# VILLAGE OF HUSSAR

**Consolidated Financial Statements**

**For the year ended December 31, 2018**

# VILLAGE OF HUSSAR
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**For the year ended December 31, 2018**

Avail LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Village of Hussar

*Opinion*

We have audited the consolidated financial statements of the Village of Hussar which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Hussar as at December 31, 2018, 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.

*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 Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Emphasis of Matter*

We draw your attention to note 21 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect to this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Village'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 liquidate the Village or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

## INDEPENDENT AUDITOR'S REPORT, continued

- 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 Village's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village'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 company 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 Village is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 12.

- Supplementary Accounting Principles and Standards Regulation:
  In accordance with Alberta Regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 14.

Avail LLP

Lethbridge, Alberta

June 25, 2019

Chartered Professional Accountants

## MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Village of Hussar.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village of Hussar is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee of the whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Avail LLP has full and free access to the Council.

Village Administrator

# VILLAGE OF HUSSAR
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
### As at December 31, 2018

| | | 2018 | | 2017 (restated) |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and temporary investments (note 2) | $ | 504,567 | $ | 380,109 |
| Taxes and grants in place of taxes receivable (note 3) | | 68,399 | | 50,086 |
| Trade and other receivables | | 111,495 | | 119,833 |
| | | 684,461 | | 550,028 |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | | 30,371 | | 34,901 |
| Deferred revenue (note 4) | | 110,708 | | 28,901 |
| Long-term debt (note 5) | | 39,580 | | 46,277 |
| Other liabilities | | 189,487 | | 153,855 |
| | | 370,146 | | 263,934 |
| **Net financial assets** | | 314,315 | | 286,094 |
| **Non-financial assets** | | | | |
| Prepaid expenses | | 152 | | 152 |
| Tangible capital assets (schedule 2) | | 4,899,821 | | 5,059,628 |
| | | 4,899,973 | | 5,059,780 |
| **Accumulated surplus** (note 6 and schedule 1) | $ | 5,214,288 | $ | 5,345,874 |

*Commitments and contingency* (note 19 and 20)

Approved on behalf of Council:

Councillor Corey Fish

Councillor [signature]

# VILLAGE OF HUSSAR
## CONSOLIDATED STATEMENT OF OPERATIONS
### For the year ended December 31, 2018

| | Budget (Unaudited) | 2018 | 2017 (restated) |
|---|---|---|---|
| **Revenue** | | | |
| Net municipal property taxes (note 9) | $ 185,241 | $ 185,242 | $ 178,990 |
| User fees and sales of goods | 487,632 | 428,245 | 211,348 |
| Government transfers for operating (note 10) | 47,452 | 33,599 | 77,392 |
| Investment income | 148 | 2,278 | 1,325 |
| Penalties and costs of taxes | 9,500 | 12,651 | 8,639 |
| Franchise and concession contracts | 42,000 | 36,599 | 38,366 |
| Licenses and permits | 575 | 205 | 575 |
| Other | 4,300 | 1,695 | 12,409 |
| | 776,848 | 700,514 | 529,044 |
| **Expenses (note 11)** | | | |
| Legislative | 18,500 | 17,553 | 18,119 |
| Administration | 126,564 | 111,966 | 113,304 |
| Protective services and emergency management | 12,594 | 10,905 | 11,130 |
| Common and equipment pool | 21,104 | 21,218 | 16,742 |
| Roads, streets, walks and lighting | 110,579 | 137,072 | 163,720 |
| Water supply and distribution | 415,637 | 412,463 | 168,498 |
| Wastewater treatment and disposal | 88,436 | 33,240 | 31,543 |
| Waste management | 26,971 | 23,093 | 24,312 |
| Public health and welfare services | 6,192 | 4,358 | 4,078 |
| Land use planning, zoning and development | 23,892 | 2,022 | 2,695 |
| Culture - libraries, museums, halls | 4,324 | 3,131 | 9,020 |
| Other recreation and culture | 70,722 | 55,079 | 71,662 |
| | 925,515 | 832,100 | 634,823 |
| **Deficiency of revenue over expenses before other** | (148,667) | (131,586) | (105,779) |
| **Other** | | | |
| Government transfers for capital (note 10) | - | - | 679,095 |
| **(Deficiency) excess of revenue over expenses** | (148,667) | (131,586) | 573,316 |
| **Accumulated surplus, beginning of year** | | | |
| As previously stated | 5,426,466 | 5,426,466 | 4,827,698 |
| Prior period adjustment (note 21) | - | (80,592) | (55,140) |
| As restated | 5,426,466 | 5,345,874 | 4,772,558 |
| **Accumulated surplus, end of year** | $ 5,277,799 | $ 5,214,288 | $ 5,345,874 |

