

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2019

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2019

	Contents
Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Debt	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 9
Notes to the Consolidated Financial Statements	10 - 27



Tel: 403 342 2500
Fax: 403 343 3070
www.bdo.ca

BDO Canada LLP
Suite 100 179D Leva Avenue
Red Deer County AB T4E 1B9
Canada

Independent Auditor's Report

To the Mayor and Council of the Village of Alix

Opinion

We have audited the consolidated financial statements of Village of Alix and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations, consolidated statement of changes in net debt, and consolidated statement of 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 Group as at December 31, 2019 and its consolidated financial performance and its cash flows for the year then ended in accordance with 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 Group 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.

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 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 financial statements.

Independent Auditor's Report - continued

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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants
Red Deer, Alberta
March 18, 2020

Village of Alix
Consolidated Statement of Financial Position

December 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,987,678	\$ 1,845,210
Taxes receivable (Note 2)	147,031	215,003
Accounts receivable	53,743	80,706
Grants receivable	354,073	-
	2,542,525	2,140,919
Liabilities		
Accounts payable and accrued liabilities	178,565	275,963
Employee benefit obligation (Note 3)	70,029	64,309
Deposit liabilities	550	1,765
Deferred revenue (Note 4)	875,377	864,123
Long-term debt (Note 5)	2,994,089	3,123,090
Liability for contaminated sites (Note 6)	-	61,590
	4,118,610	4,390,840
Net debt	(1,576,085)	(2,249,921)
Non-financial assets		
Tangible capital assets (Note 7)	10,987,222	10,750,197
Inventory for consumption	23,047	23,409
Prepaid expenses	5,044	10,079
	11,015,313	10,783,685
Accumulated surplus (Note 9)	\$ 9,439,228	\$ 8,533,764
Debenture debt limits (Note 16)		
Contingencies (Note 17)		
Commitments (Note 18)		

Village of Alix
Consolidated Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
Revenue			
Net municipal taxes (Note 11)	\$ 1,451,365	\$ 1,453,379	\$ 1,480,315
Government transfers for operating (Note 12)	76,928	72,802	68,307
Sales and user fees	776,900	815,573	794,489
Franchises and concessions	140,000	123,001	236,955
Investment income	23,000	26,199	13,081
Penalties and costs on taxes	54,100	48,901	56,591
Fines and licenses	8,400	16,808	8,342
Rental	13,704	14,504	13,830
Gain on disposal of assets	-	-	30,405
	<u>2,544,397</u>	<u>2,571,167</u>	<u>2,702,315</u>
Expenses (Note 13)			
Legislative	55,550	42,662	41,459
Administration	503,684	416,240	448,050
Protective services	209,358	174,873	136,368
Transportation services	681,330	568,060	635,970
Water and wastewater	643,180	620,030	646,699
Waste management	148,978	148,244	147,647
Planning and development	62,416	57,839	60,142
Recreation and parks	399,577	369,813	406,166
FCSS and Cemetery	49,643	49,244	47,217
Loss on sale of capital assets	-	60,254	-
	<u>2,753,716</u>	<u>2,507,259</u>	<u>2,569,718</u>
Excess (deficiency) of revenue over expenditures - before other	(209,319)	63,908	132,597
Other			
Government transfers for capital (Note 12)	4,430,000	841,556	359,145
Excess (deficiency) of revenue over expenditures	<u>4,220,681</u>	<u>905,464</u>	<u>491,742</u>
Accumulated surplus, beginning of year	<u>8,533,764</u>	<u>8,533,764</u>	<u>8,042,022</u>
Accumulated surplus, end of year	<u>\$ 12,754,445</u>	<u>\$ 9,439,228</u>	<u>\$ 8,533,764</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Village of Alix
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2019	2019	2018
Excess of revenue over expenditures	\$ 4,220,681	\$ 905,464	\$ 491,742
Acquisition of tangible capital assets	(4,451,000)	(695,448)	(1,851,424)
Amortization of tangible capital assets	371,847	371,847	400,966
Gain on sale of tangible capital assets	-	-	(30,405)
Proceeds on sale of tangible capital assets	-	26,322	32,275
Write-downs of tangible capital assets	-	60,254	-
	141,528	668,439	(956,846)
Change in prepaid expenses	-	5,035	1,106
Change in inventory for consumption	-	362	(5,344)
Net change in net debt	141,528	673,836	(961,084)
Net debt, beginning of year	(2,249,921)	(2,249,921)	(1,288,837)
Net debt, end of year	\$ (2,108,393)	\$ (1,576,085)	\$ (2,249,921)

