (decrease) in deferred revenue	(23,691)	205,660
	327,548	175,893
CAPITAL		
Acquisition of tangible capital assets	(435,865)	(43,669)
	(435,865)	(43,669)
INVESTING		
Decrease (increase) in term deposits	(107,288)	(104,570)
	(107,288)	(104,570)
FINANCING		
Long-term debt repaid	(25,942)	(24,859)
	(25,942)	(24,859)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(241,547)	2,795
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	549,947	547,152
CASH AND CASH EQUIVALENTS, END OF YEAR	308,400	549,947
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	100	100
Cash in bank	308,300	549,847
	308,400	549,947

VILLAGE OF EDGERTON

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2014 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2014	2013
BALANCE, BEGINNING OF YEAR	850,067	463,371	3,043,590	4,357,028	4,284,981
Excess (deficiency) of revenues over expenses	348,354	-	-	348,354	72,047
Unrestricted funds designated for future use	(106,653)	106,653	-	-	-
Current year funds used for tangible capital assets	(435,865)	-	435,865	-	-
Annual amortization expense	143,098	-	(143,098)	-	-
Long term debt repaid	(25,942)	-	25,942	-	-
Change in accumulated surplus	(77,008)	106,653	318,709	348,354	72,047
BALANCE, END OF YEAR	773,059	570,024	3,362,299	4,705,382	4,357,028

VILLAGE OF EDGERTON

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2014 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2014	2013
COST:								
Balance - beginning of year	117,390	128,985	887,679	3,385,130	580,075	285,324	5,384,583	5,340,914
Acquisition of tangible capital assets	20,000	-	305,342	95,700	-	-	421,042	43,669
Construction in progress	-	-	-	14,823	-	-	14,823	-
Balance - end of year	137,390	128,985	1,193,021	3,495,653	580,075	285,324	5,820,448	5,384,583
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	54,574	204,606	1,670,672	208,545	106,745	2,245,142	2,107,397
Annual amortization	-	6,450	23,720	71,969	26,537	14,422	143,098	137,745
Balance - end of year	-	61,024	228,326	1,742,641	235,082	121,167	2,388,240	2,245,142
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	137,390	67,961	964,695	1,753,012	344,993	164,157	3,432,208	3,139,441
PRIOR YEAR NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	117,390	74,411	683,073	1,714,458	371,530	178,579	3,139,441	

VILLAGE OF EDGERTON

CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2014 (Schedule 3)

	Budget (Unaudited)	2014	2013
TAXATION			
Real property taxes	399,412	400,849	404,346
Linear property taxes	11,933	11,933	11,854
Government grants in place of property taxes	686	686	692
	<u>412,031</u>	<u>413,468</u>	<u>416,892</u>
REQUISITIONS			
Alberta School Foundation	75,275	75,274	78,714
Battle River Foundation	4,219	4,219	4,219
	<u>79,494</u>	<u>79,493</u>	<u>82,933</u>
NET MUNICIPAL TAXES	<u>332,537</u>	<u>333,975</u>	<u>333,959</u>

VILLAGE OF EDGERTON

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2014 (Schedule 4)

	Budget (Unaudited)	2014	2013
TRANSFERS FOR OPERATING			
Federal Government	-	-	2,128
Provincial Government	76,062	52,062	56,579
Local Governments	251,047	251,135	207,766
	<u>327,109</u>	<u>303,197</u>	<u>266,473</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	62,037	25,618
Provincial Government	-	199,983	-
	<u>-</u>	<u>262,020</u>	<u>25,618</u>
TOTAL GOVERNMENT TRANSFERS	<u>327,109</u>	<u>565,217</u>	<u>292,091</u>

VILLAGE OF EDGERTON

CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2014 (Schedule 5)

