

VILLAGE OF GLENDON
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Village of Glendon (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets, and cash flows and schedules 1 to 6 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 financial position of the Municipality as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those 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 the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditor's 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 consolidated financial statements. As part of the audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

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.

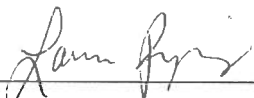
St. Paul, Alberta
February 11, 2019

JMD Group LLP
CHARTERED ACCOUNTANTS

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash	\$ 646,847	\$ 736,932
Temporary investments and savings accounts	2,080,102	1,059,345
Taxes receivable (note 2)	63,811	59,717
Receivable from other governments	130,204	9,862
Trade and other receivables	12,827	13,422
Loan receivable (note 3)	112,500	125,000
Long-term investments (note 4)	<u>3,180</u>	<u>3,180</u>
	<u>3,049,471</u>	<u>2,007,458</u>
Liabilities		
Accounts payable and accrued liabilities	38,133	42,116
Wages and benefits payable (note 5)	27,500	26,597
Deferred revenue (note 6)	<u>--</u>	<u>2,734</u>
	<u>65,633</u>	<u>71,447</u>
Net Financial assets	<u>2,983,838</u>	<u>1,936,011</u>
Non-financial assets		
Tangible capital assets	6,478,646	5,390,981
Prepaid expenses	<u>55,387</u>	<u>54,504</u>
	<u>6,534,033</u>	<u>5,445,485</u>
Accumulated surplus (schedule 1, note 7)	<u>\$ 9,517,871</u>	<u>\$ 7,381,496</u>

Approved by:



Mayor

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Revenues			
Net municipal taxes (schedule 3)	\$ 408,757	\$ 408,755	\$ 413,273
Sales and user fees	181,800	181,476	181,935
Government transfers for operating (schedule 4)	834,443	668,033	291,674
Investment income	25,000	35,278	25,271
Penalties and costs of taxes	22,000	19,584	24,657
Licenses and permits	4,000	5,538	3,862
Franchise and concession contracts	17,000	17,768	17,168
Rentals and leases	8,400	8,820	8,670
Other	3,500	2,646	4,149
	<u>1,504,900</u>	<u>1,347,898</u>	<u>970,659</u>
Expenses			
Legislative	55,210	34,635	22,102
Administration	236,425	221,624	207,454
Protective services	18,579	18,779	18,679
Roads, streets, walks, lighting	338,115	314,430	283,319
Water supply	247,527	226,825	191,752
Wastewater treatment and disposal	116,564	90,384	87,177
Waste management	73,621	54,553	55,390
Family and community support services	17,545	14,701	15,831
Parks and recreation	161,385	104,827	131,666
	<u>1,264,971</u>	<u>1,080,758</u>	<u>1,013,370</u>
Deficiency of revenues over expenses before other	239,929	267,140	(42,711)
Other			
Gain (loss) on disposal of tangible capital assets	--	996	(3,424)
Government transfers for capital (schedule 4)	1,079,513	1,868,239	114,593
Excess of revenues over expenses	1,319,442	2,136,375	68,458
Accumulated surplus, beginning of year	<u>7,381,496</u>	<u>7,381,496</u>	<u>7,313,038</u>
Accumulated surplus, end of year	\$ <u>8,700,938</u>	\$ <u>9,517,871</u>	\$ <u>7,381,496</u>

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u> (unaudited)	<u>2018</u>	<u>2017</u>
Excess of revenues over expenses	\$ <u>1,319,442</u>	\$ <u>2,136,375</u>	\$ <u>68,458</u>
Acquisition of tangible capital assets	(1,283,616)	(1,374,164)	(330,817)
(Gain) loss on disposal of tangible capital assets	--	(996)	3,424
Proceeds on disposal of tangible capital assets	--	1,000	--
Amortization of tangible capital assets	<u>269,500</u>	<u>286,495</u>	<u>269,403</u>
	<u>(1,014,116)</u>	<u>(1,087,665)</u>	<u>(57,990)</u>
Acquisition of prepaid assets	(54,504)	(55,387)	(54,504)
Use of prepaid assets	<u>54,504</u>	<u>54,504</u>	<u>52,088</u>
	<u>--</u>	<u>(883)</u>	<u>(2,416)</u>
Increase in net financial assets	305,326	1,047,827	8,052
Net financial assets, beginning of year	<u>1,936,011</u>	<u>1,936,011</u>	<u>1,927,959</u>
Net financial assets, end of year	\$ <u>2,241,337</u>	\$ <u>2,983,838</u>	\$ <u>1,936,011</u>

