VILLAGE OF BEISEKER

Financial Statements

Year Ended December 31, 2019

VILLAGE OF BEISEKER
Index to Financial Statements
For the Year Ended December 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The Village Council carries out its responsibilities for review of the non-consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

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

Chief Administrative Officer

Mayor

Beiseker, Alberta
May 25, 2020

Dorward & Company LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Beiseker

Opinion

We have audited the financial statements of Village of Beiseker (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, change in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

(continues)

Edmonton Office: Strathcona Professional Centre #300, 10328 - 81 Ave
Edmonton, AB T6E 1X2
Phone: 780.413.7211
Fax: 780.413.7226

Calgary Office: Airways Business Plaza
#216, 1935 - 32nd Ave NE
Calgary, AB T2E 7C8
Phone: 403.983.7211
Fax: 403.983.7212

E-mail: admin@dorward.ca
www.dorward.ca

Independent Auditor's Report to the Members of Village of Beiseker *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 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 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 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 Organization'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 Organization'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 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 Organization 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.

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 Entity's debt limit can be found in note 13.
- Supplementary Accounting Principles and Standards Regulation:
  In accordance with Alberta Regulation 313-2000, we 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 17.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Johnson.

Doward & Company LLP

Calgary, Alberta
May 25, 2020

CHARTERED ACCOUNTANTS

VILLAGE OF BEISEKER

Statement of Financial Position

December 31, 2019

FINANCIAL ASSETS		
Cash *(Note 3)*	$ 159,382	$ 4,096
Trade and other receivables *(Note 5)*	269,143	364,588
Taxes receivables *(Note 4)*	386,891	290,530
Land inventory held for resale	5,788	5,788
Other financial asset *(Note 6)*	4,409	4,240
	825,613	669,242
LIABILITIES		
Bank indebtedness *(Note 7)*	-	228,497
Accounts payable and accrued liabilities *(Notes 8, 21)*	103,978	91,387
Deposit liabilities *(Note 9)*	10,467	4,467
Long term debt *(Notes 12, 13, 14)*	672,756	385,104
Deferred revenue *(Note 10)*	42,918	302,177
	830,119	1,011,632
NET FINANCIAL DEBT	(4,506)	(342,390)
NON-FINANCIAL ASSETS		
Tangible capital assets *(Schedule 2) (Note 15)*	9,511,026	9,293,793
ACCUMULATED SURPLUS *(Schedule 1) (Note 17)*	$ 9,506,520	$ 8,951,403

CONTINGENT LIABILITY *(Note 20)*

COMMITMENTS *(Note 19)*

Approved by:

_______________________________ *Mayor*

_______________________________ *Chief Administrative Officer*

See notes to financial statements

VILLAGE OF BEISEKER

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2019

	Budget	2019	2018
REVENUES			
Net municipal taxes (Schedule 3)	$ 1,022,858	$ 1,026,299	$ 941,648
User fees and sales of goods	477,605	531,488	456,715
Rentals	71,938	90,698	39,671
Government transfers for operating (Schedule 4)	63,502	79,904	247,775
Penalties and costs of taxes *(Note 9)*	51,700	60,677	52,687
Licenses and permits	58,942	54,986	30,374
Other revenue	10,530	58,975	16,944
Franchise	54,000	56,516	27,139
Interest and investment income	320	3,296	262
Gains (losses) on disposal of assets	476	476	-
	1,811,871	1,963,315	1,813,215
EXPENSES(Schedule 5)			
Legislative	45,270	40,955	52,495
Administration	319,012	267,033	296,417
Protective services	132,729	124,237	131,182
Roads, streets, walks and lighting	346,794	511,986	519,165
Airport	6,392	44,955	75,317
Water and wastewater *(Note 21)*	447,580	479,485	682,030
Waste management	120,921	131,764	151,499
Public health and welfare	41,579	43,152	42,529
Planning and subdivision	66,133	66,464	55,721
Recreation, parks and culture	184,363	258,077	219,152
Loss disposal of assets	-	-	49,808
	1,710,773	1,968,108	2,275,315
SURPLUS (DEFICIT) FROM OPERATIONS	101,098	(4,793)	(462,100)
OTHER INCOME			
Contributed from others for capital	-	-	10,000
Government transfers for capital (Schedule 4)	19,000	559,910	523,365
	19,000	559,910	533,365
EXCESS OF REVENUE OVER EXPENSES	120,098	555,117	71,265
ACCUMULATED SURPLUS - BEGINNING OF YEAR	8,951,403	8,951,403	8,880,138
ACCUMULATED SURPLUS - END OF YEAR	$ 9,071,501	$ 9,506,520	$ 8,951,403

