

**VILLAGE OF CLYDE**  
**Financial Statements**  
**Year Ended December 31, 2018**

**VILLAGE OF CLYDE**  
**Index to Financial Statements**  
**Year Ended December 31, 2018**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Schedule of Changes in Accumulated Surplus <i>(Schedule 1)</i>	7
Schedule of Tangible Capital Assets <i>(Schedule 2)</i>	8
Schedule of Property and Other Taxes <i>(Schedule 3)</i>	9
Schedule of Expenses by Object <i>(Schedule 4)</i>	10
Schedule of Segmented Disclosure <i>(Schedule 5)</i>	11
Notes to Financial Statements	12 - 22

# Shoemaker, Viney & Friesen

CHARTERED 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, 2018, 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, 2018, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

(continues)

*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.

*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.

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

Westlock, Alberta  
March 11, 2019

  
CHARTERED ACCOUNTANTS

**VILLAGE OF CLYDE**  
**Statement of Financial Position**  
**December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 1,790,505	\$ 1,450,192
Cash held for reserves (Note 2)	245,164	201,163
Cash held in trust (Note 3)	6,445	6,337
Taxes and grants in place of taxes receivable (Note 4)	56,954	67,597
Trade and other receivables (Note 5)	66,607	43,804
Receivable from other governments (Note 6)	104,986	397,366
	<u>\$ 2,270,661</u>	<u>\$ 2,166,459</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 32,513	\$ 53,785
Employee benefit obligations (Note 7)	15,752	16,480
Deposit liabilities	6,445	6,337
Deferred revenue (Note 10)	755,977	788,196
	<u>810,687</u>	<u>864,798</u>
<b>NET FINANCIAL ASSETS</b>	<u><b>1,459,974</b></u>	<u><b>1,301,661</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	2,958,480	2,670,733
Land for resale inventory	45,918	45,918
Prepaid expenses	5,669	5,409
	<u>3,010,067</u>	<u>2,722,060</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u><b>\$ 4,470,041</b></u>	<u><b>\$ 4,023,721</b></u>
COMMITMENT (Note 18)		
CONTINGENCIES (Note 19)		

**VILLAGE OF CLYDE**  
**Statement of Operations**  
**Year Ended December 31, 2018**

	Budget ( <i>unaudited</i> )	2018	2017
<b>REVENUE</b>			
Net municipal taxes( <i>Schedule 3</i> )	\$ 337,052	\$ 337,151	\$ 323,871
User fees and sales of goods	300,784	296,274	284,174
Government transfers for operating	195,000	80,104	60,438
Other revenues and sundry functions	38,400	37,700	37,235
Investment income	7,000	29,704	7,397
Penalties and costs on taxes	14,500	16,771	14,320
Licenses and permits	4,100	5,741	5,235
<b>Total Operating Revenue</b>	<b>896,836</b>	<b>803,445</b>	<b>732,670</b>
<b>EXPENSES</b>			
Legislative	43,385	34,893	40,924
Administration	375,853	222,647	220,767
Fire protection services	17,360	19,095	15,142
Bylaws enforcement	2,000	2,231	127
Roads, streets, walks, lighting	110,193	97,129	98,917
Water supply and distribution	118,265	128,137	114,511
Wastewater treatment and disposal	18,937	19,492	10,015
Waste management	43,291	45,670	41,437
Family and community support	5,000	3,984	4,876
Land use planning, zoning and development	1,500	-	-
Parks and recreation	46,842	48,154	41,379
Culture	2,300	1,849	2,163
Amortization of tangible capital assets	-	145,907	147,654
Loss on disposal of tangible capital assets	-	9,920	-
<b>Total Operating Expenses</b>	<b>784,926</b>	<b>779,108</b>	<b>737,912</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>111,910</b>	<b>24,337</b>	<b>(5,242)</b>
<b>CAPITAL INCOME</b>			
Provincial government transfers for capital	1,227,616	409,748	636,602
Federal government transfers for capital	-	12,235	150,640
	<b>1,227,616</b>	<b>421,983</b>	<b>787,242</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,339,526</b>	<b>446,320</b>	<b>782,000</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>4,023,721</b>	<b>4,023,721</b>	<b>3,241,721</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 5,363,247</b>	<b>\$ 4,470,041</b>	<b>\$ 4,023,721</b>

