

VILLAGE OF CLYDE
Financial Statements
Year Ended December 31, 2019

VILLAGE OF CLYDE
Index to Financial Statements
Year Ended December 31, 2019

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus <i>(Schedule 1)</i>	8
Schedule of Tangible Capital Assets <i>(Schedule 2)</i>	9
Schedule of Property and Other Taxes <i>(Schedule 3)</i>	10
Schedule of Expenses by Object <i>(Schedule 4)</i>	11
Schedule of Segmented Disclosure <i>(Schedule 5)</i>	12
Notes to Financial Statements	13 - 23

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Clyde is responsible for the preparation, accuracy, objectivity and integrity of of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the financial statements principally through its Council Meetings. This Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Village Council has approved the financial statements.

The financial statements have been audited by Shoemaker, Viney & Friesen, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.



Chief Administrative Officer

April 20, 2020

Clyde, Alberta



Financial Officer

April 20, 2020

Clyde, Alberta

Shoemaker, Viney & Friesen

CHARTERED PROFESSIONAL ACCOUNTANTS

John S. Shoemaker Professional Corporation

Tina J. Viney Professional Corporation



Timothy J. Friesen Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Council of the Village of Clyde

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

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

Basis for Opinion

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 entity's financial reporting process.

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Independent Auditor's Report to the Council of Village of Clyde (continued)

Auditor's Responsibility for the Audit of the 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 judgment 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 the 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 Entity's internal control.
- 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 Entity'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 entity 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 the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be through 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 Entity's debt limit can be found in Note 11.

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 Standard Regulation and not the information can be found in Note 15.

The engagement partner on the audit resulting in this independent auditor's report is Tina Viney, CA.

Westlock, Alberta
April 20, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF CLYDE
Statement of Financial Position
December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 494,774	\$ 1,790,505
Cash held for reserves <i>(Note 2)</i>	1,418,249	245,164
Cash held in trust <i>(Note 3)</i>	-	6,445
Taxes and grants in place of taxes receivable <i>(Note 4)</i>	63,250	56,954
Trade and other receivables <i>(Note 5)</i>	40,613	66,607
Receivable from other governments <i>(Note 6)</i>	153,857	104,986
	<u>\$ 2,170,743</u>	<u>\$ 2,270,661</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 45,935	\$ 32,513
Employee benefit obligations <i>(Note 7)</i>	19,121	15,752
Deposit liabilities	-	6,445
Deferred revenue <i>(Note 10)</i>	611,314	755,977
	<u>676,370</u>	<u>810,687</u>
NET FINANCIAL ASSETS	<u>1,494,373</u>	<u>1,459,974</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	3,190,427	2,958,480
Land for resale inventory	45,918	45,918
Prepaid expenses	1,139	5,669
	<u>3,237,484</u>	<u>3,010,067</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 4,731,857</u>	<u>\$ 4,470,041</u>
COMMITMENT <i>(Note 18)</i>		
CONTINGENCIES <i>(Note 19)</i>		

VILLAGE OF CLYDE
Statement of Operations
Year Ended December 31, 2019

	Budget <i>(unaudited)</i>	2019	2018
REVENUE			
Net municipal taxes(<i>Schedule 3</i>)	\$ 342,170	\$ 336,204	\$ 337,151
User fees and sales of goods	304,460	287,238	296,274
Government transfers for operating	139,730	88,056	80,104
Other revenues and sundry functions	43,815	44,782	37,700
Investment income	36,000	40,631	29,704
Penalties and costs on taxes	16,800	16,281	16,771
Licenses and permits	3,350	3,607	5,741
Total Operating Revenue	886,325	816,799	803,445
EXPENSES			
Legislative	39,635	37,236	34,893
Administration	395,050	302,714	222,647
Fire protection services	20,310	29,739	19,095
Bylaws enforcement	10,250	627	2,231
Roads, streets, walks, lighting	101,400	123,625	97,129
Water supply and distribution	120,050	122,102	128,137
Wastewater treatment and disposal	19,450	21,368	19,492
Waste management	55,600	50,532	45,670
Family and community support	4,500	3,945	3,984
Land use planning, zoning and development	500	-	-
Parks and recreation	44,150	45,742	48,154
Culture	1,850	1,849	1,849
Amortization of tangible capital assets	-	155,052	145,907
Loss on disposal of tangible capital assets	-	45,994	9,920
Total Operating Expenses	812,745	940,525	779,108
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	73,580	(123,726)	24,337
CAPITAL INCOME			
Provincial government transfers for capital	60,600	171,795	409,748
Federal government transfers for capital	-	213,747	12,235
	60,600	385,542	421,983
EXCESS OF REVENUE OVER EXPENSES	134,180	261,816	446,320
ACCUMULATED SURPLUS - BEGINNING OF YEAR	4,470,041	4,470,041	4,023,721
ACCUMULATED SURPLUS - END OF YEAR	\$ 4,604,221	\$ 4,731,857	\$ 4,470,041