See notes to financial statements

VILLAGE OF BEISEKER
Consolidated Statement of Change in Net Financial Debt
For the Year Ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
EXCESS OF REVENUE OVER EXPENSES	$ 120,098	$ 555,117	$ 71,265
Amortization of tangible capital assets	-	436,886	449,620
Acquisition of tangible capital assets (Schedule 2)	(593,745)	(654,119)	(598,064)
Loss on disposal of assets	-	-	49,808
	(593,745)	(217,233)	(98,636)
DECREASE (INCREASE) IN NET FINANCIAL DEBT	(473,647)	337,884	(27,371)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(342,390)	(342,390)	(315,019)
NET FINANCIAL DEBT - END OF YEAR *(Note 3)*	$ (816,037)	$ (4,506)	$ (342,390)

See notes to financial statements

VILLAGE OF BEISEKER

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 555,117	$ 71,265
Items not affecting cash:		
Amortization of property, plant and equipment	436,886	449,620
Loss (gain) on disposal of property, plant and equipment	(476)	49,808
	991,527	570,693
Changes in non-cash working capital:		
Taxes receivables	(96,361)	(48,507)
Trade and other receivables	95,445	(185,678)
Decrease (increase) in other financial asset	(169)	(192)
Increase (decrease) in accounts payable and accrued liabilities	12,589	15,398
Increase (decrease) in deferred revenue	(259,259)	301,407
Increase (decrease) in other long term liabilities	6,000	(500)
	(241,755)	81,928
Cash flow from operating activities	749,772	652,621
CAPITAL ACTIVITY		
Purchase of property, plant and equipment	(654,119)	(598,064)
Cash flow used by capital activity	(654,119)	(598,064)
INVESTING ACTIVITY		
Decrease (increase) in restricted cash or cash equivalents	253,259	(300,907)
Cash flow from (used by) investing activity	253,259	(300,907)
FINANCING		
Long term debt issued	369,000	39,217
Long term debt repaid	(81,347)	(67,771)
	287,653	(28,554)
INCREASE (DECREASE) IN CASH FLOW	636,565	(274,904)
Deficiency - beginning of year	(531,045)	(256,141)
CASH (DEFICIENCY) - END OF YEAR *(Note 3)*	$ 105,520	$ (531,045)

See notes to financial statements

VILLAGE OF BEISEKER

Notes to Financial Statements

For the Year Ended December 31, 2019

1. NATURE OF ORGANIZATION

The Village of Beiseker (the "Village") is a Municipality in the Province of Alberta. The consolidated financial statements are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

The Village is exempt from income taxation under Section 149 of the Canada Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Beiseker are the representations of management prepared in accordance with generally accepted accounting principles for the 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:

Reporting Entity

The 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 and are, therefore, accountable to the village Council of the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, 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.

(continues)

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

Basis of presentation

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in net financial assets and cash flows of the Village.

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and 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 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 recognised in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in a number of areas including useful lives of tangible capital assets and the fair value of contributed tangible capital assets. Estimates are also used for various liabilities, including landfill closure and post-closure costs. Estimates are based on the best information available at the time of preparation of the financial statements and are periodically reviewed and any adjustments necessary are reflected in the period in which they become known. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Cash and temporary investments

Cash includes cash and temporary investments. Temporary investments are investments in term deposits and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

(continues)

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

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the 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.

