

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2020

Village of Alix
Consolidated Financial Statements
For the year ended December 31, 2020

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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, 2020, 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, 2020 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
April 7, 2021

Village of Alix
Consolidated Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 1)	\$ 2,346,701	\$ 1,987,678
Taxes receivable (Note 2)	107,556	147,031
Accounts receivable	72,430	53,743
Grants receivable	1,037,908	354,073
	<u>3,564,595</u>	<u>2,542,525</u>
Liabilities		
Accounts payable and accrued liabilities	226,487	178,565
Employee benefit obligation (Note 3)	69,870	70,029
Deposit liabilities	510	550
Deferred revenue (Note 4)	1,593,027	875,377
Long-term debt (Note 5)	2,860,426	2,994,089
	<u>4,750,320</u>	<u>4,118,610</u>
Net debt	<u>(1,185,725)</u>	<u>(1,576,085)</u>
Non-financial assets		
Tangible capital assets (Note 6)	10,989,235	10,987,222
Inventory for consumption	22,784	23,047
Prepaid expenses	178	5,044
	<u>11,012,197</u>	<u>11,015,313</u>
Accumulated surplus (Note 8)	<u>\$ 9,826,472</u>	<u>\$ 9,439,228</u>
Debt covenants (Note 15)		
Contingencies (Note 16)		

Village of Alix
Consolidated Statement of Operations

For the year ended December 31	Budget 2020	2020	2019
Revenue			
Net municipal taxes (Note 10)	\$ 1,432,001	\$ 1,432,753	\$ 1,453,379
Government transfers for operating (Note 11)	65,604	79,046	72,802
Sales and user fees	857,569	841,787	815,573
Franchises and concessions	113,500	119,669	123,001
Investment income	26,000	10,667	26,199
Penalties and costs on taxes	28,000	35,032	48,901
Fines and licenses	11,400	9,166	16,808
Rental	13,800	13,473	14,504
	<u>2,547,874</u>	<u>2,541,593</u>	<u>2,571,167</u>
Expenses (Note 12)			
Legislative	50,850	32,181	42,662
Administration	512,408	377,901	416,240
Protective services	175,807	153,540	174,873
Transportation services	691,283	601,533	568,060
Water and wastewater	664,116	565,796	620,030
Waste management	154,300	151,656	148,244
Planning and development	54,681	55,166	57,839
Recreation and parks	312,612	338,146	369,813
FCSS and Cemetery	50,073	49,014	49,244
Loss on sale of capital assets	-	18,401	60,254
	<u>2,666,130</u>	<u>2,343,334</u>	<u>2,507,259</u>
Excess (deficiency) of revenue over expenditures - before other	(118,256)	198,259	63,908
Other			
Government transfers for capital (Note 11)	3,988,574	188,985	841,556
Excess (deficiency) of revenue over expenditures	<u>3,870,318</u>	<u>387,244</u>	<u>905,464</u>
Accumulated surplus, beginning of year	<u>9,439,228</u>	<u>9,439,228</u>	<u>8,533,764</u>
Accumulated surplus, end of year	<u>\$ 13,309,546</u>	<u>\$ 9,826,472</u>	<u>\$ 9,439,228</u>

Village of Alix
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2020	2020	2019
Excess of revenue over expenditures	\$ 3,870,318	\$ 387,244	\$ 905,464
Acquisition of tangible capital assets	(4,100,574)	(424,409)	(695,448)
Amortization of tangible capital assets	403,995	403,995	371,847
Proceeds on sale of tangible capital assets	-	-	26,322
Write-downs of tangible capital assets	-	18,401	60,254
	173,739	385,231	668,439
Change in prepaid expenses	-	4,866	5,035
Change in inventory for consumption	-	263	362
Net change in net debt	173,739	390,360	673,836
Net debt, beginning of year	(1,576,085)	(1,576,085)	(2,249,921)
Net debt, end of year	\$ (1,402,346)	\$ (1,185,725)	\$ (1,576,085)