# VILLAGE OF HUSSAR
## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
**For the year ended December 31, 2018**

| | Budget (Unaudited) | 2018 | 2017 (restated) |
|---|---|---|---|
| **(Deficiency) excess of revenue over expenses** | $ (148,667) | $ (131,586) | $ 573,316 |
| Acquisition of tangible capital assets | - | (27,017) | (713,353) |
| Amortization of tangible capital assets | 174,061 | 186,824 | 174,600 |
| | 174,061 | 159,807 | (538,753) |
| Net change in prepaid expense | - | - | 164 |
| **Increase in net financial assets** | 25,394 | 28,221 | 34,727 |
| **Net financial assets, beginning of year** | | | |
| As previously stated | 373,951 | 373,951 | 306,507 |
| Prior period adjustment (note 21) | - | (87,857) | (55,140) |
| As restated | 5,345,874 | 286,094 | 251,367 |
| **Net financial assets, end of year** | $ 311,488 | $ 314,315 | $ 286,094 |

# VILLAGE OF HUSSAR
## CONSOLIDATED STATEMENT OF CASH FLOW
### For the year ended December 31, 2018

| | 2018 | 2017 (restated) |
|---|---|---|
| **Operating transactions** | | |
| (Deficiency) excess of revenue over expenses | $ (131,586) | $ 573,316 |
| Adjustments for items which do not affect cash | | |
| Amortization of tangible capital assets | 186,824 | 174,600 |
| | 55,238 | 747,916 |
| Net change in non-cash working capital items | | |
| Taxes and grants in place of taxes receivable | (18,313) | (10,001) |
| Trade and other receivables | 8,338 | 27,255 |
| Prepaid expenses | - | 164 |
| Accounts payable and accrued liabilities | (4,530) | (19,971) |
| Deferred revenue | 81,807 | (131,144) |
| Other liabilities | 35,632 | 98,715 |
| Cash provided by operating transactions | 158,172 | 712,934 |
| **Capital transactions** | | |
| Acquisition of tangible capital assets | (27,017) | (713,353) |
| **Financing transactions** | | |
| Repayment of long-term debt | (6,697) | (6,341) |
| **Increase (decrease) in cash and temporary investments** | 124,458 | (6,760) |
| **Cash and temporary investments, beginning of year** | 380,109 | 386,869 |
| **Cash and temporary investments, end of year** | $ 504,567 | $ 380,109 |

## 1. Significant accounting policies

The consolidated financial statements of the Village of Hussar 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting entity
The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for 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.

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

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

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

(c) Use of estimates
The preparation of financial statements in conformity with Canadian 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 expense 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.

1. **Significant accounting policies, continued**

(e) 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.

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

(g) 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.

(h) 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.

## 1. Significant accounting policies, continued

(i) 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 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 |
|---|---|
| Land improvements | 15-25 |
| Buildings | 25-50 |
| Engineered structures | 20-75 |
| Machinery and equipment | 10-20 |
| Vehicles | 10 |

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.

(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) Cultural and historical tangible capital assets
Works of art for display are not recorded as tangible capital assets but are disclosed.

(j) 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.

## 2. Cash and temporary investments

| | | 2018 | | 2017 (restated) |
|---|---|---|---|---|
| Cash | $ | 478,571 | $ | 307,775 |
| Temporary investments | | 25,996 | | 72,334 |
| | $ | 504,567 | $ | 380,109 |

Temporary investments are short-term deposits with original maturities of one year or less. The temporary investments are comprised of specific use savings accounts that bear interest at 0.2%.

The Village has an approved overdraft limit of $100,000 bearing interest at a rate of 2.70%. The facility was not being drawn on as of December 31, 2018.

## 3. Taxes and grants in place of taxes receivables

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Taxes and grants in place of taxes receivable | $ | 43,880 | $ | 37,918 |
| Arrears | | 24,519 | | 12,168 |
| | $ | 68,399 | $ | 50,086 |

## 4. Deferred revenue

The deferred revenue balance represents funds received for specific purposes that have not been spent by year end. Deferred revenue consists of the following:

| | | 2018 | | 2017 (restated) |
|---|---|---|---|---|
| Wheatland County Regional Infrastructure Services | $ | 66,734 | $ | - |
| Alberta Community Partnership | | 20,004 | | 5,155 |
| Miscellaneous | | 11,225 | | 11,112 |
| Cemetery Trust | | 10,259 | | 10,157 |
| Municipal Sustainability Initiative Grant-Capital | | 1,595 | | 1,588 |
| FGTF Capital Grant | | 891 | | 889 |
| | $ | 110,708 | $ | 28,901 |