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 2,136,375	\$ 68,458
Non cash items included		
Amortization of tangible capital assets	286,495	269,403
(Gain) loss on disposal of tangible capital assets	(996)	3,424
Proceeds on disposal of tangible capital assets	1,000	--
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	(4,094)	4,768
Receivable from other governments	(120,342)	50,827
Trade and other receivables	595	15,688
Loan receivable	12,500	(125,000)
Prepaid expenses	(883)	(2,416)
Increase (decrease) in		
Accounts payable and accrued liabilities	(3,983)	10,356
Wages and benefits payable	903	7,914
Deferred revenue	<u>(2,734)</u>	<u>(19,208)</u>
Net cash from operations	<u>2,304,836</u>	<u>284,214</u>
Investing		
Long-term investments acquired	<u>--</u>	<u>(15)</u>
Capital		
Acquisition of tangible capital assets	<u>(1,374,164)</u>	<u>(330,817)</u>
Change in cash and cash equivalents during the year	930,672	(46,618)
Cash and cash equivalents, beginning of year	<u>1,796,277</u>	<u>1,842,895</u>
Cash and cash equivalents, end of year	<u>\$ 2,726,949</u>	<u>\$ 1,796,277</u>
Cash and cash equivalents consist of:		
Cash	\$ 646,847	\$ 736,932
Temporary investments and savings accounts	2,080,102	1,059,345
	<u>\$ 2,726,949</u>	<u>\$ 1,796,277</u>

VILLAGE OF GLENDON
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted Surplus</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ <u>1,720,076</u>	\$ <u>270,439</u>	\$ <u>5,390,981</u>	\$ <u>7,381,496</u>	\$ <u>7,313,038</u>
Excess of revenues over expenses	2,136,375	--	--	2,136,375	68,458
Funds designated for future use	(1,000,000)	1,000,000	--	--	--
Current year funds used for tangible capital assets	(1,374,164)	--	1,374,164	--	--
Net book value of tangible capital asset disposals	4	--	(4)	--	--
Annual amortization expense	<u>286,495</u>	<u>--</u>	<u>(286,495)</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>48,710</u>	<u>1,000,000</u>	<u>1,087,665</u>	<u>2,136,375</u>	<u>68,458</u>
Balance, end of year	\$ <u>1,768,786</u>	\$ <u>1,270,439</u>	\$ <u>6,478,646</u>	\$ <u>9,517,871</u>	\$ <u>7,381,496</u>

**VILLAGE OF GLENDON
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2018</u>	<u>2017</u>
Cost								
Balance, beginning of year	\$ 258,122	\$ 436,911	\$ 1,135,061	\$ 6,816,807	\$ 432,318	\$ 315,691	\$ 9,394,910	\$ 9,069,693
Acquisition of tangible capital assets	--	69,366	28,736	1,203,833	72,229	--	1,374,164	330,817
Disposal of tangible capital assets	--	--	--	--	(2,745)	(3,000)	(5,745)	(5,600)
Balance, end of year	<u>258,122</u>	<u>506,277</u>	<u>1,163,797</u>	<u>8,020,640</u>	<u>501,802</u>	<u>312,691</u>	<u>10,763,329</u>	<u>9,394,910</u>
Accumulated amortization								
Balance, beginning of year	--	82,118	722,116	2,822,292	110,557	266,846	4,003,929	3,736,702
Annual amortization	--	16,852	22,613	191,961	36,577	18,492	286,495	269,403
Accumulated amortization on disposals	--	--	--	--	(2,741)	(3,000)	(5,741)	(2,176)
Balance, end of year	--	<u>98,970</u>	<u>744,729</u>	<u>3,014,253</u>	<u>144,393</u>	<u>282,338</u>	<u>4,284,683</u>	<u>4,003,929</u>
Net book value of tangible capital assets	<u>\$ 258,122</u>	<u>\$ 407,307</u>	<u>\$ 419,068</u>	<u>\$ 5,006,387</u>	<u>\$ 357,409</u>	<u>\$ 30,353</u>	<u>\$ 6,478,646</u>	<u>\$ 5,390,981</u>
2017 Net book value of tangible capital assets	<u>\$ 258,122</u>	<u>\$ 354,793</u>	<u>\$ 412,945</u>	<u>\$ 3,994,515</u>	<u>\$ 321,761</u>	<u>\$ 48,845</u>	<u>\$ 5,390,981</u>	