VILLAGE OF CLYDE
Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	Budget <i>(Unaudited)</i>	2019	2018
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ 134,180	\$ 261,816	\$ 446,320
Purchase of tangible capital assets	(773,607)	(432,993)	(443,574)
Amortization of tangible capital assets	-	155,052	145,907
Loss on disposal of tangible capital assets	-	45,994	9,920
	<u>(773,607)</u>	<u>(231,947)</u>	<u>(287,747)</u>
Acquisition of prepaid expenses	-	4,530	(260)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(639,427)	34,399	158,313
NET FINANCIAL ASSETS - BEGINNING OF YEAR	1,459,974	1,459,974	1,301,661
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 820,547</u>	<u>\$ 1,494,373</u>	<u>\$ 1,459,974</u>

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VILLAGE OF CLYDE
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 261,816	\$ 446,320
Items not affecting cash:		
Amortization of tangible capital assets	155,052	145,907
Loss on disposal of tangible capital assets	45,994	9,920
	<u>462,862</u>	<u>602,147</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(6,296)	10,642
Trade and other receivables	25,994	(22,803)
Receivable from other governments	(48,871)	292,380
Accounts payable and accrued liabilities	13,422	(21,271)
Employee benefit obligations	3,369	(728)
Deposit liabilities	(6,445)	108
Deferred revenue	(144,663)	(32,219)
Prepaid expenses	4,530	(260)
	<u>(158,960)</u>	<u>225,849</u>
Cash flow from operating activities	<u>303,902</u>	<u>827,996</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(432,993)</u>	<u>(443,574)</u>
Net change in cash and cash equivalents during the year	(129,091)	384,422
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,042,114</u>	<u>1,657,692</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,913,023	\$ 2,042,114

Cash and cash equivalents is made up of:

Cash, temporary investments and bank indebtedness (Note 2)	\$ 494,774	\$ 1,790,505
Cash held for reserves (Note 2)	1,418,249	245,164
Cash held in trust (Note 3)	-	6,445
	<u>\$ 1,913,023</u>	<u>\$ 2,042,114</u>

VILLAGE OF CLYDE
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 For the Year Ended December 31, 2019
SCHEDULE 1

	Unrestricted Surplus	Operating Reserves	Capital Reserves	Equity in Tangible Capital Assets	Total 2019	Total 2018
BALANCE, BEGINNING OF YEAR	\$ 1,266,397	\$ -	\$ 245,164	\$ 2,958,480	\$ 4,470,041	\$ 4,023,721
Excess (Deficiency) of revenues over expenses	261,816	-	-	-	261,816	446,320
Unrestricted funds designated for future use	(1,173,085)	160,000	1,013,085	-	-	-
Current year funds used for tangible capital assets	(432,993)	-	-	432,993	-	-
Disposal of tangible capital assets	45,994	-	-	(45,994)	-	-
Annual amortization expense	155,052	-	-	(155,052)	-	-
Change in accumulated surplus	(1,143,216)	160,000	1,013,085	231,947	261,816	446,320
BALANCE, END OF YEAR	\$ 123,181	\$ 160,000	\$ 1,258,249	\$ 3,190,427	\$ 4,731,857	\$ 4,470,041