## 5. Long-term debt

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Tax supported debentures - capital | $ | 39,580 | $ | 46,277 |
| Current portion | $ | 7,074 | $ | 6,697 |

Principal and interest repayments are due as follows:

| | | Principal | | Interest | | Total |
|---|---|---|---|---|---|---|
| 2019 | $ | 7,074 | $ | 2,226 | $ | 9,300 |
| 2020 | | 7,472 | | 1,828 | | 9,300 |
| 2021 | | 7,892 | | 1,408 | | 9,300 |
| 2022 | | 8,336 | | 964 | | 9,300 |
| 2023 | | 8,806 | | 494 | | 9,300 |
| | $ | 39,580 | $ | 6,920 | $ | 46,500 |

Debenture debt is repayable to Alberta Capital Finance Authority and matures in 2023. The interest rate is 5.625%, before Provincial subsidy. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to $2,531 (2017 - $2,885).

The Village's total cash payments for interest in 2018 were $2,603 (2017 - $2,960).

## 6. Accumulated surplus

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

| | | 2018 | | 2017 (restated) |
|---|---|---|---|---|
| Unrestricted surplus | $ | 140,215 | $ | 119,778 |
| Internally restricted surplus (reserves) (note 7) | | 213,832 | | 212,745 |
| Equity in tangible capital assets (note 8) | | 4,860,241 | | 5,013,351 |
| | $ | 5,214,288 | $ | 5,345,874 |

## 7. Reserves

Council may set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

| | 2018 | 2017 |
|---|---|---|
| **Operating** | | |
| Restricted surplus | $ 10,000 | $ 10,000 |
| **Capital** | | |
| Infrastructure | 203,832 | 202,745 |
| | $ 213,832 | $ 212,745 |

## 8. Equity in tangible capital assets

| | 2018 | 2017 (restated) |
|---|---|---|
| Tangible capital assets (schedule 2) | $ 7,699,420 | $ 7,679,154 |
| Accumulated amortization (schedule 2) | (2,799,599) | (2,619,526) |
| Long-term debt (note 5) | (39,580) | (46,277) |
| | $ 4,860,241 | $ 5,013,351 |

## 9. Net municipal property taxes

| | Budget (Unaudited) | 2018 | 2017 |
|---|---|---|---|
| **Taxation** | | | |
| Real property taxes | $ 217,936 | $ 217,937 | $ 210,755 |
| Linear property taxes | 9,851 | 9,850 | 9,237 |
| | 227,787 | 227,787 | 219,992 |
| **Requisitions** | | | |
| Alberta School Foundation Fund | 41,467 | 41,467 | 39,969 |
| Wheatland Housing Management Body | 1,079 | 1,078 | 1,033 |
| | 42,546 | 42,545 | 41,002 |
| | $ 185,241 | $ 185,242 | $ 178,990 |

## 10. Government transfers

| | Budget (Unaudited) | 2018 | 2017 |
|---|---|---|---|
| **Transfers for operating:** | | | |
| Provincial government | $ 47,452 | $ 33,599 | $ 77,392 |
| | 47,452 | 33,599 | 77,392 |
| **Transfers for capital:** | | | |
| Provincial government | - | - | 679,095 |
| | - | - | 679,095 |
| | $ 47,452 | $ 33,599 | $ 756,487 |

## 11. Expenditures by object

| | Budget (Unaudited) | 2018 | 2017 (restated) |
|---|---|---|---|
| Salaries, wages and benefits | $ 367,421 | $ 262,896 | $ 200,099 |
| Contracted and general services | 131,905 | 199,790 | 155,281 |
| Materials, goods, supplies and utilities | 225,495 | 156,897 | 80,043 |
| Interest on long term debt | 2,525 | 2,531 | 2,885 |
| Transfers to organizations and others | 24,108 | 23,162 | 21,915 |
| Amortization of tangible capital assets | 174,061 | 186,824 | 174,600 |
| | $ 925,515 | $ 832,100 | $ 634,823 |

## 12. 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 be disclosed as follows:

| | 2018 | 2017 (restated) |
|---|---|---|
| Total debt limit | $ 1,050,771 | $ 793,566 |
| Total debt | 39,580 | 46,277 |
| | $ 1,011,191 | $ 747,289 |

| | | |
|---|---|---|
| Debt servicing limit | $ 175,129 | $ 132,261 |
| Debt servicing | 9,300 | 9,300 |
| | $ 165,829 | $ 122,961 |

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.