Reserves for future expenses

Reserves are established at the discretion of Council to set aside funds for the future operating and capital expenses. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

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.

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)

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

Revenue recognition

Service fees and sales of goods from external sources are recognized as revenue in the period in which the services is delivered or in which the transactions or events occurred that gave rise to the revenue.

The Village follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions specified for capital purposes are recorded as unamortized capital allocations. These unamortized capital allocations are taken into income as the related capital costs are amortized.

Government transfers, contributions and other amounts received from third parties pursuant to legislation, regulation or agreement may not be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenues from these sources are recognized in the period in which the related expenses are incurred, services performed or capital assets are amortized.

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.

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.

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.

(continues)

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

Tangible capital assets

Purchased 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 over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	15 - 25 years
Buildings	50 years
Equipment	2 - 30 years
Motor vehicles	5 - 10 years

Half 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.

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

Leases are classified as capital or operating leases. Leases which transfer substantially all 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 incurred.

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(continues)

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

Future accounting standard pronouncements

The following summarizes prospective changes to Canadian Public Sector Accounting Standards issued by the Public Sector Accounting Standards Board. The commission is currently assessing the impact and preparing for the adoption of these standards.

Section PS 1201 - Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealised gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2021.

Section PS 2601 – Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealised gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2021.

Section PS 3041 – Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS3450, Financial Instruments, and now includes pooled investments in its scope. Upon adoption of PS3450 and PS3041, PS3030, Temporary Investments will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2021.

Section PS 3280 – Asset Retirement Obligations

PS 3280, Asset Retirement Obligations establishes standards on how to account for and report legal obligations associated with the retirement of tangible capital assets. This standard is applicable for fiscal years beginning on or after April 1, 2021.

Section PS 3400 – Revenue

PS 3400, Revenue establishes guidance on how to account for and report revenue transactions that include performance obligations and those that do not include performance obligations. This standard is applicable for fiscal years beginning on or after April 1, 2021.

(continues)

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

Section PS 3450 - Financial Instruments

PS 3450, Financial Instruments establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealised gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2021.

The Village is reviewing the applicability of these new pronouncements to the financial statements.

3. CASH AND TEMPORARY INVESTMENTS

	2019	2018
Mountain View Credit Union municipal account	$ 79,807	$ -
Mountain View Credit Union savings account	10,473	-
Mountain View Credit Union savings account	25,933	3,826
Petty cash	250	250
T-Bill savings	42,919	20
	$ 159,382	$ 4,096

Included in Cash and Temporary Investments is a restricted amount of $53,385 (2018 -$306,644). The restricted funds relate to government grants funds that are being held exclusively for approved projects (Note 10) and deposit liabilities in trust (Note 9).

The Village has access to a 5 year fixed open term loan for $170,000 at a rate of 5.0%. At December 31, 2019, the line of credit had not been utilized.

4. TAXES RECEIVABLE

	2019	2018
Taxes receivable		
Current taxes	$ 210,570	$ 169,297
Arrears taxes	176,321	121,233
	$ 386,891	$ 290,530

5. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade and other receivables		
Grants receivable	$ 100,000	$ 255,851
Water and sewer receivables	97,163	73,531
Trade accounts receivables	49,244	26,332
Goods and Services Tax receivable	23,162	8,874
	$ 269,569	$ 364,588

6. OTHER FINANCIAL ASSET

	2019	2018
Other financial asset		
Mountain View Credit Union shares	$ 4,409	$ 4,240

7. BANK INDEBTEDNESS

	2019	2018
Bank in overdraft position	$ -	$ 228,497

The Village has an authorized overdraft limit of $600,000 to finance day to day operating requirements and is payable on demand bearing interest of the Mountain View Credit Union's prime rate with an effective rate of 3.95%, of which $600,000 remains unused as of December 31, 2019.