**VILLAGE OF GLENDON
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (unaudited)	2018	2017
Taxation			
Residential land and improvements	\$ 411,766	\$ 411,745	\$ 412,114
Non-residential land and improvements	99,890	99,883	95,213
Linear property	28,125	28,125	34,442
Farm land	<u>250</u>	250	<u>248</u>
	<u>540,031</u>	<u>540,003</u>	<u>542,017</u>
Requisitions			
Alberta School Foundation	127,277	127,278	125,073
Lakeland Lodge and Housing Foundation	3,962	3,932	3,671
Designated Industrial Property	<u>35</u>	<u>38</u>	<u>--</u>
	<u>131,274</u>	<u>131,248</u>	<u>128,744</u>
Net taxes for general municipal operations	\$ <u>408,757</u>	\$ <u>408,755</u>	\$ <u>413,273</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ 73,943	\$ 65,337	\$ 53,868
Local governments	<u>760,500</u>	<u>602,696</u>	<u>237,806</u>
	<u>834,443</u>	<u>668,033</u>	<u>291,674</u>
Transfers for capital			
Provincial	375,685	294,969	114,593
Local governments	<u>703,828</u>	<u>1,573,270</u>	<u>--</u>
	<u>1,079,513</u>	<u>1,868,239</u>	<u>114,593</u>
Total government transfers	\$ <u>1,913,956</u>	\$ <u>2,536,272</u>	\$ <u>406,267</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 356,662	\$ 343,830	\$ 311,216
Contracted and general services	386,060	290,694	255,224
Materials, goods, supplies and utilities	183,000	143,657	133,640
Transfers to local boards and agencies	1,479	1,479	1,479
Transfers to individuals and organizations	66,045	12,468	40,248
Bank charges and short term interest	900	810	735
Other expenses	1,325	1,325	1,425
Amortization	<u>269,500</u>	<u>286,495</u>	<u>269,403</u>
Total expenses	\$ <u>1,264,971</u>	\$ <u>1,080,758</u>	\$ <u>1,013,370</u>

**VILLAGE OF GLENDON
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Recreation and Culture</u>	<u>Other</u>	<u>Total</u>
Revenues							
Net municipal taxes	\$ 408,755	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 408,755
Sales and user fees	2,843	--	3,194	171,938	3,501	--	181,476
Government transfers for operating	497,580	16,800	112,313	27,304	--	14,036	668,033
Investment income	35,278	--	--	--	--	--	35,278
Other operating revenues	48,956	--	996	--	5,400	--	55,352
Government transfers for capital	<u>--</u>	<u>--</u>	<u>59,497</u>	<u>1,706,529</u>	<u>102,213</u>	<u>--</u>	<u>1,868,239</u>
	<u>993,412</u>	<u>16,800</u>	<u>176,000</u>	<u>1,905,771</u>	<u>111,114</u>	<u>14,036</u>	<u>3,217,133</u>
Expenses							
Salaries, wages and benefits	146,498	--	90,731	98,296	8,305	--	343,830
Contracted and general services	81,195	17,300	38,506	106,967	42,466	4,260	290,694
Materials, goods, supplies and utilities	16,839	--	57,629	50,342	8,406	10,441	143,657
Transfers to others	--	1,479	--	--	12,468	--	13,947
Other expenses	<u>810</u>	<u>--</u>	<u>--</u>	<u>1,325</u>	<u>--</u>	<u>--</u>	<u>2,135</u>
	<u>245,342</u>	<u>18,779</u>	<u>186,866</u>	<u>256,930</u>	<u>71,645</u>	<u>14,701</u>	<u>794,263</u>
Net revenue before amortization	748,070	(1,979)	(10,866)	1,648,841	39,469	(665)	2,422,870
Amortization expense	<u>(10,917)</u>	<u>--</u>	<u>(127,564)</u>	<u>(114,832)</u>	<u>(33,182)</u>	<u>--</u>	<u>(286,495)</u>
Net revenue	<u>\$ 737,153</u>	<u>\$ (1,979)</u>	<u>\$ (138,430)</u>	<u>\$ 1,534,009</u>	<u>\$ 6,287</u>	<u>\$ (665)</u>	<u>\$ 2,136,375</u>