	Budget (Unaudited)	2014	2013
Expenditures			
Salaries, wages and benefits	339,900	278,520	292,740
Contracted and general services	300,500	250,014	215,757
Materials, goods and utilities	151,850	120,433	121,068
Provision for allowances	2,000	964	-
Transfers to local boards and agencies	104,989	114,025	94,646
Interest on capital long term debt	4,500	3,529	4,625
Other expenditures	11,200	11,000	13,128
Amortization of tangible capital assets	-	143,098	137,745
	<u>914,939</u>	<u>921,583</u>	<u>879,709</u>

VILLAGE OF EDGERTON

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2014 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	333,975	-	-	-	-	-	-	333,975
User fees and sales of goods	852	5,459	2,590	233,683	400	17,467	4,579	265,030
Penalties and costs on taxes	6,415	-	-	1,703	-	-	-	8,118
Licenses and permits	522	-	-	-	-	-	-	522
Fines	40	-	-	-	-	-	-	40
Franchise and concession contracts	61,401	-	-	-	-	-	-	61,401
Investment income	6,397	2,173	-	-	1,344	-	203	10,117
Rentals	-	-	-	-	-	4,987	-	4,987
Government transfers	52,062	77,271	95,429	15,248	1,000	-	324,207	565,217
Other	13,690	3,490	-	-	350	-	3,000	20,530
	<u>475,354</u>	<u>88,393</u>	<u>98,019</u>	<u>250,634</u>	<u>3,094</u>	<u>22,454</u>	<u>331,989</u>	<u>1,269,937</u>
EXPENSES								
Salaries, wages and benefits	138,262	19,539	33,103	87,616	-	-	-	278,520
Contracted and general services	65,457	39,236	25,718	79,594	1,885	-	38,124	250,014
Materials, goods and utilities	9,095	21,979	35,514	45,586	974	3,148	4,137	120,433
Provision for allowances	964	-	-	-	-	-	-	964
Transfers to local boards and agencies	-	1,973	-	-	3,016	-	109,036	114,025
Interest on capital long term debt	-	-	-	-	-	-	3,529	3,529
Other expenditures	5,869	3,063	464	958	437	-	209	11,000
	<u>219,647</u>	<u>85,790</u>	<u>94,799</u>	<u>213,754</u>	<u>6,312</u>	<u>3,148</u>	<u>155,035</u>	<u>778,485</u>
NET REVENUE, BEFORE AMORTIZATION	<u>255,707</u>	<u>2,603</u>	<u>3,220</u>	<u>36,880</u>	<u>(3,218)</u>	<u>19,306</u>	<u>176,954</u>	<u>491,452</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	927	14,140	53,549	34,688	824	-	38,970	143,098
NET REVENUE	<u>254,780</u>	<u>(11,537)</u>	<u>(50,329)</u>	<u>2,192</u>	<u>(4,042)</u>	<u>19,306</u>	<u>137,984</u>	<u>348,364</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Edgerton are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Edgerton Housing Corporation

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

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

b) Basis of Accounting

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

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

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

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of Estimates

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

d) Investments

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

e) Requisition Over-levy and Under-levy

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

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

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

f) Inventories for Resale

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

g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Non-Financial Assets

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

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings	20-50
Engineered structures - other	20-75
Engineered structures - water system	45-75
Engineered structures - wastewater system	45-75
Land improvements	20
Machinery and equipment	10-25
Vehicles	10-25

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

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 EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

2. CASH AND TERM DEPOSITS

	<u>2014</u>	<u>2013</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 5)	12,345	82,346
Included in cash and term deposits are amounts held in trust	14,353	15,268
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	<u>570,024</u>	<u>463,371</u>
Total restricted cash and term deposits	<u>596,722</u>	<u>560,985</u>
Total unrestricted cash and term deposits	<u>479,088</u>	<u>649,084</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2014</u>	<u>2013</u>
Current taxes and grants in place of taxes	26,672	30,863
Arrears taxes	13,936	12,248
Property held by the village as a result of tax forfeiture	<u>16,579</u>	<u>16,579</u>
	57,187	59,690
Less: allowance for doubtful accounts	1,823	860
	<u>55,364</u>	<u>58,830</u>

