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GREGORY  
HARRIMAN  
& ASSOCIATES LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

**Village of Longview**

**Financial Statements**

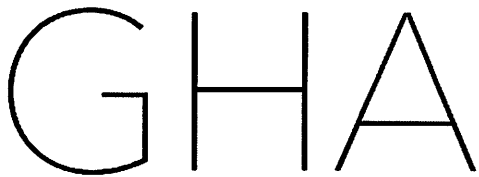
**For the Year Ended December 31, 2018**

**VILLAGE OF LONGVIEW**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

### **To the Members of Council:**

#### *Opinion*

We have audited the consolidated financial statements of Village of Longview (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2018, and the results of its operations, changes in its net financial assets and cash flows for the years 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 financial position of the Village of Longview 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 Consolidated Financial Statements section of our report. We are independent of the Municipality 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 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

#### *Auditor's Responsibility for the Audit of the Consolidated 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 judgement 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 omission, 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 Municipality'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 Municipality'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 Municipality 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*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 Municipality's debt limit can be found in Note 10.
- 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 14.

The engagement partner on the audit resulting in this independent auditor's report is Erin Gregory, CA, CPA.

Strathmore, Alberta  
April 16, 2019

*Gregory, Harriman & Assoc. LLP*  
Gregory, Harriman & Associates LLP  
Chartered Professional Accountants  
104, 331 3<sup>rd</sup> Avenue  
Strathmore, AB, T1P 1T5

**Village of Longview  
Consolidated Statement of Financial Position  
As at December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 703,565	\$ 1,200,910
Taxes and grants in place receivable <i>(Note 3)</i>	38,069	32,723
Trade and other accounts receivable <i>(Note 4)</i>	1,164,893	809,447
Investments <i>(Note 5)</i>	-	58,097
	1,906,527	2,101,177
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 6)</i>	85,113	135,128
Deferred revenue <i>(Note 7)</i>	354,719	391,975
Long term debt <i>(Note 9, 10)</i>	597,336	620,434
	1,037,168	1,147,537
<b>NET FINANCIAL ASSETS</b>	869,359	953,640
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	92	3,407
Tangible capital assets (Schedule 2) <i>(Note 11)</i>	9,705,215	9,391,971
	9,705,307	9,395,378
<b>ACCUMULATED SURPLUS (Schedule 1) <i>(Note 13)</i></b>	<b>\$ 10,574,666</b>	<b>\$ 10,349,018</b>