Village of Alix
Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Operating transactions		
Excess of revenue over expenditures	\$ 905,464	\$ 491,742
Items not involving cash		
Amortization	371,847	400,966
Gain on disposal of tangible capital assets	-	(30,405)
Write-down of tangible capital asset	60,254	-
Changes in non-cash operating balances		
Taxes receivable	67,972	(19,230)
Accounts receivable	26,963	14,414
Grants receivable	(354,073)	-
Prepaid expenses	5,035	1,106
Accounts payable and accrued liabilities	(97,398)	118,803
Inventory for consumption	362	(5,344)
Employee benefit obligation	5,720	39,187
Deposit liabilities	(1,215)	340
Deferred revenue	11,254	109,492
Liability for contaminated sites	(61,590)	61,590
	940,595	1,182,661
Capital transactions		
Acquisition of tangible capital assets	(695,448)	(1,851,424)
Proceeds on sale of tangible capital assets	26,322	32,275
	(669,126)	(1,819,149)
Investing transactions		
Restricted cash balances	337,618	(105,035)
Financing transactions		
Proceeds from issuance of long-term debt	-	1,263,000
Repayment of long-term debt	(129,001)	(112,419)
Net change in cash and cash equivalents	480,086	409,058
Cash and cash equivalents, beginning of year	952,220	543,162
Cash and cash equivalents, end of year	\$ 1,432,306	\$ 952,220
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 1,987,678	\$ 1,845,210
Less: restricted (Note 1)	(555,372)	(892,990)
	\$ 1,432,306	\$ 952,220

Village of Alix
Summary of Significant Accounting Policies

December 31, 2019

**Management's
Responsibility for the
Financial Statements**

The consolidated financial statements of the Village are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Consolidation

The consolidated financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Village.

The Village has consolidated the Alix Public Library.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life, less residual value, of the tangible capital asset commencing once the asset is available for productive use. One half the amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition. Estimated useful lives of the various asset classes are as follows:

Land improvements	15 to 30 years
Buildings	50 years
Engineered Structures	10 to 75 years
Machinery, equipment and furnishings	5 to 20 years
Vehicles	10 to 25 years

**Excess Collections and
Under-levies**

Excess collections 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 as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections

Village of Alix
Summary of Significant Accounting Policies

December 31, 2019

**Collection of Taxes on
Behalf of Other Taxation
Authorities**

The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the Village collects taxation revenue on behalf of are:
Alberta School Foundation Fund
Lacombe Foundation

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
Sales of service and other revenue is recognized on an accrual basis.

**Liability for
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

Village of Alix
Summary of Significant Accounting Policies

December 31, 2019

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

1. Cash and Cash Equivalents

	2019	2018
Current account	\$ 1,977,636	\$ 1,835,168
Temporary Investments	10,042	10,042
	\$ 1,987,678	\$ 1,845,210

The Village has an authorized overdraft available to a maximum of \$300,000 bearing interest at bank prime (prime rate as at December 31, 2019 was 3.95%). Collateral is provided by a General Security Agreement. No amounts have been drawn upon at year-end

The temporary investments have an interest rate of 2.10% and mature June 2020.

Cash and temporary investments include the following internally and externally restricted amounts:

	2019	2018
Municipal Sustainability Initiative	\$ 524,739	\$ 861,132
Federal Gas Tax	2,992	2,992
Alix Public Library Cash	27,641	28,866
	\$ 555,372	\$ 892,990

2. Taxes Receivable

	2019	2018
Current taxes and grants in place of taxes	\$ 115,869	\$ 187,216
Arrears taxes	53,644	50,269
	169,513	237,485
Less: Allowance for doubtful accounts	22,482	22,482
	\$ 147,031	\$ 215,003

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

3. Employee Benefit Obligation

	2019	2018
Accrued vacation pay	\$ 40,029	\$ 34,309
Accrued sick leave benefit	30,000	30,000
	\$ 70,029	\$ 64,309

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Sick Leave Benefits

The Village provides paid sick leave at a rate of 1.5 days per month for full-time employees and 1 day per month for part-time employees. Sick leave can accumulate from year to year to a total of 120 work days. Sick leave is not paid out upon termination.

