VILLAGE OF SPRING LAKE

Consolidated Financial Statements

Year Ended December 31, 2019

VILLAGE OF SPRING LAKE
Index to Consolidated Financial Statements
Year Ended December 31, 2019

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Schedule of Property and Other Taxes *(Schedule 1)*	8
Consolidated Schedule of Government Transfers *(Schedule 2)*	8
Consolidated Schedule of Consolidated Expenditures by Object *(Schedule 3)*	8
Consolidated Schedule of Segmented Disclosure *(Schedule 4)*	9
Consolidated Schedule of Changes in Accumulated Surplus *(Schedule 5)*	10
Notes to Consolidated Financial Statements	11 - 18

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Spring Lake is responsible for the preparation, accuracy, objectivity and integrity of the accompanying 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 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 consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its council meetings. Council 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 Council with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Seniuk and Company, 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 consolidated financial statements.

The consolidated financial statements have been audited on behalf of the members of council by Seniuk and Company, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards.

_____

Ms. Emily House, CAO

Spring Lake, Alberta
April 14, 2020

Seniuk & Company
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Village of Spring Lake

Opinion

We have audited the consolidated financial statements of Village of Spring Lake (the Village), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Village'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 Consolidated Financial Statements

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

(continues)

#102, 12750 - 127 St. NW, Edmonton, Alberta T5L 1A5
Telephone: (780) 482-3431 Fax: (780) 488-5710 Website: www.seniuk.com

cpa CHARTERED PROFESSIONAL ACCOUNTANTS ALBERTA

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 7.

- Supplementary Accounting Principles and Standards Regulation (Salary and Benefit Disclosure):

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 9.

Seniuk & Company

Edmonton, Alberta
April 14, 2020

Seniuk and Company,
Chartered Professional Accountants

VILLAGE OF SPRING LAKE

Consolidated Statement of Financial Position

December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments *(Note 2)*	**$ 1,497,676**	$ 1,514,184
Taxes and grants in place of taxes *(Note 3)*	**46,816**	48,164
Grants and receivables from other governments *(Note 4)*	**820,534**	513,462
Trade and other receivables	**2,879**	3,746
	$ 2,367,905	$ 2,079,556
LIABILITIES		
Accounts payable	**$ 58,064**	$ 53,224
Deferred income *(Note 6)*	**1,670,731**	1,368,099
	1,728,795	1,421,323
NET FINANCIAL ASSET (DEBT)	**639,110**	658,233
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 5)*	**3,533,941**	3,623,514
Prepaid expenses	**10,608**	9,283
	3,544,549	3,632,797
ACCUMULATED SURPLUS	**$ 4,183,659**	$ 4,291,030

On behalf of Council

_____ *Mayor*

_____ *CAO*

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE
Consolidated Statement of Operations
Year Ended December 31, 2019

	Budget (Unaudited) 2019	**2019**	2018
REVENUE			
Net municipal taxes (Schedule 1)	$ 608,690	**$ 609,991**	$ 599,374
User fees and sale of goods	800	**1,628**	195
Government transfers for operating	61,326	**65,743**	34,710
Investment income	5,800	**5,115**	3,445
Penalties and costs of taxes	12,000	**15,884**	21,114
Licenses and permits	3,200	**3,080**	2,937
Rentals	7,900	**7,445**	800
Other	9,200	**28,261**	5,196
Fines	2,500	**2,268**	528
Total revenue	711,416	**739,415**	668,299
EXPENSES			
Administration and legislative	331,897	**331,643**	257,586
Fire service	27,000	**25,831**	25,831
Bylaw enforcement	34,000	**33,416**	31,840
Roads, streets, walks and lighting	244,466	**227,569**	225,667
Waste management	54,750	**58,146**	52,494
Land use planning, zoning and development	25,750	**15,760**	8,438
Parks and recreation	13,000	**7,625**	3,791
Libraries, museums and halls	3,006	**3,006**	3,006
Total operating expenses	733,869	**702,996**	608,653
Excess (deficiency) of revenue over expenses before other	(22,453)	**36,419**	59,646
OTHER			
Government transfers for capital	201,000	**33,021**	348,638
Amortization	-	**(176,811)**	(169,637)
	201,000	**(143,790)**	179,001
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	178,547	**(107,371)**	238,647
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,291,030	**4,291,030**	4,052,383
ACCUMULATED SURPLUS, END OF YEAR	$ 4,469,577	**$ 4,183,659**	$ 4,291,030

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2019

		2019		2018
Excess (Shortfall) of Revenues Over Expenses	**$**	**(107,371)**	$	238,647
Acquisition of tangible capital assets		**(87,237)**		(348,022)
Amortization of tangible capital assets		**176,811**		169,637
Use of prepaids		**(1,326)**	$	(653)
(INCREASE) DECREASE IN NET DEBT		**(19,123)**		59,609
Net financial assets (debt), beginning of year		**658,233**		598,624
NET ASSETS - END OF YEAR	**$**	**639,110**	$	658,233