**COMMITMENTS** *(Note 15)*

**CONTINGENCIES** *(Note 16)*

Approved by : Kathie Wight Mayor      Sal Faruqi Chief Administrative Officer

**Village of Longview**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2018**

	<i>Budget (Unaudited)</i>	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	\$ 318,500	\$ 317,733	\$ 317,059
Sale of goods and user charges	220,150	164,167	176,187
Penalties and costs on taxes	6,000	8,508	8,899
Licenses and permits	4,800	5,826	4,766
Fines distribution	66,000	67,752	63,365
Franchise and concession contracts	76,000	75,465	76,936
Investment income	18,165	10,702	10,328
Rentals	43,800	43,859	39,932
Government transfers (Schedule 4)	42,835	57,146	48,742
Other revenues	-	25,052	18,752
Gain on sale of assets	-	-	225
<b>TOTAL REVENUE</b>	<u>796,250</u>	<u>776,210</u>	<u>765,191</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	33,300	25,016	35,015
Administration	239,805	241,922	238,652
Protective services	75,750	77,365	74,740
Roads, streets, walks and lighting	17,600	74,064	75,472
Water supply and distribution	111,350	196,182	169,422
Wastewater treatment and disposal	59,710	192,105	175,372
Waste management	6,600	6,688	6,531
Planning and development	4,480	6,823	3,724
Public health and welfare services	87,101	84,962	80,457
Culture	13,910	19,722	17,683
Parks and recreation	43,250	65,832	68,905
Recreation boards	12,500	10,765	7,930
<b>TOTAL EXPENSES</b>	<u>705,356</u>	<u>1,001,446</u>	<u>953,903</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u>90,894</u>	<u>(225,236)</u>	<u>(188,712)</u>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	2,253,137	448,075	223,317
Contributions from others for capital	-	2,809	-
	<u>2,253,137</u>	<u>450,884</u>	<u>223,317</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	2,344,031	225,648	34,605
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	10,349,018	10,349,018	10,314,413
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 12,693,049</u>	<u>\$ 10,574,666</u>	<u>\$ 10,349,018</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Longview**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the Year Ended December 31, 2018**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2018</b>	<b>2017</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ 2,344,031</b>	<b>\$ 225,648</b>	<b>\$ 34,605</b>
Acquisition of tangible capital assets (Schedule 2)	(2,140,700)	(601,405)	(261,051)
Proceeds on disposal of tangible capital assets	-	-	4,050
Amortization of tangible capital assets (Schedule 2)	-	288,161	281,148
Gain on disposal of assets	-	-	(225)
	<u>(2,140,700)</u>	<u>(313,244)</u>	<u>23,922</u>
Net change in prepaid expense	-	<b>3,315</b>	<b>31,115</b>
<b>INCREASE IN NET ASSETS</b>	<b>203,331</b>	<b>(84,281)</b>	<b>89,642</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>953,640</u>	<u>953,640</u>	<u>863,998</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><b>\$ 1,156,971</b></u>	<u><b>\$ 869,359</b></u>	<u><b>\$ 953,640</b></u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Longview**  
**Consolidated Statement of Changes in Cash Flows**  
**For the Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>Operating</b>		
Excess (Shortfall) of revenue over expenses	\$ 225,648	\$ 34,605
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	288,161	281,148
Gain on sale of tangible capital assets	-	(225)
	<u>513,809</u>	<u>315,528</u>
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in place receivable	(5,346)	(12,572)
Decrease (Increase) in trade and other receivables	(334,654)	36,365
Decrease (Increase) in Goods and Services Tax receivable	(20,792)	(5,161)
Decrease (Increase) in prepaid expenses	3,315	31,116
Increase (Decrease) in accounts payable and accrued liabilities	(50,015)	53,532
Increase (Decrease) in deferred revenue	(37,255)	(35,298)
	<u>69,062</u>	<u>383,510</u>
Cash provided by operating transactions		
<b>Capital</b>		
Acquisition of tangible capital assets	(601,405)	(261,051)
Proceeds on disposal of capital assets	-	4,050
Cash applied to capital transactions	<u>(601,405)</u>	<u>(257,001)</u>
<b>Investing</b>		
Decrease (Increase) in restricted cash and temporary investments	37,255	35,299
Decrease (Increase) in investments	58,097	-
Cash provided by (applied to) investing transactions	<u>95,352</u>	<u>35,299</u>
<b>Financing Activities</b>		
Long term debt repaid	(23,098)	(22,192)
Cash provided by (applied to) financing transactions	<u>(23,098)</u>	<u>(22,192)</u>
<b>Change in Cash and temporary investments, during the year</b>	<b>(460,089)</b>	<b>139,616</b>
<b>Cash and temporary investments, beginning of the year</b>	<b>808,935</b>	<b>669,319</b>
<b>Cash and temporary investments, end of the year</b>	<b>\$ 348,846</b>	<b>\$ 808,935</b>
<b>Cash and temporary investments is made up of:</b>		
Cash and temporary investments (Note 2)	\$ 703,565	\$ 1,200,910
Less: restricted portion of cash and temporary investments (Note 2)	(354,719)	(391,975)
	<u>\$ 348,846</u>	<u>\$ 808,935</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP



**Village of Longview**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2018**  
**(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,097,553	\$ 479,928	\$ 8,771,537	\$ 10,349,018	\$ 10,314,413
Excess (Shortfall) of revenue over expenses	225,648	-	-	225,648	34,605
Unrestricted funds designated for future use	(34,971)	34,971	-	-	-
Restricted funds used for tangible capital assets	-	(4,636)	4,636	-	-
Current year funds used for tangible capital assets	(596,768)	-	596,768	-	-
Annual amortization expense	288,160	-	(288,160)	-	-
Capital long term debt repaid	(23,098)	-	23,098	-	-
Disposal of tangible capital assets	-	-	-	-	-
Change in accumulated surplus	(141,029)	30,335	336,342	225,648	34,605
<b>BALANCE, END OF YEAR</b>	<b>\$ 956,524</b>	<b>\$ 510,263</b>	<b>\$ 9,107,879</b>	<b>\$ 10,574,666</b>	<b>\$ 10,349,018</b>