Bank loans are issued on the credit and security of the Village of Beiseker at large.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accrued liabilities		
Trade accounts payable	$ 67,161	$ 55,867
Accrued liabilities	20,000	20,000
Employee benefit obligations	16,815	15,521
	-	-
	$ 103,976	$ 91,388

9. DEPOSIT LIABILITIES

	2019	2018
Other deposits	$ 10,467	$ 4,467

The amount disclosed as Other deposits relates to funds held for centennial celebrations.

10. DEFERRED REVENUE

	2019	2018
Section heading		
Municipal Sustainability Initiative	$ 42,918	$ 207,936
Federal Gas Tax Fund	-	94,241
	$ 42,918	$ 302,177

Municipal Sustainability Initiative

The Municipal Sustainability Initiative ('MSI') is a funding program aimed at providing financial support for critical core and community infrastructure projects and includes incentives to encourage collaboration and cooperation between neighbouring municipalities. This population-based funding program includes operating, capital and affordable housing components. The Village received $201,194 in 2019. During the year, $212,153 was spent on projects and recognized as revenue.

A portion of the unexpended funds held in deferred revenue are supported by cash and temporary investments as noted in Note 3.

Federal Gas Tax Fund

The Gas Tax Fund provides predicable, long term, stable funding for Canadian municipalities to help them build and revitalize their local public infrastructure while creating jobs and long term prosperity. The use of these funds is intended to cover capital costs only and may not be used for maintenance costs, operating costs, debt reduction, or replacement of existing municipal infrastructure expenditures. During the year $194,241 was spent on projects and recognized as revenue.

11. CONTAMINATED SITES LIABILITY

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2019 (2018 - $nil) as a result of this standard.

12. LONG TERM DEBT

	2019	2018
Section 1		
Bank loans - MSI	$ 193,189	$ -
Bank loans - Operating	166,950	193,081
Bank loans - Restricted	157,664	-
Bank loans - Capital	98,329	113,720
Capital leases	56,623	78,303
	$ 672,755	$ 385,104

Bank loans are repayable to the Mountain View Credit Union and bears interest at 4.50% to 5.0% per annum and mature in 2020, 2023 and 2024.

The capital leases for equipment and vehicles mature in periods 2021 through 2023. The future minimum payments total $56,623.

Bank loans are issued on the credit and security of the Village of Beiseker at large.

13. LONG TERM DEBT PRINCIPAL AND INTEREST REPAYMENTS

	Principal	Interest	Total
2020	$ 295,968	$ 21,110	$ 317,078
2021	32,119	13,912	46,031
2022	33,616	12,415	46,031
2023	132,083	10,848	142,931
2024	122,345	2,872	125,217
	$ 616,131	$ 61,157	$ 677,288

The current portion of long term debt amounts to $295,968 (2018 - $63,440).

Interest on long term debt amounted to $22,774 (2018 - $14,838).

The Village's total cash payments for interest in 2019 were $22,774 (2017 - $14,838).

14. DEBT AND DEBT SERVICE LIMITS

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

	2019	2018
Total debt limit	$ 2,944,973	$ 2,719,821
Total debt (Note 7, 13)	(672,756)	(613,601)
Amount of surplus debt limit	2,272,217	2,106,220
Debt servicing limit	490,829	453,304
Debt servicing	(339,478)	(304,869)
Amount of debt servicing limit unused	151,351	148,435

The debt limit is calculated at 1.5 times revenue of the municipality, as defined in Alberta regulation 255/00, and the debt servicing 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 alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

15. TANGIBLE CAPITAL ASSETS

	2019	2018
Section heading		
Land	$ 249,000	$ 249,000
Land improvements	31,215	35,126
Buildings	1,304,392	1,342,310
Engineered structure		
Roads and sidewalks	4,117,449	3,857,439
Water distribution system	1,054,491	1,075,694
Wastewater treatment system and storm sewers	2,194,685	2,256,963
Other machinery and equipment	318,377	253,100
Motor vehicles	241,417	224,162
	$ 9,511,026	$ 9,293,794