## 13. Segmented disclosure

The Village 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 3).

## 14. Salary and benefits disclosure

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

| | (1) Salary | (2) Benefits & allowances | 2018 | 2017 |
|---|---|---|---|---|
| Council | | | | |
| Tim Frank | $ 5,500 | $ - | $ 5,500 | $ 5,625 |
| Corey Fisher | 3,825 | - | 3,825 | 3,600 |
| Tim Muir | - | - | - | 2,475 |
| Les Schultz | 3,850 | - | 3,850 | 1,450 |
| Chief Administrative Officer | $ 50,308 | $ 8,367 | $ 58,675 | $ 60,598 |

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

## 15. Financial instruments

The Village of Hussar's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or risk arising from these financial instruments.

The Village of Hussar is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

## 16. Local authorities pension plan

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 259,000 people and 420 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the Village to the LAPP in 2018 were $5,396 (2017 - $5,916). Total current service contributions by the employees of the Village to the LAPP in 2018 were $4,877 (2017 - $5,397).

At December 31, 2017, the LAPP disclosed an actuarial surplus of $4.835 billion.

## 17. 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.

## 18. Budget amounts

The 2018 budget for the Village was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

| | | |
|---|---|---|
| Budgeted deficit per financial statements | | $ (148,667) |
| Less: | Long-term debt repayments | (11,175) |
| | Transfers to reserves | (46,052) |
| | Payments to Rockyford | (179,351) |
| Add: | Amortization | 174,061 |
| | Debt proceeds | 312,500 |
| Equals: | Surplus budget | $ 101,316 |

## 19. Contingency

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. 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 transaction in the year the losses are determined.

## 20. Commitments

The Village has entered into a cost sharing agreement with Wheatland County for the Hussar Transfer Site. The Village pays 20% of all costs incurred to operate the transfer site with the exception of its requisition to the Drumheller and District Solid Waste Management Association. The agreement is effective until December 31, 2020.

The Village has entered into a lease agreement with Canadian Pacific Railway Company for the use of a land area of 0.482 acres. The Village will pay $2,500 plus GST on August 1st. This amount will increase by 3% each preceding licence year. The lease is effective to July 31, 2020.

## 21. Prior period adjustment

The prior year figures have been retroactively restated to reflect the proportionate consolidation of the Wheatland Regional Corporation.

## 22. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

## 23. Approval of financial statements

These financial statements were approved by Council and Management.

## 24. Investment in partnership

The Village purchased 25 class B common shares in Wheatland Regional Corporation (WRC) for 25% ownership in the amount of $2.50.

WRC was formed in partnership with the Village of Rockyford, Village of Hussar, Village of Standard, and the Wheatland County. WRC is responsible for distribution of water to its partnering municipalities.

WRC is accounted for using the proportionate consolidation method. Below is a financial summary of the Corporation's financial statements as at December 31, 2018 and for the year then ended as follows:

| | 2018 Total | Adjustments | 2018 25% share | 2017 |
|---|---|---|---|---|
| Financial assets | 263,236 | 197,427 | 65,809 | 69,322 |
| Liabilities | 806,202 | 604,652 | 201,550 | 157,176 |
| Net financial debt | (542,966) | (407,225) | (135,741) | (87,854) |
| Non-financial assets | 113,823 | 85,367 | 28,456 | 7,265 |
| Accumulated surplus | (429,143) | (321,858) | (107,285) | (80,589) |
| Total revenue | 1,065,267 | 798,950 | 266,317 | 48,594 |
| Total expenses | 1,172,052 | 879,039 | 293,013 | 74,046 |
| (Deficiency) excess of revenue over expenses | (106,785) | (80,089) | (26,696) | (25,452) |

During the year there were no transactions between the Village and WRC.

**Schedule of changes in accumulated surplus** **Schedule 1**

| | Unrestricted | Restricted | Equity in tangible capital assets | 2018 | 2017 (restated) |
|---|---|---|---|---|---|
| Balance, beginning of year | | | | | |
| As previously stated | $ 207,485 | $ 212,745 | $ 5,006,236 | $ 5,426,466 | $ 4,827,698 |
| Prior period adjustment (note 21) | (87,707) | - | 7,115 | (80,592) | (55,140) |
| As restated | 119,778 | 212,745 | 5,013,351 | 5,345,874 | 4,772,558 |
| (Deficiency) excess of revenue over expenses | (131,586) | - | - | (131,586) | 573,316 |
| Restricted funds used for operations | (1,087) | 1,087 | - | - | - |
| Current year funds used for tangible capital assets | (27,016) | - | 27,016 | - | - |
| Amortization of tangible capital assets | 186,824 | - | (186,824) | - | - |
| Long-term debt repaid | (6,698) | - | 6,698 | - | - |
| Change in accumulated surplus | 20,437 | 1,087 | (153,110) | (131,586) | 573,316 |
| **Balance, end of year** | $ 140,215 | $ 213,832 | $ 4,860,241 | $ 5,214,288 | $ 5,345,874 |