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	**$ (107,371)**	$ 238,647
Item not affecting cash:		
Amortization	**176,811**	169,637
	69,440	408,284
Changes in non-cash working capital:		
Current taxes and grants in place of taxes	**1,348**	33,577
Trade and other receivables	**867**	6,422
Grants and receivables from other governments	**(307,072)**	(150,213)
Accounts payable	**4,839**	16,133
Prepaid expenses	**(1,325)**	(650)
Deferred income	**302,632**	20,597
	1,289	(74,134)
Cash flow from operating activities	**70,729**	334,150
INVESTING ACTIVITY		
Additions to capital assets	**(87,237)**	(348,022)
DECREASE IN CASH FLOW	**(16,508)**	(13,872)
Cash - beginning of year	**1,514,184**	1,528,056
CASH - END OF YEAR *(Note 2)*	**$ 1,497,676**	$ 1,514,184

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Property and Other Taxes ***(Schedule 1)***

Year Ended December 31, 2019

	Budget (Unaudited) 2019	**2019**	2018
TAXATION			
Real property tax	$ 958,457	**$ 940,696**	$ 926,257
Linear property taxes	2,393	**2,393**	2,270
	960,850	**943,089**	928,527
REQUISITIONS			
Alberta School Foundation	291,725	**276,153**	274,091
Evergreen CSRD No. 2	60,434	**56,945**	55,062
	352,159	**333,098**	329,153
NET MUNICIPAL TAXES	$ 608,691	**$ 609,991**	$ 599,374

Consolidated Schedule of Government Transfers ***(Schedule 2)***

	Budget (Unaudited) 2019	**2019**	2018
TRANSFERS FOR OPERATING			
Provincial Government	$ 61,326	**$ 65,743**	$ 34,710
	61,326	**65,743**	34,710
TRANSFERS FOR CAPITAL			
Provincial Government	201,000	**33,021**	348,638
TOTAL GOVERNMENT TRANSFERS	$ 262,326	**$ 98,764**	$ 383,348

Consolidated Schedule of Consolidated Expenditures by Object ***(Schedule 3)***

Year Ended December 31, 2019

	Budget (Unaudited) 2019	**2019**	2018
EXPENSES			
Contracted and general services	$ 267,986	**$ 248,991**	$ 199,398
Materials, goods and utilities	67,925	**61,931**	57,868
Salaries, wages & benefits	391,953	**389,068**	348,371
Transfer to local boards and agencies	2,982	**3,006**	3,016
Total Consolidated Expenditures by Object	$ 730,846	**$ 702,996**	$ 608,653

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Segmented Disclosure

Year Ended December 31, 2019

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	**Total**
REVENUE								
Net municipal taxes	$ 609,991	$ -	$ -	$ -	$ -	$ -	$ -	**$ 609,991**
Government transfers	35,600	-	6,563	-	23,580	-	-	**65,743**
User fees and sales of goods	1,065	-	-	-	-	563	-	**1,628**
Investment income	5,115	-	-	-	-	-	-	**5,115**
Other revenues	37,003	975	-	-	18,960	-	-	**56,938**
	688,774	975	6,563	-	42,540	563	-	**739,415**
EXPENSES								
Contract & general services	97,640	59,247	9,278	15,760	9,101	57,966	-	**248,992**
Salaries & wages	222,535	-	166,533	-	-	-	-	**389,068**
Materials, goods & utilities	7,819	-	51,758	-	2,173	180	-	**61,930**
Transfers to local boards	-	-	-	-	3,006	-	-	**3,006**
	327,994	59,247	227,569	15,760	14,280	58,146	-	**702,996**
NET REVENUE, BEFORE OTHER	360,780	(58,272)	(221,006)	(15,760)	28,260	(57,583)	-	**36,419**
OTHER INCOME AND EXPENSE								
Amortization	(2,132)	-	(154,508)	-	(19,955)	(215)	-	**(176,810)**
Government transfers for capital	-	-	-	-	33,021	-	-	**33,021**
	(2,132)	-	(154,508)	-	13,066	(215)	-	**(143,789)**
NET REVENUE	$ 358,648	$ (58,272)	$ (375,514)	$ (15,760)	$ 41,326	$ (57,798)	$ -	**$ (107,370)**

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Consolidated Schedule of Changes in Accumulated Surplus ***(Schedule 5)***

Year Ended December 31, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	**Total 2019**	Total 2018
BALANCE, BEGINNING OF YEAR	$ 318,773	$ 348,742	$ 3,623,515	**$ 4,291,030**	$ 4,052,383
Excess (deficiency) of revenues over expenses	(107,371)	-	-	**(107,371)**	238,647
Current year funds used for tangible capital assets	(87,237)	-	87,237	**-**	-
Annual amortization expense	176,811	-	(176,811)	**-**	-
	(17,797)	-	(89,574)	**(107,371)**	238,647
BALANCE, END OF YEAR	$ 300,976	$ 348,742	$ 3,533,941	**$ 4,183,659**	$ 4,291,030

The accompanying notes form an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Spring Lake 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:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the Village of Spring Lake (the "Village"). The 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 for the administration of their financial affairs and resources.