VILLAGE OF CLYDE
Schedule of Tangible Capital Assets
Year Ended December 31, 2019
(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019	2018
COST:								
BALANCE, BEGINNING OF YEAR	\$ 177,507	25,502	113,348	5,552,466	208,901	79,918	6,157,642	5,730,136
Acquisitions	-	-	-	393,243	39,750	-	432,993	443,574
Disposals	-	-	-	(127,103)	-	-	(127,103)	(16,068)
BALANCE, END OF YEAR	177,507	25,502	113,348	5,818,606	248,651	79,918	6,463,532	6,157,642
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	9,578	87,107	2,944,941	113,548	43,988	3,199,162	3,059,403
Annual amortization	-	658	2,045	136,833	13,256	2,260	155,052	145,907
Accumulated amortization on disposals	-	-	-	(81,109)	-	-	(81,109)	(6,148)
BALANCE, END OF YEAR	-	10,236	89,152	3,000,665	126,804	46,248	3,273,105	3,199,162
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 177,507	15,266	24,196	2,817,941	121,847	33,670	3,190,427	2,958,480

VILLAGE OF CLYDE
Schedule of Property and Other Taxes
Year Ended December 31, 2019

(Schedule 3)

	Budget (Unaudited)	2019	2018
TAXATION			
Real Property Taxes	\$ 307,600	\$ 269,923	\$ 273,097
Commercial and Linear Property Taxes	-	37,694	35,430
Minimum Tax Levy	34,550	34,567	28,686
Alberta School Fund Foundation	82,250	82,477	82,174
Westlock Foundation	19,600	17,273	19,606
	444,000	441,934	438,993
REQUISITIONS			
Alberta School Fund Foundation	82,250	88,525	82,224
Westlock Foundation Requisition	19,600	17,205	19,618
	101,850	105,730	101,842
NET MUNICIPAL TAXES	\$ 342,150	\$ 336,204	\$ 337,151

VILLAGE OF CLYDE
 Schedule of Expenses by Object
 Year Ended December 31, 2019

(Schedule 4)

	Budget (Unaudited)	2019	2018
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 284,495	\$ 229,801	\$ 237,074
Contracted and general services	307,250	272,370	178,921
Materials, goods, supplies and utilities	117,350	149,057	113,220
Purchases from other governments	94,500	80,176	86,256
Transfers to local boards and agencies	9,150	8,075	7,910
Amortization expense	-	155,052	145,907
Loss on disposal of tangible capital assets	-	45,994	9,920
	<u>\$ 812,745</u>	<u>\$ 940,525</u>	<u>\$ 779,208</u>

VILLAGE OF CLYDE
SCHEDULE OF SEGMENTED DISCLOSURE
For the Year Ended December 31, 2019
SCHEDULE 5

	General Government	Transportation Services	Water Services	Wastewater Services	Waste Management	Recreation & Culture	Other	Total
REVENUE:								
Net municipal taxes	\$ 336,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,204
User fees and sales of goods	11,677	46,657	145,186	36,053	39,794	8,771	2,706	290,844
Government transfers	83,336	298,623	86,920	-	-	4,721	-	473,600
Other revenues	50,466	-	-	-	-	1,472	9,124	61,062
Investment income	40,631	-	-	-	-	-	-	40,631
	522,314	345,280	232,106	36,053	39,794	14,964	11,830	1,202,341
EXPENSES:								
Salaries & wages	147,763	33,999	6,667	3,358	3,309	34,626	79	229,801
Contract & general services	162,747	10,663	40,023	1,919	31,372	3,343	22,303	272,370
Materials, goods, supplies and utilities	29,440	78,963	11,087	16,091	-	6,105	7,371	149,057
Purchases from other governments	-	-	64,324	-	15,852	-	-	80,176
Transfers to local boards	-	-	-	-	-	3,517	4,558	8,075
	339,950	123,625	122,101	21,368	50,533	47,591	34,311	739,479
NET REVENUE, BEFORE AMORTIZATION	182,364	221,655	110,005	14,685	(10,739)	(32,627)	(22,481)	462,862
Amortization/Loss on disposition	5,716	144,614	31,702	13,291	-	4,619	1,104	201,046
NET REVENUE	176,648	77,041	78,303	1,394	(10,739)	(37,246)	(23,585)	261,816

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Clyde are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of the Village of Clyde.

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

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

b) Basis of Accounting

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

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and 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.

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VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

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

d) Financial instruments policy

Initial and subsequent measurement

The Village initially measures its financial assets and liabilities at fair value. Subsequent measurement of all financial assets and liabilities is at cost or amortized cost, except for investments in equity instruments that are quote in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, cash held in trust, taxes and grants in place of taxes, and trade and other receivables.