**Schedule of tangible capital assets** **Schedule 2**

| | Land | Land improvements | Buildings | Engineered structures | Machinery and equipment | Vehicles | 2018 | 2017 (restated) |
|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | |
| Balance, beginning of year | $ 133,357 | $ 68,425 | $ 2,393,000 | $ 5,029,817 | $ 36,204 | $ 18,350 | $ 7,679,154 | $ 6,965,800 |
| Acquisitions | - | - | - | 2,592 | - | 24,424 | 27,016 | 713,354 |
| Disposals | - | - | - | - | (6,750) | - | (6,750) | - |
| Balance, end of year | 133,357 | 68,425 | 2,393,000 | 5,032,409 | 29,454 | 42,774 | 7,699,420 | 7,679,154 |
| **Accumulated amortization:** | | | | | | | | |
| Balance, beginning of year | - | 31,638 | 919,870 | 1,640,980 | 22,246 | 4,791 | 2,619,526 | 2,444,926 |
| Annual amortization | - | 3,415 | 47,860 | 128,046 | 3,225 | 4,277 | 186,823 | 174,600 |
| Disposals | - | - | - | - | (6,750) | - | (6,750) | - |
| Balance, end of year | - | 35,053 | 967,730 | 1,769,026 | 18,721 | 9,068 | 2,799,599 | 2,619,526 |
| **Net book value** | $ 133,357 | $ 33,372 | $ 1,425,270 | $ 3,263,383 | $ 10,733 | $ 33,706 | $ 4,899,821 | $ 5,059,628 |
| **2017 net book value (restated)** | $ 133,357 | $ 36,787 | $ 1,473,130 | $ 3,388,837 | $ 13,958 | $ 13,559 | $ 5,059,628 | |

# VILLAGE OF HUSSAR
## SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
### For the year ended December 31, 2018

**Schedule of segmented disclosure** **Schedule 3**

| | General government | Protective services | Transportation services | Environmental services | Public health services | Planning and development | Recreation and culture | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| Net municipal property taxes | $ 185,242 | $ - | $ - | $ - | $ - | $ - | $ - | $ 185,242 |
| User fees and sales of goods | 6,317 | - | - | 414,129 | 3,657 | - | 4,142 | 428,245 |
| Government transfers for operating | 28,305 | - | - | 5,294 | - | - | - | 33,599 |
| Investment income | 2,278 | - | - | - | - | - | - | 2,278 |
| Penalties and costs of taxes | 12,651 | - | - | - | - | - | - | 12,651 |
| Licenses and permits | - | 80 | - | - | - | 125 | - | 205 |
| Franchise and concession contracts | 36,599 | - | - | - | - | - | - | 36,599 |
| Other | 865 | - | - | - | 830 | - | - | 1,695 |
| | 272,257 | 80 | - | 419,423 | 4,487 | 125 | 4,142 | 700,514 |
| **Expenses** | | | | | | | | |
| Salaries, wages and benefits | 68,661 | - | 39,857 | 153,052 | 238 | - | 1,088 | 262,896 |
| Contracted and general services | 43,656 | - | 15,325 | 140,383 | - | 130 | 296 | 199,790 |
| Materials, goods, supplies and utilities | 16,641 | - | 25,388 | 103,865 | 2,078 | - | 8,925 | 156,897 |
| Interest on long term debt | - | - | 2,531 | - | - | - | - | 2,531 |
| Transfers to organizations and others | - | 10,905 | - | 6,871 | 1,842 | 1,892 | 1,652 | 23,162 |
| Amortization of tangible capital assets | 559 | - | 75,189 | 64,625 | 200 | - | 46,251 | 186,824 |
| | 129,517 | 10,905 | 158,290 | 468,796 | 4,358 | 2,022 | 58,212 | 832,100 |
| **Excess (deficiency) of revenue over expenses** | $ 142,740 | $ (10,825) | $ (158,290) | $ (49,373) | $ 129 | $ (1,897) | $ (54,070) | $ (131,586) |