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Gregory, Harriman & Associates LLP

**Village of Longview  
Schedule of Tangible Capital Assets  
For the Year Ended December 31, 2018  
(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 826,895	\$ 539,335	\$ 1,833,630	\$ 10,118,592	\$ 150,958	\$ 80,484	\$ 13,549,894	\$ 13,293,343
Acquisition of tangible capital assets	-	-	-	278,924	-	4,636	283,560	57,336
Construction in progress	-	-	-	317,845	-	-	317,845	203,715
Disposal of tangible capital assets	-	-	-	-	-	-	-	(4,500)
<b>BALANCE, END OF YEAR</b>	<b>826,895</b>	<b>539,335</b>	<b>1,833,630</b>	<b>10,715,361</b>	<b>150,958</b>	<b>85,120</b>	<b>14,151,299</b>	<b>13,549,894</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	256,577	615,713	3,181,607	75,712	28,314	4,157,923	3,877,450
Annual amortization	-	27,063	36,095	213,128	6,151	5,724	288,161	281,148
Accumulated amortization on disposals	-	-	-	-	-	-	-	(675)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>283,640</b>	<b>651,808</b>	<b>3,394,735</b>	<b>81,863</b>	<b>34,038</b>	<b>4,446,084</b>	<b>4,157,923</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 826,895</b>	<b>\$ 255,695</b>	<b>\$ 1,181,822</b>	<b>\$ 7,320,626</b>	<b>\$ 69,095</b>	<b>\$ 51,082</b>	<b>\$ 9,705,215</b>	<b>\$ 9,391,971</b>
 2017 Net Book Value of Tangible Capital Assets	 \$ 826,895	 \$ 282,758	 \$ 1,217,917	 \$ 6,936,985	 \$ 75,246	 \$ 52,170	 \$ 9,391,971	

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Longview**  
**Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2018**  
**(Schedule 3)**

	<i>Budget</i> <i>(Unaudited)</i>	2018	2017
<b>TAXATION</b>			
Real property taxes	\$ 450,359	\$ 449,592	\$ 437,405
Linear property taxes	17,455	17,455	19,111
	<u>467,814</u>	<u>467,047</u>	<u>456,516</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	137,241	137,241	127,843
Senior Foundation	5,930	5,930	6,008
Separate Education Board	3,665	3,665	3,270
Ambulance and Emergency	2,336	2,336	2,336
Designated Industrial	142	142	-
	<u>149,314</u>	<u>149,314</u>	<u>139,457</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 318,500</u>	<u>\$ 317,733</u>	<u>\$ 317,059</u>

**Village of Longview**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2018**  
**(Schedule 4)**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2018</b>	<b>2017</b>
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 30,335	\$ 44,646	\$ 36,242
Other Local Governments	12,500	12,500	12,500
	<u>42,835</u>	<u>57,146</u>	<u>48,742</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	2,253,137	448,075	223,317
	<u>2,253,137</u>	<u>448,075</u>	<u>223,317</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 2,295,972</u>	<u>\$ 505,221</u>	<u>\$ 272,059</u>

**Village of Longview**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2018**  
**(Schedule 5)**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2018</b>	<b>2017</b>
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits <i>(Note 14)</i>	\$ 304,500	\$ 295,944	\$ 274,363
Contracted and general services <i>(Note 15)</i>	194,189	173,917	190,696
Materials, goods, supplies and utilities	151,950	188,673	156,181
Bank charges and short term interest	1,685	2,418	2,648
Transfers to individuals and organizations	28,002	26,044	22,050
Interest on capital long term debt	23,910	24,853	25,759
Amortization of tangible capital assets	-	288,160	281,149
Other expenses	1,120	1,437	1,057
	<u>\$ 705,356</u>	<u>\$ 1,001,446</u>	<u>\$ 953,903</u>

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP

**Village of Longview**  
**Notes to Financial Statements**  
**December 31, 2018**

**1) Significant Accounting Policies**

The Village of Longview (the "Municipality") is a Municipality in the Province of Alberta. The consolidated financial statements are the representation of management and have been 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 these accounting policies adopted by the Village are as follows:

**A. Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenue 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 the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial resources.