4. Deferred Revenue

	Opening balance	Contributions received or receivable	Revenue recognized	Ending balance
Municipal Sustainability Initiative	\$ 861,131	202,393	(341,139)	\$ 722,385
Clean Water Wasterwater Fund	-	500,417	(500,417)	-
Federal Gas Tax	2,992	150,000	-	152,992
FCSS	-	23,677	(23,677)	-
Other	-	26,020	(26,020)	-
MSI operating	-	23,104	(23,104)	-
	\$ 864,123	925,611	(914,357)	\$ 875,377

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Village is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

5. Long-Term Debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	2019	2018
Alberta Capital Finance Authority Debentures, interest at 2.72% to 4.89% per year, due 2030 through 2048.	\$ 2,994,089	\$ 3,123,090

Principal and interest payments are due as follows:

	Principal Repayments	Interest Payments	Total
2020	\$ 133,663	\$ 102,595	\$ 236,258
2021	138,500	97,757	236,257
2022	143,521	92,737	236,258
2023	148,730	87,528	236,258
2024	154,137	82,121	236,258
Thereafter	2,275,538	689,463	2,965,001
	\$ 2,994,089	\$ 1,152,201	\$ 4,146,290

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.72% to 4.89% per annum and matures in periods 2030 through 2048. Debenture debt is issued on the credit and security of the Village at large.

6. Liability for Contaminated Sites

The Village obtained a property in 2018 through the tax recovery process that was contaminated with asbestos. The estimated reclamation liability for the property as at December 31, 2018 was \$61,590. The property was reclaimed in 2019 for an actual cost of \$95,900.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

7. Tangible Capital Assets

								2019
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 412,806	\$ 337,421	\$ 2,729,829	\$ 11,632,610	\$ 690,638	\$ 786,267	\$ -	\$ 16,589,571
Additions	-	-	-	682,280	13,168	-	-	695,448
Disposals	-	-	(12,803)	(70,326)	(9,400)	(90,849)	-	(183,378)
Cost, end of year	<u>\$ 412,806</u>	<u>\$ 337,421</u>	<u>\$ 2,717,026</u>	<u>\$ 12,244,564</u>	<u>\$ 694,406</u>	<u>\$ 695,418</u>	<u>\$ -</u>	<u>\$ 17,101,641</u>
Accumulated amortization, beginning of year	\$ -	\$ 227,096	\$ 521,230	\$ 4,086,239	\$ 492,604	\$ 512,205	\$ -	\$ 5,839,374
Amortization	-	17,111	39,119	261,814	21,016	32,787	-	371,847
Disposals	-	-	-	-	(5,953)	(90,849)	-	(96,802)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 244,207</u>	<u>\$ 560,349</u>	<u>\$ 4,348,053</u>	<u>\$ 507,667</u>	<u>\$ 454,143</u>	<u>\$ -</u>	<u>\$ 6,114,419</u>
Net carrying amount, end of year	<u>\$ 412,806</u>	<u>\$ 93,214</u>	<u>\$ 2,156,677</u>	<u>\$ 7,896,511</u>	<u>\$ 186,739</u>	<u>\$ 241,275</u>	<u>\$ -</u>	<u>\$ 10,987,222</u>

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

7. Tangible Capital Assets (continued)

	2018							
	Land	Land	Buildings	Engineered	Machinery	Vehicles	Work in	Total
	Improvements	Improvements		Structures	and		Progress	
					Equipment			
Cost, beginning of year	\$ 414,676	\$ 337,421	\$ 1,412,617	\$ 11,104,185	\$ 690,638	\$ 786,267	\$ -	\$ 14,745,804
Additions	-	-	1,322,999	528,425	-	-	-	1,851,424
Disposals	(1,870)	-	(5,787)	-	-	-	-	(7,657)
Cost, end of year	\$ 412,806	\$ 337,421	\$ 2,729,829	\$ 11,632,610	\$ 690,638	\$ 786,267	\$ -	\$ 16,589,571
Accumulated amortization, beginning of year	\$ -	\$ 209,592	\$ 472,816	\$ 3,837,153	\$ 447,915	\$ 476,719	\$ -	\$ 5,444,195
Amortization	-	17,504	54,201	249,086	44,689	35,486	-	400,966
Disposals	-	-	(5,787)	-	-	-	-	(5,787)
Accumulated amortization, end of year	\$ -	\$ 227,096	\$ 521,230	\$ 4,086,239	\$ 492,604	\$ 512,205	\$ -	\$ 5,839,374
Net carrying amount, end of year	\$ 412,806	\$ 110,325	\$ 2,208,599	\$ 7,546,371	\$ 198,034	\$ 274,062	\$ -	\$ 10,750,197