Village of Alix
Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Excess of revenue over expenditures	\$ 387,244	\$ 905,464
Items not involving cash		
Amortization	403,995	371,847
Write-down of tangible capital asset	18,401	60,254
Changes in non-cash operating balances		
Taxes receivable	39,475	67,972
Accounts receivable	(18,687)	26,963
Grants receivable	(683,835)	(354,073)
Prepaid expenses	4,866	5,035
Accounts payable and accrued liabilities	47,922	(97,398)
Inventory for consumption	263	362
Employee benefit obligation	(159)	5,720
Deposit liabilities	(40)	(1,215)
Deferred revenue	717,650	11,254
Liability for contaminated sites	-	(61,590)
	<u>917,095</u>	<u>940,595</u>
Capital transactions		
Acquisition of tangible capital assets	(424,409)	(695,448)
Proceeds on sale of tangible capital assets	-	26,322
	<u>(424,409)</u>	<u>(669,126)</u>
Investing transactions		
Restricted cash balances	<u>(38,241)</u>	<u>337,618</u>
Financing transactions		
Repayment of long-term debt	<u>(133,663)</u>	<u>(129,001)</u>
Net change in cash and cash equivalents	320,782	480,086
Cash and cash equivalents, beginning of year	<u>1,432,306</u>	<u>952,220</u>
Cash and cash equivalents, end of year	<u>\$ 1,753,088</u>	<u>\$ 1,432,306</u>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 2,346,701	\$ 1,987,678
Less: restricted (Note 1)	<u>(593,613)</u>	<u>(555,372)</u>
	<u>\$ 1,753,088</u>	<u>\$ 1,432,306</u>

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

Village of Alix
Summary of Significant Accounting Policies

December 31, 2020

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, 2020

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, 2020

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, 2020

1. Cash and Cash Equivalents

	2020	2019
Current account	\$ 2,336,232	\$ 1,977,636
Temporary Investments	10,469	10,042
	\$ 2,346,701	\$ 1,987,678

The temporary investments have an interest rate of 1.45% and mature December 2021.

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

	2020	2019
Municipal Sustainability Initiative	\$ 493,064	\$ 524,739
Municipal Stimulus Program	65,046	-
Federal Gas Tax	-	2,992
Family and Community Support Services Initiative	1,974	-
Alix Public Library Cash	33,529	27,641
	\$ 593,613	\$ 555,372

2. Taxes Receivable

	2020	2019
Current taxes and grants in place of taxes	\$ 86,970	\$ 115,869
Arrears taxes	20,586	53,644
	107,556	169,513
Less: Allowance for doubtful accounts	-	22,482
	\$ 107,556	\$ 147,031

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

3. Employee Benefit Obligation

	2020	2019
Accrued vacation pay	\$ 39,870	\$ 40,029
Accrued sick leave benefit	30,000	30,000
	\$ 69,870	\$ 70,029

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	\$ 722,385	248,151	(35,692)	\$ 934,844
ICIP	-	453,913	-	453,913
Federal Gas Tax	152,992	50,301	(153,293)	50,000
FCSS	-	25,651	(23,677)	1,974
MOST	-	79,350	(14,304)	65,046
MSP	-	87,250	-	87,250
Other	-	21,622	(21,622)	-
MSI operating	-	19,443	(19,443)	-
	\$ 875,377	985,681	(268,031)	\$ 1,593,027

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, 2020

5. Long-Term Debt

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

	2020	2019
Alberta Capital Finance Authority Debentures, interest at 2.72% to 4.89% per year, due 2030 through 2048.	<u>\$ 2,860,426</u>	<u>\$ 2,994,089</u>

Principal and interest payments are due as follows:

	Principal Repayments	Interest Payments	Total
2021	\$ 138,501	\$ 97,757	\$ 236,258
2022	143,521	92,737	236,258
2023	148,730	87,528	236,258
2024	154,137	82,121	236,258
2025	159,748	76,509	236,257
Thereafter	2,115,789	612,955	2,728,744
	<u>\$ 2,860,426</u>	<u>\$ 1,049,607</u>	<u>\$ 3,910,033</u>

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.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

	2020							
	Land	Land Improvement s	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
6. Tangible Capital Assets								
Cost, beginning of year	\$ 412,806	\$ 337,421	\$ 2,717,026	\$ 12,244,564	\$ 694,406	\$ 695,418	-	\$ 17,101,641
Additions	30,300	-	-	322,495	57,614	14,000	-	424,409
Disposals	-	-	-	-	-	(40,001)	-	(40,001)
Cost, end of year	\$ 443,106	\$ 337,421	\$ 2,717,026	\$ 12,567,059	\$ 752,020	\$ 669,417	-	\$ 17,486,049
Accumulated amortization, beginning of year	-	\$ 244,207	\$ 560,349	\$ 4,348,053	\$ 507,667	\$ 454,143	-	\$ 6,114,419
Amortization	-	17,192	53,380	272,880	28,513	32,030	-	403,995
Disposals	-	-	-	-	-	(21,600)	-	(21,600)
Accumulated amortization, end of year	-	\$ 261,399	\$ 613,729	\$ 4,620,933	\$ 536,180	\$ 464,573	-	\$ 6,496,814
Net carrying amount, end of year	\$ 443,106	\$ 76,022	\$ 2,103,297	\$ 7,946,126	\$ 215,840	\$ 204,844	-	\$ 10,989,235

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

	2019							
6. Tangible Capital Assets (continued)	Land Improvements	Land	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	\$ 412,806	\$ 337,421	\$ 2,717,026	\$ 12,244,564	\$ 694,406	\$ 695,418	\$ -	\$ 17,101,641
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	\$ -	\$ 244,207	\$ 560,349	\$ 4,348,053	\$ 507,667	\$ 454,143	\$ -	\$ 6,114,419
Net carrying amount, end of year	\$ 412,806	\$ 93,214	\$ 2,156,677	\$ 7,896,511	\$ 186,739	\$ 241,275	\$ -	\$ 10,987,222

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

7. Equity in Tangible Capital Assets

	2020	2019
Tangible capital assets	\$ 17,486,049	\$ 17,101,641
Accumulated amortization	(6,496,814)	(6,114,419)
Debenture debt	(2,860,426)	(2,994,089)
	\$ 8,128,809	\$ 7,993,133

8. Accumulated Surplus

	2020	2019
Equity in tangible capital assets	\$ 8,128,809	\$ 7,993,133
Unrestricted surplus	464,681	450,222
	8,593,490	8,443,355
Restricted surplus		
General	50,000	-
Fire	128,109	79,000
Roads, streets, walks and lighting	240,994	240,994
Water	192,186	192,186
Wastewater	341,880	191,880
Cemetery	20,000	20,000
Arena	213,034	225,034
Parks and playgrounds	3,000	3,000
Community halls	41,529	41,529
Library	2,250	2,250
	1,232,982	995,873
	\$ 9,826,472	\$ 9,439,228

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, 2020

	Budget	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2020	2019
9. Change in Accumulated Surplus						
Balance, beginning of year	\$ 450,222	\$ 450,222	\$ 995,873	\$ 7,993,133	\$ 9,439,228	\$ 8,533,764
Excess of revenue over expenses	3,870,318	387,244	-	-	387,244	905,464
Net operating transfers to (from) restricted surplus	48,354	(237,109)	237,109	-	-	-
Debtenture principal payments	(133,663)	(133,663)	-	133,663	-	-
Acquisition of capital	(4,100,574)	(424,409)	-	424,409	-	-
Disposals and write-down of assets	-	18,401	-	(18,401)	-	-
Amortization	403,995	403,995	-	(403,995)	-	-
Change in accumulated surplus	\$ 88,430	\$ 14,459	\$ 237,109	\$ 135,676	\$ 387,244	\$ 905,464
Balance, end of year	\$ 538,652	\$ 464,681	\$ 1,232,982	\$ 8,128,809	\$ 9,826,472	\$ 9,439,228