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

**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 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 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. The amounts recorded for valuation of tangible capital assets, useful lives and related amortization of tangible capital assets is an area where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**D. Investments**

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

**E. Requisition Over-levy and Under-levy**

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

If the actual levy exceeds the requisition, the excess collection is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as property tax revenue.

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

*continues ...*

**Village of Longview  
Notes to Financial Statements  
December 31, 2018**

**1) Significant Accounting Policies (continued)**

**F. Tax Revenue**

Tax revenue is 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.

**G. Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil 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 productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**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 that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

**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 revenue over expenses, provides the consolidated Change in Net Financial Assets for the year.

**i. Tangible Capital Assets**

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

	<b>YEARS</b>
Land improvements	15-25
Buildings	25-50
Engineered structures	
Roadway system	5-40
Water system	45-75
Wastewater system	45-75
Machinery, equipment and furnishings	5-40
Vehicles	10-25

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

**ii. Contributions of Tangible Capital Assets**

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

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**Village of Longview**  
**Notes to Financial Statements**  
**December 31, 2018**

2) Cash and Temporary Investments	2018	2017
Cash	\$ 695,502	\$ 1,194,476
Recreation Board	8,031	6,184
Petty cash	32	250
	\$ 703,565	\$ 1,200,910

The Village received Government grants and donations that are restricted in their use and are to be utilized as funding for operating or capital projects. Since the projects have not been completed for which the funding has been received, \$354,719 (2017 - \$391,975) is not available for general use by the Village (*Note 7*).

3) Taxes and Grants in Place Receivable	2018	2017
Current taxes and grants in place	\$ 37,841	\$ 30,160
Tax arrears and grants in place	228	2,563
	\$ 38,069	\$ 32,723

4) Trade and Other Accounts Receivable	2018	2017
Local improvement levy receivable	\$ 698,702	\$ 742,916
Grants receivable	397,027	16,830
Goods and Services Tax receivable	34,507	13,712
Utilities receivable	25,829	29,440
Trade receivable	8,828	6,549
	\$ 1,164,893	\$ 809,447

5) Investments	2018	2017
Guaranteed Investment Certificate	\$ -	\$ 58,097

The term deposit represents a Royal Bank of Canada guaranteed investment certificate that beared interest of 0.50% and was redeemed in 2018.

6) Accounts Payable and Accrued Liabilities	2018	2017
Trade accounts payable	\$ 67,252	\$ 113,617
Accrued liabilities	16,350	15,000
Deposit liabilities	1,511	6,511
	\$ 85,113	\$ 135,128



**Village of Longview**  
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7) Deferred Revenue	2018	2017
Municipal Sustainability Initiative - Capital	\$ 247,994	\$ 301,564
Basic Municipal Transportation Grant	71,485	69,370
Senior Bus	24,000	-
Memorial Garden	7,167	5,069
Longview Light-Up	4,073	-
Community Hall Senior Grant	-	15,000
Hall Lighting	-	972
	\$ 354,719	\$ 391,975

**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 balance represents funds brought forward from 2017 of \$301,564 less funds spent of \$61,542 plus interest of \$7,972.

**Basic Municipal Transportation Grant**

The Basic Municipal Transportation Grant ("BMTG") provides cost-shared grants to municipalities to assist with the provision of lasting street improvements, to enhance life in rural centers and to serve to attract the decentralization of industry. Approved projects are eligible for 75 percent provincial funding for construction and engineering costs. The balance represents the unexpended portion received in 2014 plus interest.

All of the unexpended funds held in deferred revenue are supported by cash and temporary investments as noted in Note 2.