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

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

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.

Tax Revenue

Annually, the Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Village Council in accordance with legislation and Village Council approved policies to raise the tax revenue required to meet the Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

(continues)

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

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.

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.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

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.

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 leveling 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.

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.

(continues)

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

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.

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 Changes in Net Financial Assets (Debt) for the year.

Tangible Capital Assets

Tangible Capital Assets are stated at cost or deemed cost less accumulated amortization. Tangible Capital Assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	15 - 45 years
Buildings	10 - 50 years
Machinery and equipment	10 - 15 years
Motor vehicles	10 years
Engineered structures	10 - 20 years

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

Tangible Capital Assets acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as Tangible Capital Assets but are disclosed.

2. CASH AND TEMPORARY INVESTMENTS

		2019		2018
Cash	**$**	**588,655**	$	582,144
Term deposits		**2,751**		2,737
Restricted cash		**906,270**		929,303
	$	**1,497,676**	$	1,514,184

Term deposits are short term investments with original maturities of one year or less.

Included in cash are restricted amounts received from the municipal grants and are held exclusively for future approved projects. (Note 6)

3. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

		2019		2018
Current taxes and grants in place of taxes	**$**	**25,130**	$	29,432
Arrears taxes and grants in place of taxes		**21,686**		18,732
	$	**46,816**	$	48,164

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

		2019		2018
Municipal Sustainability Initiative - Capital	**$**	**519,823**	$	317,951
Municipal Sustainability Initiative - Operating		**-**		22,939
Federal Gas Tax Fund		**250,000**		150,000
Federation of Canadian Municipalities Grant		**35,600**		-
Subtotal		**805,423**		490,890
Goods and Services Tax refundable		**15,111**		22,572
	$	**820,534**	$	513,462

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2019 Net book value**	2018 Net book value
Land	$ 1,329,022	$ -	**$ 1,329,022**	$ 1,329,022
Land improvements	567,241	170,272	**396,969**	104,193
Engineered structures	2,521,964	1,262,023	**1,259,941**	1,342,587
Buildings	620,863	178,223	**442,640**	420,321
Machinery and equipment	241,694	172,979	**68,715**	78,003
Motor vehicles	147,425	110,771	**36,654**	46,682
Assets under construction	-	-	**-**	302,706
	$ 5,428,209	$ 1,894,268	**$ 3,533,941**	$ 3,623,514

The net book value of the Tangible Capital Assets at year end also represents the amount of equity in Tangible Capital Assets.

Equity in Tangible Capital Assets equals the Tangible Capital Assets balance.

6. DEFERRED REVENUE

Deferred revenue is comprised of:

	2019	2018
Federal Gas Tax Fund	**$ 221,278**	$ 120,271
Municipal Sustainability Initiative - Capital	**1,426,094**	1,247,253
Prepaid rent	**7,000**	-
Prepaid taxes	**16,359**	575
	$ 1,670,731	$ 1,368,099

Federal Gas Tax Fund

Funding from the Federal Government was allocated to the Village in the current year from the Federal Gas Tax Fund. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2).

Municipal Sustainability Initiative - Capital

Funding from the Provincial Government was allocated to the Village in the current year from the Municipal Sustainability Initiative - Capital. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2).

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 Spring Lake be disclosed as follows:

	2019	2018
Total debt limit	**$ 1,109,123**	$ 1,002,449
Total debt	**-**	-
Amount of debt limit unused	**1,109,123**	1,002,449
Debt servicing limit	**184,854**	167,075
Debt servicing	**-**	-
Amount of debt servicing limit unused	**$ 184,854**	$ 167,075

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk, if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

8. SEGMENTED DISCLOSURE

The Village of Spring Lake 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 4).

9. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	**2019 Total**	2018 Total
B. Hall - Councilor	$ 4,719	$ -	**$ 4,719**	$ 3,864
J. Roznicki - Councilor	4,719	-	**4,719**	5,292
J. Shewchuk - Councilor	6,143	-	**6,143**	4,440
A. MacCormack - Councilor	5,411	-	**5,411**	4,536
M. Sera - Councilor	5,125	-	**5,125**	4,398
Chief Administrative Officer	121,772	-	**121,772**	106,505
Designated Officers	15,760	-	**15,760**	8,191
	$ 163,649	$ -	**$ 163,649**	$ 137,226

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

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

10. FINANCIAL INSTRUMENTS

.The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy 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.

Credit risk

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

Fair value

The Village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Village for debt with similar terms.

11. CONTAMINATED SITES LIABILITY

The municipality has adopted PS3260 Liability for Contaminated Sites. The municipality did not identify any financial liabilities in 2019 (2018 – Nil) as a result of this standard.

12. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

14. BUDGET AMOUNTS

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