Financial assets measured at fair value are short term investments.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, trust liabilities, due to related parties, and accrued wages payable.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transactions costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the assets or liability and recognized in net income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Village determines whether there are indications for possible impairment. When there is an indication of impairment, and the Village determines that a significant adverse change has occurred during the period in the expected timing or amount of futures cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvements. The carrying amount of the financial assets may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized costs, and tested for impairment at each reporting date. Transactions costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

e) Cash and temporary investments

Cash consists of cash on hand and cash kept in the bank accounts of the Village. Temporary investments consist of Guaranteed Investment Certificates with a maturity date of less than one year.

f) Requisition Over-levy and Under-levy

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

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

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VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

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

g) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

h) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

i) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

j) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

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

k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the 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 assets is amortized on a straight-line basis over the estimated useful life as follows:

Land		non-depreciable
Land improvements	14 to 25 years	straight-line method
Buildings	50 years	straight-line method
Engineered structures	15 to 75 years	straight-line method
Machinery and equipment	14 to 25 years	straight-line method
Vehicles	10 to 25 years	straight-line method

One-half of the annual amortization is charged in the year of acquisition and no amortization is changed 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 are also 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 expense as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

The Village has a Cenotaph which has not been recorded as a tangible capital asset.

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

2. CASH AND TEMPORARY INVESTMENTS

	2019	2018
Cash	\$ 1,913,023	\$ 2,035,669

Council has designated \$1,418,249 (2018 - \$245,164) of cash for future operating and capital reserves. This amount has been reported separately in the statement of financial position.

Included in cash and temporary investments is a restricted amount of \$445,999 (2018 - \$647,514) that consists of grant monies received from the Provincial Municipal Sustainability Initiative, the Federal Gas Tax Fund, the Alberta Community Partnership - Intermunicipal Collaboration Grant and the Provincial Basic Municipal Transportation Grant held exclusively for approved projects. (Note 10)

The Village does not have any temporary investments at December 31, 2019.

3. CASH HELD IN TRUST

Cash held in trust consists of the excess of proceeds received over property taxes and applicable penalties owed on those properties sold for tax recovery. The Municipal Government Act requires that unpaid excess funds be held for a minimum period of ten years before the Village can use the funds for its own purposes. The Village did not hold any cash in trust at December 31, 2019.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2019	2018
Taxes and grants in place of taxes receivable	\$ 50,353	\$ 46,717
Arrears taxes	12,897	10,237
	\$ 63,250	\$ 56,954

5. TRADE AND OTHER RECEIVABLES

	2019	2018
GST rebate receivable	\$ 14,224	\$ 33,742
Utilities receivable	17,090	25,394
Trade accounts receivable	9,299	7,471
	\$ 40,613	\$ 66,607

6. RECEIVABLE FROM OTHER GOVERNMENTS

	2019	2018
Municipal Sustainability Initiative Grant	\$ 153,857	\$ 104,986

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

7. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations are comprised of accrued wages paid in January 2020, and overtime and accrued vacation that was deferred to the following year.

8. FINANCIAL INSTRUMENTS

The Village is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2019.

(a) Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Village is exposed to credit risk from customers. In order to reduce its credit risk, the Village utilizes sound collection policies. The Village has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Village is exposed to this risk mainly in respect of its receipts of funds from its customers and other related sources, and the ability to pay its accounts payable amounts as they come due.

Unless otherwise noted, it is management's opinion that the Village is not exposed to significant other price risks arising from these financial instruments.

9. CONTAMINATED SITES LIABILITY

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

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

10. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Alberta Municipal Sustainability Initiative-Capital Grant	\$ 303,059	\$ 318,068
Federal Gas Tax Fund Grant	123,969	237,705
Alberta Community Partnership - Intermunicipal Collaboration Grant	111,265	135,787
Basic Municipal Transportation Grant	61,563	60,953
Prepaid property taxes	5,630	3,464
Prepaid utilities	3,208	-
Prepaid licenses	1,920	-
Tent rental deposit	700	-
	<u>\$ 611,314</u>	<u>\$ 755,977</u>

The deferred grant revenue amounts include amounts from 2013 through 2019 plus accrued interest on unspent amounts. The Village of Clyde has a 10 year capital plan that has budgeted use the Alberta Municipal Sustainability Initiative - Capital Grant, the Federal Gas Tax Fund Grant, as well as the Basic Municipal Transportation Grant.