**VILLAGE OF CLYDE**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2018**

	Budget <i>(Unaudited)</i>	2018	2017
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	\$ 1,339,526	\$ 446,320	\$ 782,000
Purchase of tangible capital assets	(1,972,370)	(443,574)	(24,681)
Amortization of tangible capital assets	-	145,907	147,654
Loss on disposal of tangible capital assets	-	9,920	-
	(1,972,370)	(287,747)	122,973
Acquisition of prepaid expenses	-	(260)	942
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(632,844)	158,313	905,915
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	1,301,661	1,301,661	395,746
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 668,817	\$ 1,459,974	\$ 1,301,661

**VILLAGE OF CLYDE**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 446,320	\$ 782,000
Items not affecting cash:		
Amortization of tangible capital assets	145,907	147,654
Loss on disposal of tangible capital assets	9,920	-
	<u>602,147</u>	<u>929,654</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	10,642	(14,878)
Trade and other receivables	(22,803)	31,994
Receivable from other governments	292,380	(247,366)
Accounts payable and accrued liabilities	(21,271)	25,540
Employee benefit obligations	(728)	3,875
Deposit liabilities	108	8
Deferred revenue	(32,219)	(545,357)
Prepaid expenses	(260)	942
	<u>225,849</u>	<u>(745,242)</u>
Cash flow from operating activities	<u>827,996</u>	<u>184,412</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(443,574)</u>	<u>(24,681)</u>
<b>Net change in cash and cash equivalents during the year</b>	<b>384,422</b>	<b>159,731</b>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,657,692</u>	<u>1,497,961</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,042,114</b>	<b>\$ 1,657,692</b>
 <b>Cash and cash equivalents is made up of:</b>		
Cash, temporary investments and bank indebtedness (Note 2)	\$ 1,790,505	\$ 1,450,192
Cash held for reserves (Note 2)	245,164	201,163
Cash held in trust (Note 3)	6,445	6,337
	<u>\$ 2,042,114</u>	<u>\$ 1,657,692</u>



**VILLAGE OF CLYDE**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**For the Year Ended December 31, 2018**  
**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2018	Total 2017
BALANCE, BEGINNING OF YEAR	\$ 1,151,825	\$ 201,163	\$ 2,670,733	\$ 4,023,721	\$ 3,241,721
Excess (Deficiency) of revenues over expenses	446,320	-	-	446,320	782,000
Purchase of tangible capital assets	(443,574)	-	443,574	-	-
Loss on disposal of tangible capital assets	9,920	-	(9,920)	-	-
Annual amortization expense	145,907	-	(145,907)	-	-
Current year funds allocated to restricted surplus	(44,001)	44,001	-	-	-
Change in accumulated surplus	114,572	44,001	287,747	446,320	782,000
BALANCE, END OF YEAR	\$ 1,266,397	\$ 245,164	\$ 2,958,480	\$ 4,470,041	\$ 4,023,721

**VILLAGE OF CLYDE**  
**Schedule of Tangible Capital Assets**  
**(Schedule 2)**  
**Year Ended December 31, 2018**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 177,507	\$ 25,502	\$ 113,348	\$ 5,124,960	\$ 208,901	\$ 79,918	\$ 5,730,136	\$ 5,705,455
Acquisitions	-	-	-	443,574	-	-	443,574	13,024
Construction-in-progress	-	-	-	-	-	-	-	11,657
Disposals	-	-	-	(16,068)	-	-	(16,068)	-
BALANCE, END OF YEAR	177,507	25,502	113,348	5,552,466	208,901	79,918	6,157,642	5,730,136
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	8,921	85,062	2,821,967	101,725	41,728	3,059,403	2,911,749
Annual amortization	-	657	2,045	129,122	11,823	2,260	145,907	147,654
Accumulated amortization on disposals	-	-	-	(6,148)	-	-	(6,148)	-
BALANCE, END OF YEAR	-	9,578	87,107	2,944,941	113,548	43,988	3,199,162	3,059,403
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 177,507	\$ 15,924	\$ 26,241	\$ 2,607,525	\$ 95,353	\$ 35,930	\$ 2,958,480	\$ 2,670,733