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule 2)	$ 19,189,507	$ 18,548,800
Accumulated amortization (Schedule 2)	(9,678,483)	(9,255,005)
Long term debt (Note 12)	(154,952)	(192,022)
	$ 9,356,072	$ 9,101,773

17. ACCUMULATED SURPLUS

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

Section heading		
Unrestricted surplus	$ 124,760	$ (196,208)
Restricted surplus	-	-
Water servicing	-	1,951
Wastewater	4,283	-
C.P.R. Station	200	200
Sewer system	-	9,076
Firefighting service	2,518	6,590
Fire Department donations	-	118
Family and Community Support Services	-	5,590
Cemetery	-	1,563
Economic Development	-	2,063
Cash-in-lieu	18,687	18,687
Equity in tangible capital assets (Note 15)	9,356,072	9,101,773
	$ 9,506,520	$ 8,951,403

18. 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	Benefits and Allowances	2019	2018
Mayor and Councilors	$ -	$ -	**$ -**	$ -
Mayor Wise	2,204	5,490	7,694	9,027
Councilor Heunset	8,034	50	8,084	10,031
Councilor King	6,584	101	6,685	6,679
Councilor Lemky	6,584	101	6,685	7,279
Councilor Ursu	7,184	101	7,285	8,744
Chief Administrative Officer (Lambert)	-	-	-	57,312
Chief Administrative Officer (Leslie)	71,428	2,197	73,625	32,633
	$ 102,018	$ 8,040	$ 110,058	$ 131,705

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 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.

19. COMMITMENTS

The Village has operating leases for vehicles and equipment. The leases require monthly payments and expire by April 1, 2022.

Future minimum lease payments as at December 31, 2019, are as follows:

2020	$ 9,048
2021	9,048
2022	2,262
	$ 20,358

20. CONTINGENT LIABILITY

The Village is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of 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 translation in the year the losses are determined.

21. RELATED PARTY TRANSACTIONS

The Aqua 7 Regional Water Commission has been identified as a related party. The village of Beiseker has entered into an agreement with the Commission for a supply of water service.

Service fees are based on budgeted operating costs of the Commission. Water purchases are based on actual water consumption during the year. Fees and rates are reviewed by the Commission on an annual basis.

Service fees and water purchases paid to the Commission for 2019 were $220,118 (2018 - $356,280).

Amount payable to the Commission at December 31, 2019 is $16,931 (2018 - $16,434).

22. FINANCIAL INSTRUMENTS

The Village's financial instruments consists of cash and temporary investments, taxes, trade and other receivables, other financial asset, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, and long term debt. It is management's opinion that the commission is not exposed to significant currency risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

(a) Credit risk

Credit risk arises from the potential that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill its obligations. The organization is exposed to credit risk with respect to taxes receivables and trade and other receivables. The organization has a significant number and diversity of taxpayers and customers which minimizes the concentration of credit risk.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Village is exposed to interest rate risk primarily through its fixed interest rate through the bank loan financing with Mountain View Credit Union. The Village's exposure to interest rate risk is negligible.

23. BUDGET FIGURES

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

24. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.

25. APPROVAL OF FINANCIAL STATEMENTS

    Council and Management have approved these financial statements.

VILLAGE OF BEISEKER

Schedule of Changes in Accumulated Surplus **(Schedule 1)**

Year Ended December 31, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
Section 1					
Balance, beginning of year	$ (196,206)	$ 45,837	$ 9,101,772	$ 8,951,403	$ 8,880,138
Excess (shortfall) of revenue over expenses	555,117	-	-	555,117	71,265
Restricted funds used for operations	20,114	(20,114)	-	-	-
Current year funds used for tangible capital assets	(654,118)	-	654,118	-	-
Disposal of tangible capital assets	(476)	-	476	-	-
Annual amortization expense	436,887	-	(436,887)	-	-
Capital long term debt repaid	(36,558)	-	36,558	-	-
Balance, end of year	$ 124,760	$ 25,723	$ 9,356,037	$ 9,506,520	$ 8,951,403