**8) 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.

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**9) Long Term Debt**

	<b>2018</b>	<b>2017</b>
Tax supported debenture - capital	\$ 597,336	\$ 620,434
Less: Current portion	(24,041)	(23,098)
	\$ 573,295	\$ 597,337

Principal and interest repayments are due as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	24,041	23,910	47,951
2020	25,023	22,928	47,951
2021	26,045	21,906	47,951
2022	27,108	20,843	47,951
2023	28,216	19,735	47,951
Thereafter	466,903	132,483	599,386
	\$ 597,336	\$ 241,805	\$ 839,141

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 4.043% per annum and matures in 2036. Debenture debt is issued on the credit and security of the Village of Longview at large.

Interest on long term debt amounted to \$24,853 (2017 - \$25,759).

The Village's total cash payments for interest in 2018 were \$24,853 (2017 - \$25,759).

**10) 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 Longview be disclosed as follows:

	<b>2018</b>	<b>2017</b>
Total debt limit (1.5 * total eligible revenue)	\$ 1,164,314	\$ 1,147,787
Total long term debt (Note 9)	597,336	620,434
Unused total debt limit capacity	\$ 566,978	\$ 527,353
Service on debt limit (0.25 * total eligible revenue)	\$ 194,052	\$ 191,298
Service on debt (next years principal and interest due)	47,951	47,951
Unused service on debt limit capacity	\$ 146,101	\$ 143,347

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 consolidated financial statements must be interpreted as a whole.

**Village of Longview**  
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**11) Tangible Capital Assets**

	2018	2017
Land	\$ 826,895	\$ 826,895
Land improvements	255,695	282,758
Buildings	1,181,822	1,217,917
Engineered structures		
Roadway system	331,531	380,142
Water distribution system	2,330,790	1,787,074
Wastewater treatment system	4,658,305	4,769,769
Machinery, equipment and furnishings	69,095	75,246
Vehicles	51,082	52,170
	\$ 9,705,215	\$ 9,391,971

**12) Equity in Tangible Capital Assets**

	2018	2017
Tangible capital assets (Schedule 2)	\$ 14,151,299	\$ 13,549,894
Accumulated amortization (Schedule 2)	(4,446,084)	(4,157,923)
Long term debt - Capital (Note 9)	(597,336)	(620,434)
	\$ 9,107,879	\$ 8,771,537

**13) Accumulated Surplus**

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

	2018	2017
Unrestricted surplus (Schedule 1)	\$ 956,524	\$ 1,097,553
Restricted surplus (reserves)		
Recreations Board	9,038	9,038
General Reserve	34,017	31,017
Public Works	23,082	13,082
Water/Wastewater	293,184	293,184
Hall Reserve	32,668	16,696
Peace Officer Reserve	7,363	6,000
Offsite Levies	110,911	110,911
Equity in tangible capital assets (Note 12)	9,107,879	8,771,537
	\$ 10,574,666	\$ 10,349,018

**Village of Longview  
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**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:

	Salary (1)	Benefits & Allowances (2)	Total 2018	Total 2017
Councillor Wight, K.	\$ 6,150	\$ 1,375	\$ 7,525	\$ 7,167
Councillor Weir	4,980	831	\$ 5,811	1,758
Councillor Lenard K.	2,190	333	\$ 2,523	90
Councillor Ayrey, C.	-	-	-	3,000
Councillor MacLeod, C.	-	-	-	4,680
Chief Administrative Officer	63,351	3,891	67,242	57,408
	<u>\$ 76,671</u>	<u>\$ 6,430</u>	<u>\$ 83,101</u>	<u>\$ 74,103</u>

(1) Salary includes regular base pay and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

**15) Commitments**

The Village has an agreement with the Municipal District of Foothills No. 31 for the provision of water and wastewater services. The contract terms are a maximum of \$72,000 annually and are ongoing until cancelled by one of the parties.

**16) Contingencies**

The Village is a member of the Alberta Municipal Services Corporation. Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**17) Financial Instruments**

The Village's financial instruments consist of cash and temporary investments, taxes and grants in place receivable, trade and other accounts receivable, investments, accounts payable and accrued liabilities and long term debt.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Village is exposed to financial risk from interest rate differentials between market interest rates and the rates used on their financial instruments.

Credit Risk

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

**18) Comparative Figures**

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

**19) Approval of Financial Statements**

Council and Management have approved these financial statements.