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

8. Equity in Tangible Capital Assets

	2019	2018
Tangible capital assets	\$ 17,101,641	\$ 16,589,571
Accumulated amortization	(6,114,419)	(5,839,374)
Debenture debt	(2,994,089)	(3,123,090)
	\$ 7,993,133	\$ 7,627,107

9. Accumulated Surplus

	2019	2018
Equity in tangible capital assets	\$ 7,993,133	\$ 7,627,107
Unrestricted surplus (deficit)	450,222	143,784
	8,443,355	7,770,891
Restricted surplus		
Fire	79,000	64,000
Roads, streets, walks and lighting	240,994	140,994
Water	192,186	192,186
Wastewater	191,880	91,880
Cemetery	20,000	12,000
Arena	225,034	225,034
Parks and playgrounds	3,000	3,000
Community halls	41,529	31,529
Library	2,250	2,250
	995,873	762,873
	\$ 9,439,228	\$ 8,533,764

The investment in tangible capital assets represents amounts already spent and invested in infrastructure. Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

10. Change in Accumulated Surplus

	Budget	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2019	2018
Balance, beginning of year	\$ 143,784	\$ 143,784	\$ 762,873	\$ 7,627,107	\$ 8,533,764	\$ 8,042,022
Excess of revenue over expenses	4,220,681	905,464	-	-	905,464	491,742
Net operating transfers to (from) restricted surplus	(15,000)	(233,000)	233,000	-	-	-
Debenture principal payments	(128,620)	(129,001)	-	129,001	-	-
Capital transfers from restricted surplus	-	-	-	-	-	-
Acquisition of capital	(4,451,000)	(695,448)	-	695,448	-	-
Disposals and write-down of assets	-	86,576	-	(86,576)	-	-
Amortization	371,847	371,847	-	(371,847)	-	-
Debt proceeds	-	-	-	-	-	-
Change in accumulated surplus	\$ (2,092)	\$ 306,438	\$ 233,000	\$ 366,026	\$ 905,464	\$ 491,742
Balance, end of year	\$ 141,692	\$ 450,222	\$ 995,873	\$ 7,993,133	\$ 9,439,228	\$ 8,533,764

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

11. Taxation - Net

	Budget 2019	2019	2018
Residential property	\$ 846,202	\$ 846,203	\$ 878,017
Machinery and equipment	496,766	496,766	498,625
Linear property	25,224	25,224	22,024
Non-residential property	311,071	311,073	307,386
Designated Industrial Property	107	107	43
	1,679,370	1,679,373	1,706,095
Requisitions			
Alberta School Foundation Fund	221,588	219,579	218,950
Lacombe Foundation	6,310	6,308	6,787
Designated Industrial Property Requisition	107	107	43
	228,005	225,994	225,780
Available for general municipal purposes	\$ 1,451,365	\$ 1,453,379	\$ 1,480,315

12. Government Transfers

	Budget 2019	2019	2018
Operating			
Provincial government	56,928	58,745	57,689
Other local government	20,000	14,057	10,618
	\$ 76,928	\$ 72,802	\$ 68,307
Capital			
Provincial government	\$ 4,430,000	\$ 841,556	\$ 359,145
Total government transfers	\$ 4,506,928	\$ 914,358	\$ 427,452

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

13. Expenses by Object

	Budget 2019	2019	2018
Salaries and wages	\$ 783,650	\$ 746,772	\$ 780,522
Contracted and general services	812,954	621,339	703,102
Materials, goods and utilities	587,070	522,384	496,870
Transfer to local agencies	90,353	78,052	85,031
Bank charges and short term interest	200	94	152
Interest on long-term debt	107,641	106,517	102,095
Amortization	371,847	371,847	400,966
Write-down/ loss on tangible capital assets	-	60,254	-
Other expenditures	-	-	980
	\$ 2,753,715	\$ 2,507,259	\$ 2,569,718

December 31, 2019

14. Municipal Employees Pension Plans

Local Authorities Pension Plan

Certain employees of the Village are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 200,000 people and over 400 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Village is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$168,498. Employees of the Village are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 12.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$168,498.