See notes to financial statements

VILLAGE OF BEISEKER

Schedule of Tangible Capital Assets *(Schedule 2)*

Year Ended December 31, 2019

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
COST:								
BALANCE, BEGINNING OF YEAR	$ 249,000	$ 114,127	$ 3,359,983	$ 13,786,189	$ 603,463	$ 436,037	$ 18,548,799	$ 18,033,747
Acquisition of tangible capital assets	-	-	29,814	490,694	94,393	39,217	654,118	598,064
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	(13,410)	(13,410)	(83,012)
COST: total	$ 249,000	$ 114,127	$ 3,389,797	$ 14,276,883	$ 697,856	$ 461,844	$ 19,189,507	$ 18,548,799
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	$ -	$ 78,998	$ 2,017,673	$ 6,596,093	$ 350,365	$ 211,877	$ 9,255,006	$ 8,838,590
Annual amortization	-	3,912	67,732	314,165	29,116	21,962	436,887	449,620
Accumulated amortization on disposals	-	-	-	-	-	(13,412)	(13,412)	(33,204)
ACCUMULATED AMORTIZATION total	$ -	$ 82,910	$ 2,085,405	$ 6,910,258	$ 379,481	$ 220,427	$ 9,678,481	$ 9,255,006
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 249,000	$ 31,217	$ 1,304,392	$ 7,366,625	$ 318,375	$ 241,417	$ 9,511,026	$ 9,293,793
2018 NET BOOK VALUE OF CAPITAL TANGIBLE CAPITAL ASSETS	$ 249,000	$ 35,129	$ 1,342,310	$ 7,190,096	$ 253,098	$ 224,160	$ 9,293,793	$ -

See notes to financial statements

VILLAGE OF BEISEKER

Schedule of Property and Other Taxes *(Schedule 3)*

Year Ended December 31, 2019

	2019	2019	2018
TAXATION			
Real Property Taxes	$ 1,245,067	$ 1,244,308	$ 1,174,667
Linear property taxes	60,927	60,927	54,528
Government grants in place of property taxes	14,031	12,102	9,886
Special assessments and local improvement taxes	2,395	2,395	2,395
	1,322,420	1,319,732	1,241,476
REQUISITIONS			
Alberta School Foundation Fund	295,801	289,672	295,934
Rocky View Seniors Foundation Fund	3,761	3,761	3,894
	299,562	293,433	299,828
NET MUNICIPAL TAXES	$ 1,022,858	$ 1,026,299	$ 941,648

See notes to financial statements

VILLAGE OF BEISEKER

Schedule of Government Transfers *(Schedule 4)*

Year Ended December 31, 2019

		2019		2019		2018
TRANSFERS FOR OPERATING						
Provincial Government	$	37,902	$	52,791	$	221,494
Federal Government		4,000		4,613		4,168
Other Local Governments		21,600		22,500		22,113
		63,502		79,904		247,775
TRANSFERS FOR CAPITAL						
Provincial Government		19,000		559,910		523,365
INCOME FROM OPERATIONS	$	82,502	$	639,814	$	771,140

See notes to financial statements

VILLAGE OF BEISEKER

Schedule of Consolidated Expenses by Object *(Schedule 5)*

For the Year Ended December 31, 2019

	2019	2019	2018
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits *(Note 18)*	$ 503,060	$ 512,850	$ 480,347
Contracted and general services *(Note 21)*	937,476	753,649	1,017,699
Materials, goods, supplies and utilities	225,026	196,098	222,867
Provision for allowances	-	-	8,555
Transfers to local boards and agencies	13,382	38,382	16,808
Bank charges and short term interest	11,486	6,541	14,773
Interest on capital long term debt	4,802	7,634	5,537
Interest on operation long term debt	15,692	15,652	9,301
Other expenses	325	416	-
(Gain) Loss on disposal of assets	(476)	(476)	49,808
Amortization of tangible capital assets	-	436,886	449,620
	$ 1,710,773	$ 1,967,632	$ 2,275,315

See notes to financial statements