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

10. Taxation - Net

	Budget 2020	2020	2019
Residential property	\$ 795,924	\$ 796,175	\$ 846,203
Machinery and equipment	498,389	498,389	496,766
Linear property	25,451	22,666	25,224
Government grants in place of property taxes	1,815	1,815	-
Non-residential property	327,285	330,383	311,073
Designated Industrial Property	105	105	107
	<u>1,648,969</u>	<u>1,649,533</u>	<u>1,679,373</u>
Requisitions			
Alberta School Foundation Fund	210,679	210,596	219,579
Lacombe Foundation	6,184	6,184	6,308
Designated Industrial Property Requisition	105	-	107
	<u>216,968</u>	<u>216,780</u>	<u>225,994</u>
Available for general municipal purposes	<u>\$ 1,432,001</u>	<u>\$ 1,432,753</u>	<u>\$ 1,453,379</u>

11. Government Transfers

	Budget 2020	2020	2019
Operating			
Provincial government	54,004	67,305	58,745
Other local government	11,600	11,741	14,057
	<u>\$ 65,604</u>	<u>\$ 79,046</u>	<u>\$ 72,802</u>
Capital			
Provincial government	<u>\$ 3,988,574</u>	<u>\$ 188,985</u>	<u>\$ 841,556</u>
Total government transfers	<u>\$ 4,054,178</u>	<u>\$ 268,031</u>	<u>\$ 914,358</u>

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

12. Expenses by Object

	Budget 2020	2020	2019
Salaries and wages	\$ 796,230	\$ 715,976	\$ 746,772
Contracted and general services	662,582	538,686	618,763
Materials, goods and utilities	585,030	484,252	524,960
Transfer to local agencies	91,598	78,272	78,052
Bank charges and short term interest	200	102	94
Interest on long-term debt	102,595	101,830	106,517
Amortization	403,995	403,995	371,847
Write-down/ loss on tangible capital assets	-	18,401	60,254
Other expenditures	23,900	1,820	-
	<u>\$ 2,666,130</u>	<u>\$ 2,343,334</u>	<u>\$ 2,507,259</u>

December 31, 2020

13. 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 \$172,221. 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 \$172,221.

Contributions for the year were:

	2020	2019
Employer contributions	\$ 46,897	\$ 48,271
Employee contributions	42,243	43,467
	<u>\$ 89,140</u>	<u>\$ 91,738</u>

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, 2019 indicates a surplus of \$7.9 billion for basic pension benefits (2018 - \$3.5 billion). The actuary does not attribute portions of the unfunded liability to individual employers.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

14. 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 2020	Total 2019
Mayor Fehr	8,100	-	8,100	7,875
Councillor Besuijen	4,425	-	4,425	5,225
Councillor Gilliat	5,975	-	5,975	9,735
Councillor Soltermann	6,075	-	6,075	6,000
Councillor Cole	5,275	-	5,275	5,000
Chief Administrative Officer	100,605	1,830	102,435	97,583
Designated Officers	49,107	-	49,107	48,586

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.

15. 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:

	2020	2019
Total debt limit	\$ 3,818,415	\$ 3,856,751
Total debt	2,860,426	2,994,089
Total debt limit available	957,989	862,662
Debt servicing limit	636,403	642,792
Debt servicing	236,258	236,258
Total debt servicing limit available	400,145	406,534

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.

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

16. 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.