Contributions for the year were:

	2019	2018
Employer contributions	\$ 48,271	\$ 49,394
Employee contributions	43,467	44,860
	\$ 91,738	\$ 94,254

As this is a multi-employer pension plan, these contributions are the Village's pension benefit expense. No pension liability for this type of plan is included in the Village's financial statements. The most recent valuation as at December 31, 2018 indicates a surplus of \$3.5 billion for basic pension benefits (2017 - \$4.8 million). The actuary does not attribute portions of the unfunded liability to individual employers.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

15. Salary and Benefits Disclosure

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

	Salary	Benefits & Allowances	Total 2019	Total 2018
Mayor Fehr	7,875	-	7,875	6,910
Councillor Besuijen	5,225	-	5,225	5,650
Councillor Gilliat	9,735	-	9,735	8,375
Councillor Soltermann	6,000	-	6,000	6,375
Councillor Cole	5,000	-	5,000	5,000
Chief Administrative Officer	95,833	1,750	97,583	76,633
Designated Officers	48,586	-	48,586	48,991

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

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, dental coverage, and vision coverage.

16. Debt Limits

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

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 3,856,751	\$ 4,053,473
Total debt	2,994,089	3,123,090
Total debt limit available	862,662	930,383
Debt servicing limit	642,792	675,579
Debt servicing	236,258	236,258
Total debt servicing limit available	406,534	439,321

The debt limit is calculated at 1.5 times revenue of the Village (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.

December 31, 2019

17. Contingencies

The Village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership the Village could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for in the year the losses are determined.

The Village is a member of the Lacombe Regional Waste Services Commission, the Highway 12/21 Regional Water Commission, and the Alberta Urban Municipalities Association. Under the terms of the membership the Village could become liable for its proportionate share of any losses incurred by these organizations. Any liability incurred would be accounted for as a current transaction in the year of settlement.

18. Commitments

The Village has an agreement with Lacombe County to pay 25% of the operating expenditures for the fire department facility of \$35,000 per year.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

19. Budget

The budget adopted by Council on March 20, 2019, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget anticipated use of surpluses accumulated in previous years to fund current year operation and capital activities. Amortization was not budgeted. The budget expensed all tangible capital expenditures. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by Council on March 20, 2019, with adjustments as follows:

	<u>2019</u>
Operating budget surplus	\$ 18,908
Add:	
Debenture principal payments	128,620
Net operating transfers to accumulated surplus	15,000
Deduct:	
Amortization expense included in budgeted numbers	<u>(371,847)</u>
Excess (deficiency) of revenue over expenditures before other	<u>\$ (209,319)</u>
Capital budget deficit	(21,000)
Add:	
Capital expenditures	4,451,000
Less:	
Budgeted capital surplus	<u>\$ 4,430,000</u>
Budgeted combined surplus	<u>\$ 4,220,681</u>

December 31, 2019

20. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Protective Services

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

Transportation Services

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

Water and Wastewater

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater. The Village processes and cleans sewage and ensures the water system meets all Provincial standards.

Waste Management

Waste management provides collection disposal and recycling programs.

Planning and Development

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Parks

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

FCSS and Cemetery

This service area provides and administers community support programs.