The Village of Clyde is the managing partner on the Collaboration requirements between the Village of Clyde and Westlock County. It is anticipated that the requirements for the grant will be met by the end of 2020 and the grant monies expended.

11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Village of Clyde be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 1,225,199	\$ 1,205,168
Total debt	-	-
Amount of debt limit unused	<u>1,225,199</u>	<u>1,205,168</u>
Debt servicing limit	204,200	200,861
Debt servicing	-	-
Amount of debt servicing limit unused	<u>\$ 204,200</u>	<u>\$ 200,861</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets <i>(Schedule 2)</i>	\$ 6,463,532	\$ 6,157,642
Accumulated amortization <i>(Schedule 2)</i>	(3,273,105)	(3,199,162)
	\$ 3,190,427	\$ 2,958,480

13. ACCUMULATED SURPLUS (Schedule 1)

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

	2019	2018
Unrestricted surplus	\$ 123,181	\$ 1,266,397
Restricted surplus		
<i>Capital reserves</i>	1,258,249	245,164
<i>Operating reserves</i>	160,000	-
Equity in tangible capital assets	3,190,427	2,958,480
	\$ 4,731,857	\$ 4,470,041

14. SEGMENTED DISCLOSURE

The Village of Clyde provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 5).

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

15. SALARY AND BENEFITS DISCLOSURE

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

	Salary/ Contract Cost ¹	Benefits & allowances ²	2019 Total	2018 Total
Councillors:				
Clausing - Mayor - April to December	\$ 8,250	\$ -	\$ 8,250	\$ 6,000
Dvernichuk	6,000	-	6,000	8,500
Nyal	6,000	-	6,000	6,000
Purdy	5,500	-	5,500	-
Dillman	2,500	-	2,500	-
White - Mayor - January to March	2,250	-	2,250	6,500
VanEaton	-	-	-	4,500
Chief Administrative Officer (contractor)	69,000	-	69,000	-
Chief Administrative Officer (employee)	2,984	300	3,284	78,223
	\$ 102,484	\$ 300	\$ 102,784	\$ 109,723

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

Councillors of the Village of Clyde do not receive any benefits or allowances as indicated above.

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Clyde participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Village of Clyde is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village of Clyde are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Village of Clyde to the LAPP in 2019 were \$14,108 (2018 - \$16,641). Total current service contributions by the employees of the Village of Clyde to LAPP in 2019 were \$12,615 (2018 - \$15,103).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.5 billion.

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

17. RELATED PARTY TRANSACTIONS

The following is a summary of the municipality's related party transactions:

	2019	2018
Westlock Regional Water Services Commission		
Administration fee revenue	\$ 31,800	\$ 30,900
Water purchased	(64,324)	(70,662)
	\$ (32,524)	\$ (39,762)
Westlock Regional Waste Management Commission		
Landfill usage expense	\$ (9,131)	\$ (9,684)
Residency fee for capital projects	(6,720)	-
	\$ (15,851)	\$ (9,684)
Amounts due (to) from related parties (reported in accounts payable and accrued liabilities)		
Westlock Regional Water Services Commission-one month's administration fee	\$ 2,650	\$ -
Westlock Regional Water Services Commission-December water	(5,024)	(5,093)
Westlock Regional Waste Management Commission	(749)	(643)
	\$ (3,123)	\$ (5,736)

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. COMMITMENT

The Village has committed to provide up to \$12,000 in annual financial support for expenses incurred by the new Clyde Fire Hall, which has not yet been constructed.

19. CONTINGENCIES

The Village of Clyde is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Clyde 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.

The Village of Clyde is a member of the Westlock and District Waste Management Commission. Under the terms of this agreement, the Village is liable for its proportionate share of closure and post-closure costs associated with the landfill. At December 31, 2018, the Commission had accrued \$79,369 (2017 - \$71,367) for its post closure liability. At the same time, the Commission had investments totalling \$0 (2017 - \$0) to cover the liability. Note that the information for 2019 was not available as of the date of these financial statements.

The Village has access to a bank line of credit with a limit of \$300,000 and a MasterCard with a \$10,000 limit.

VILLAGE OF CLYDE
Notes to Financial Statements
December 31, 2019

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