**VILLAGE OF CLYDE**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2018**

*(Schedule 3)*

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Real Property Taxes	\$ 273,281	\$ 273,097	\$ 264,016
Commercial and Linear Property Taxes	35,430	35,430	33,049
Minimum Tax Levy	28,341	28,686	30,009
Alberta School Fund Foundation	82,224	82,174	79,434
Westlock Foundation	19,618	19,606	15,745
	<u>438,894</u>	<u>438,993</u>	<u>422,253</u>
<b>REQUISITIONS</b>			
Alberta School Fund Foundation	82,224	82,224	82,690
Westlock Foundation Requisition	19,618	19,618	15,692
	<u>101,842</u>	<u>101,842</u>	<u>98,382</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 337,052</u>	<u>\$ 337,151</u>	<u>\$ 323,871</u>

**VILLAGE OF CLYDE**  
**Schedule of Expenses by Object**  
**Year Ended December 31, 2018**

*(Schedule 4)*

	Budget (Unaudited)	2018	2017
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 262,218	\$ 237,074	\$ 248,904
Contracted and general services	300,311	178,821	138,992
Materials, goods, supplies and utilities	128,895	113,220	115,904
Purchases from other governments	82,019	86,256	76,809
Transfers to local boards and agencies	11,483	7,910	9,649
Amortization expense	-	145,907	147,654
Loss on disposal of tangible capital assets	-	9,920	-
	\$ 784,926	\$ 779,108	\$ 737,912

**VILLAGE OF CLYDE**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**For the Year Ended December 31, 2018**  
**SCHEDULE 5**

	General Government	Transportation Services	Water Services	Wastewater Services	Waste Management	Recreation & Culture	Other	Total
<b>REVENUE:</b>								
Net municipal taxes	\$ 337,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,151
User fees and sales of goods	29,751	44,203	153,768	37,862	42,157	6,055	4,990	318,786
Government transfers	78,140	-	-	-	-	1,964	-	80,104
Other revenues	31,595	-	-	-	-	3,750	2,355	37,700
Investment income	29,704	-	-	-	-	-	-	29,704
	506,341	44,203	153,768	37,862	42,157	11,769	7,345	803,445
<b>EXPENSES:</b>								
Salaries & wages	157,157	33,505	6,734	3,367	3,542	32,632	137	237,074
Contract & general services	72,993	7,882	43,306	8,695	26,267	6,118	13,560	178,821
Materials, goods, supplies and utilities	27,389	55,743	7,434	7,430	268	7,543	7,413	113,220
Purchases from other governments	-	-	70,663	-	15,593	-	-	86,256
Transfers to local boards	-	-	-	-	-	3,711	4,199	7,910
	257,539	97,130	128,137	19,492	45,670	50,004	25,309	623,281
<b>NET REVENUE, BEFORE AMORTIZATION</b>	248,802	(52,927)	25,631	18,370	(3,513)	(38,235)	(17,964)	180,164
Amortization/Loss on disposition	3,457	104,228	29,078	13,294	-	4,617	1,153	155,827
<b>NET REVENUE</b>	245,345	(157,155)	(3,447)	5,076	(3,513)	(42,852)	(19,117)	24,337

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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.

*(continues)*

---

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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.

*(continues)*

---

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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

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.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

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.

*(continues)*

---



**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

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 consolidated Change in Net Financial Assets for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital 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, 2018**

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash	\$ 2,035,669	\$ 1,166,706
Temporary Investments	-	484,649
	\$ 2,035,669	\$ 1,651,355

Council has designated \$245,164 (2017 - \$201,163) of cash for future capital projects. This amount has been reported separately in the statement of financial position

Included in cash and temporary investments is a restricted amount of \$647,514 (2017 - \$533,926) 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, 2018. At December 31, 2017, temporary investments consisted of guaranteed investment certificates that had effective interest rates of 1.3% to 1.4%.

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.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2018	2017
Taxes and grants in place of taxes receivable	\$ 46,717	\$ 47,074
Arrears taxes	10,237	20,523
	\$ 56,954	\$ 67,597

5. TRADE AND OTHER RECEIVABLES

	2018	2017
GST rebate receivable	\$ 33,742	\$ 7,141
Utilities receivable	25,394	26,199
Trade accounts receivable	7,471	5,411
Accrued interest on term deposits	-	5,053
	\$ 66,607	\$ 43,804

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

6. RECEIVABLE FROM OTHER GOVERNMENTS

	<u>2018</u>	<u>2017</u>
Municipal Sustainability Initiative Grant	\$ 104,986	\$ 197,366
Federal Government Gas Tax Grant	-	200,000
	<u>\$ 104,986</u>	<u>\$ 397,366</u>

---

7. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations are comprised of accrued wages paid in January 2018, 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, 2018.