17. Budget

The budget adopted by Council on April 15, 2020, 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 April 15, 2020, with adjustments as follows:

	<u>2020</u>
Operating budget surplus	\$ 200,430
Add debenture principal payments	133,663
Net operating transfers to accumulated surplus	(48,354)
Less Amortization expense included in budgeted numbers	<u>(403,995)</u>
Excess (deficiency) of revenue over expenditures before other	<u>\$ (118,256)</u>
Capital budget deficit	-
Add:	
Capital expenditures	4,100,574
Less:	
Budgeted transfers from operating	<u>(112,000)</u>
Budgeted capital surplus	<u>\$ 3,988,574</u>
Budgeted combined surplus	<u>\$ 3,870,318</u>

December 31, 2020

18. 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.

December 31, 2020

18. 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, 2020

18. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportatio n Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2020 Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,432,753	\$ 1,432,753
Taxation	-	-	-	-	-	-	-	-	-
Government transfers for operating	14,304	-	-	-	-	36,100	28,642	-	79,046
Government transfers for capital	-	-	188,985	-	-	-	-	-	188,985
Sales and user fees	70,398	-	554,522	164,535	22,533	23,614	2,825	3,360	841,787
Franchises and concessions	-	-	-	-	-	-	-	119,669	119,669
Investment income	-	-	-	-	-	-	-	10,667	10,667
Penalties and costs on taxes	-	-	-	-	-	-	-	35,032	35,032
Rentals	-	-	-	-	-	-	-	13,473	13,473
Fines and licenses	6,356	-	-	-	-	-	-	2,810	9,166
Contributed assets	-	-	-	-	-	-	-	-	-
	91,058	-	743,507	164,535	22,533	59,714	31,467	1,617,764	2,730,578
Expenses									
Salaries and wages	1,900	168,416	92,274	24,974	-	154,691	-	273,721	715,976
Contracted and general services	88,202	97,890	54,575	123,178	14,805	65,724	14,361	79,951	538,686
Materials, goods and utilities	39,488	109,872	221,915	3,504	9,972	50,693	3,078	45,730	484,252
Transfer to local agencies	6,000	-	-	-	-	42,676	29,596	-	78,272
Bank charges and short- term interests	-	-	-	-	-	-	-	102	102
Interest on long-term debt	1,643	22,618	38,145	-	30,389	7,392	1,643	-	101,830
Amortization	16,307	202,737	158,887	-	-	16,970	336	8,758	403,995
Write-down/loss on capital assets	18,401	-	-	-	-	-	-	-	18,401
Other	-	-	-	-	-	-	-	1,820	1,820
	171,941	601,533	565,796	151,656	55,166	338,146	49,014	410,082	2,343,334
Net surplus (deficit)	\$ (80,883)	\$ (601,533)	\$ 177,711	\$ 12,879	\$ (32,633)	\$ (278,432)	\$ (17,547)	\$ 1,207,682	\$ 387,244

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

18. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportatio n Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	2019 Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,453,379	\$ 1,453,379
Taxation	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-	-	-	-	-
	35,179	4,271	1,398,988	163,982	12,596	89,011	30,579	1,678,117	3,412,723
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	119,881	19,201	61,204	14,559	119,511	618,763
Materials, goods and utilities	51,545	91,670	248,648	2,576	7,605	69,921	3,076	49,919	524,960
Transfer to local agencies	6,000	-	-	-	-	42,456	29,596	-	78,052
Bank charges and short- term interest	-	-	-	-	-	-	-	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
Other	-	-	-	-	-	-	-	-	-
	174,873	628,314	620,030	148,244	57,839	369,813	49,244	458,902	2,507,259
Net surplus (deficit)	\$ (139,694)	\$ (624,043)	\$ 778,958	\$ 15,738	\$ (45,243)	\$ (280,802)	\$ (18,665)	\$ 1,219,215	\$ 905,464

Village of Alix
Notes to Consolidated Financial Statements

December 31, 2020

19. Approval of Financial Statements

Council and Management approved these financial statements.