5. DEFERRED INCOME

Deferred income consists of the following:	<u>2014</u>	<u>2013</u>
Municipal Sustainability Initiative - capital	463,494	427,508
Federal Gas Tax	62,345	74,382
Basic Municipal Transportation Grant	-	47,640
	<u>525,839</u>	<u>549,530</u>

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

6. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Alberta Capital Finance Authority	<u>69,909</u>	<u>95,851</u>
Principal and interest payments are as follows:		
	<u>Principal</u>	<u>Interest</u>
2015	27,072	2,725
2016	28,252	1,545
2017	14,585	314
	<u>69,909</u>	<u>4,584</u>
		<u>Total</u>
		29,797
		29,797
		14,899
		<u>74,493</u>

Debenture debt repayable to the Alberta Capital Finance Authority bears interest at 4.311% and matures in 2017 and is secured by the credit and security of the village at large.

The village's total cash payments for interest on long term debt in 2014 were \$3,854 (2013 - \$4,939).

7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Edgerton be disclosed as follows:

	<u>2014</u>	<u>2013</u>
Total debt limit	<u>1,511,876</u>	<u>1,485,498</u>
Total debt	<u>69,909</u>	<u>120,710</u>
Surplus debt limit	<u>1,441,967</u>	<u>1,364,788</u>
Debt servicing limit	<u>251,979</u>	<u>247,583</u>
Debt servicing	<u>29,797</u>	<u>29,798</u>
Surplus debt servicing	<u>222,182</u>	<u>217,785</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.

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
Tangible capital assets (Schedule 2)	5,820,448	5,384,583
Accumulated amortization (Schedule 2)	(2,388,240)	(2,245,142)
Long-term debt (Note 6)	(69,909)	(95,851)
	<u>3,362,299</u>	<u>3,043,590</u>

9. ACCUMULATED SURPLUS

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

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	<u>773,059</u>	<u>850,067</u>
Restricted surplus		
General	14,165	14,165
Centennial	6,000	-
Fire department - Joint	254,385	231,180
Fire department - Village	60,000	-
Water system	50,563	37,538
Sewer system	74,339	61,314
Cemetery	39,482	41,092
Recreation	71,090	78,082
	<u>570,024</u>	<u>463,371</u>
Equity in tangible capital assets	<u>3,362,299</u>	<u>3,043,590</u>
	<u>4,705,382</u>	<u>4,357,028</u>

10. SEGMENTED DISCLOSURE

The Village of Edgerton provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6)

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

11. SALARY AND BENEFITS DISCLOSURE

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

	2014			2013
	Salary	Benefits & Allowances	Total	Total
Belik	6,120	-	6,120	1,350
Degenhardt	-	-	-	4,140
Herbert	2,835		2,835	1,170
Krawchuk	4,955		4,955	5,670
Sjoquist	10,145	-	10,145	9,640
Tipler	3,650	-	3,650	3,060
Wildeboer	-	-	-	2,610
CAO	65,692	13,368	79,060	66,340

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

12. TRUST FUNDS

The Village of Edgerton administers the following trust:

	2014	2013
Murdoch trust fund	7,592	7,592

The trust allows for the revenue generated from the funds to be used for the maintenance and upkeep of the cemetery.

13. CONTINGENCIES

The village is a member of the Jubilee/Genesis Reciprocal Insurance Exchange (JRIE/GRIE). Under the terms of the membership, the village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

VILLAGE OF EDGERTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

14. 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.

15. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2014	2013
Excess of revenue over expenditures, per financial statements	74,449	348,354	72,047
Adjustments			
Amortization expense	-	143,098	137,745
Acquisition of tangible capital assets	(48,271)	(435,865)	(43,669)
Results of operations - previous methods	26,178	55,587	166,123
Net transfers (to) from reserves	(26,178)	(106,653)	(58,463)
Debenture repaid	-	(25,942)	(23,821)
Increase (decrease) in unrestricted surplus	-	(77,008)	83,839

16. COMPARITIVE FIGURES

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

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.