*(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 2018 (2017-nil) as a result of this standard.

---

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

10. DEFERRED REVENUE

	2018	2017
Alberta Municipal Sustainability Initiative-Capital Grant	\$ 318,068	\$ 519,768
Federal Gas Tax Fund Grant	237,705	199,931
Alberta Community Partnership - Intermunicipal Collaboration Grant	135,787	-
Basic Municipal Transportation Grant	60,953	60,953
Prepaid property taxes	3,464	6,189
Clyde Parks and Play	-	1,355
	\$ 755,977	\$ 788,196

The deferred grant revenue amounts include amounts from 2013 through 2018 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 2019 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 255/00 for the Village of Clyde be disclosed as follows:

	2018	2017
Total debt limit	\$ 1,205,168	\$ 1,099,005
Total debt	-	-
Amount of debt limit unused	1,205,168	1,099,005
Debt servicing limit	200,861	183,168
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 200,861	\$ 183,168

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

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets <i>(Schedule 2)</i>	\$ 6,157,642	\$ 5,730,136
Accumulated amortization <i>(Schedule 2)</i>	(3,199,162)	(3,059,403)
	\$ 2,958,480	\$ 2,670,733

---

13. ACCUMULATED SURPLUS (Schedule 1)

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

	2018	2017
Unrestricted surplus	\$ 1,266,397	\$ 1,151,825
Restricted surplus		
<i>Capital reserves</i>	245,164	201,163
Equity in tangible capital assets	2,958,480	2,670,733
	\$ 4,470,041	\$ 4,023,721

---

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, 2018**

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 <sup>1</sup>	Benefits & allowances <sup>2</sup>	<b>2018 Total</b>	2017 Total
Councillors:				
Dvernichuk - Mayor - January to October	\$ 8,500	\$ -	\$ 8,500	\$ 6,500
White - Mayor - November to December	6,500	-	<b>6,500</b>	6,000
Clausing	6,000	-	<b>6,000</b>	6,000
Nyal	6,000	-	<b>6,000</b>	8,500
VanEaton	4,500	-	<b>4,500</b>	1,000
Olson	-	-	-	5,000
Chief Administrative Officer	70,477	7,746	<b>78,223</b>	77,034

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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Village of Clyde are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Village of Clyde to the LAPP in 2018 were \$16,641 (2017 - \$11,435). Total current service contributions by the employees of the Village of Clyde to LAPP in 2018 were \$15,103 (2017 - \$10,482).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

**17. RELATED PARTY TRANSACTIONS**

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

	2018	2017
Westlock Regional Water Services Commission		
Administration fee revenue	\$ 30,900	\$ 30,000
Water purchased	<u>(70,662)</u>	<u>(66,005)</u>
	<u>\$ (39,762)</u>	<u>\$ (36,005)</u>
Westlock Regional Waste Management Commission		
Landfill usage expense	<u>\$ (15,593)</u>	<u>\$ (10,804)</u>
Amounts due (to) from related parties (reported in accounts payable and accrued liabilities)		
Westlock Regional Water Services Commission	\$ (5,093)	\$ (7,435)
Westlock Regional Waste Management Commission	<u>(1,680)</u>	<u>(773)</u>
	<u>\$ (6,773)</u>	<u>\$ (8,208)</u>

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, 2017, the Commission had accrued \$71,367 (2016 - \$63,638) for its post closure liability. At the same time, the Commission had investments totalling \$0 (2016 - \$63,000) to cover the liability. Note that the information for 2018 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 \$8,000 limit.

**VILLAGE OF CLYDE**  
**Notes to Financial Statements**  
**December 31, 2018**

---

20. SUBSEQUENT EVENTS

Subsequent to year-end, the Alberta Municipal Affairs accepted \$558,000 in deferred and future Federal Gas Tax Funding to be utilized for sidewalk rehabilitation.

---

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

---