General Government

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

20. Segmented Information (continued)

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

20. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2019 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,453,379	\$ 1,453,379
Government transfers for operating	-	-	-	-	-	42,698	30,104	-	72,802
Government transfers for capital	-	-	841,556	-	-	-	-	-	841,556
Sales and user fees	21,821	4,271	557,432	163,982	12,596	46,313	475	8,683	815,573
Franchises and concessions	-	-	-	-	-	-	-	123,001	123,001
Investment income	-	-	-	-	-	-	-	26,199	26,199
Penalties and costs on taxes	-	-	-	-	-	-	-	48,901	48,901
Rentals	-	-	-	-	-	-	-	14,504	14,504
Fines and licenses	13,358	-	-	-	-	-	-	3,450	16,808
Contributed assets	-	-	-	-	-	-	-	-	-
	<u>35,179</u>	<u>4,271</u>	<u>1,398,988</u>	<u>163,982</u>	<u>12,596</u>	<u>89,011</u>	<u>30,579</u>	<u>1,678,117</u>	<u>3,412,723</u>
Expenses									
Salaries and wages	3,600	177,431	93,103	25,787	-	169,607	-	277,244	746,772
Contracted and general services	93,710	101,496	89,201	122,457	19,201	61,204	14,559	119,511	621,339
Materials, goods and utilities	51,545	91,670	248,648	-	7,605	69,921	3,076	49,919	522,384
Transfer to local agencies	6,000	-	-	-	-	42,456	29,596	-	78,052
Bank charges and short-term interests	-	-	-	-	-	-	-	94	94
Interest on long-term debt	1,677	23,869	40,712	-	31,033	7,549	1,677	-	106,517
Amortization	18,341	173,594	148,366	-	-	19,076	336	12,134	371,847
Write-down/loss on capital assets	-	60,254	-	-	-	-	-	-	60,254
	<u>174,873</u>	<u>628,314</u>	<u>620,030</u>	<u>148,244</u>	<u>57,839</u>	<u>369,813</u>	<u>49,244</u>	<u>458,902</u>	<u>2,507,259</u>
Net surplus (deficit)	<u>\$ (139,694)</u>	<u>\$ (624,043)</u>	<u>\$ 778,958</u>	<u>\$ 15,738</u>	<u>\$ (45,243)</u>	<u>\$ (280,802)</u>	<u>\$ (18,665)</u>	<u>\$ 1,219,215</u>	<u>\$ 905,464</u>

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

20. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2018 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,480,315	\$ 1,480,315
Government transfers for operating	-	-	-	-	-	17,994	27,732	22,581	68,307
Government transfers for capital	-	359,145	-	-	-	-	-	-	359,145
Sales and user fees	18,263	85	558,969	157,083	7,876	40,615	2,354	9,244	794,489
Franchises and concessions	-	-	-	-	-	-	-	236,955	236,955
Investment income	-	-	-	-	-	-	-	13,081	13,081
Penalties and costs on taxes	-	-	-	-	-	-	-	56,591	56,591
Rentals	-	-	-	-	-	-	-	13,830	13,830
Fines and licenses	5,692	-	-	-	-	-	-	2,650	8,342
Contributed assets	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-	-	-	30,405	30,405
	<u>23,955</u>	<u>359,230</u>	<u>558,969</u>	<u>157,083</u>	<u>7,876</u>	<u>58,609</u>	<u>30,086</u>	<u>1,865,652</u>	<u>3,061,460</u>
Expenses									
Salaries and wages	2,800	199,642	96,152	27,435	-	184,222	-	270,271	780,522
Contracted and general services	78,790	105,934	137,930	120,212	29,038	78,857	12,718	139,623	703,102
Materials, goods and utilities	30,531	105,124	233,422	-	6,065	62,581	3,214	55,933	496,870
Transfer to local agencies	6,000	-	-	-	-	49,435	29,596	-	85,031
Bank charges and short-term interest	-	-	-	-	-	-	-	152	152
Interest on long-term debt	1,353	28,429	39,830	-	25,039	6,091	1,353	-	102,095
Amortization	16,894	196,841	139,365	-	-	24,980	336	22,550	400,966
Other	-	-	-	-	-	-	-	980	980
	<u>136,368</u>	<u>635,970</u>	<u>646,699</u>	<u>147,647</u>	<u>60,142</u>	<u>406,166</u>	<u>47,217</u>	<u>489,509</u>	<u>2,569,718</u>
Net surplus (deficit)	\$ (112,413)	\$ (276,740)	\$ (87,730)	\$ 9,436	\$ (52,266)	\$ (347,557)	\$ (17,131)	\$ 1,376,143	\$ 491,742

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2019

21. Comparative Figures

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

22. Approval of Financial Statements

Council and Management approved these financial statements.