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. Significant Accounting Policies

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education 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 public sector accounting standards 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 revenues and expenses 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.

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. Significant Accounting Policies - continued

(d) Cash

Cash is defined as petty cash, cash and cash in chequing accounts adjusted for outstanding cheques and deposits.

(e) Investments

Investments consist of cash in savings accounts with 30 – 90 day withdrawal notice requirements. Investments are recorded at amortized cost.

(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) 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.

(h) Government Transfers

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

Government transfers are recognized in the financial statements as revenue in the period 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.

(i) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

**VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant Accounting Policies – continued

(i) Non-Financial Assets - continued

(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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	50
Engineered structures	
Roadway system	20-30
Water system	45-75
Wastewater system	45-75
Machinery and equipment	10-25
Vehicles	10
Land improvements	25-40

No amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

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

(j) 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.

	<u>2018</u>	<u>2017</u>
2. Taxes Receivable		
Current	\$ 46,961	\$ 44,704
Arrears	59,850	58,013
Allowance	(43,000)	(43,000)
	\$ 63,811	\$ 59,717

3. Loan Receivable

Non-interest bearing loan provided to the Glendon Agricultural Society. Repayable in quarterly instalments of \$3,125 (\$12,500 annually).

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

4. Long Term Investments	<u>2018</u>	<u>2017</u>
Share in Alberta Municipal Finance Corporation	\$ 10	\$ 10
UFA Equity	<u>3,170</u>	<u>3,170</u>
	<u>\$ 3,180</u>	<u>\$ 3,180</u>

5. Employee Benefit Obligation

Included in wages and benefits payable is a vacation liability of \$21,950 (2017 - \$21,501). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

6. Deferred Revenue	<u>2018</u>	<u>2017</u>
Donation for solar light	\$ --	\$ 1,734
Donation for park bench	<u>--</u>	<u>1,000</u>
	<u>\$ --</u>	<u>\$ 2,734</u>

Funding from various grant programs, organizations and individuals, in the amount of \$Nil remained unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or as indicated by the donors.

7. Accumulated Surplus

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

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ <u>1,768,786</u>	\$ <u>1,720,076</u>
Restricted surplus		
Operating	161,043	161,043
Municipal reserve	9,139	9,139
Capital	<u>1,100,257</u>	<u>100,257</u>
	<u>1,270,439</u>	<u>270,439</u>
Equity in tangible capital assets	<u>6,478,646</u>	<u>5,390,981</u>
	<u>\$ 9,517,871</u>	<u>\$ 7,381,496</u>

**VILLAGE OF GLENDON
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8. 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 Glendon be disclosed as follows:

	<u>2018</u>	<u>2017</u>
Total debt limit	\$ 4,383,246	\$ 1,455,987
Total debt	<u> --</u>	<u> --</u>
Debt limit remaining	\$ <u>4,383,246</u>	\$ <u>1,455,987</u>
Debt servicing limit	\$ 730,541	\$ 242,664
Debt servicing	<u> --</u>	<u> --</u>
Debt servicing limit remaining	\$ <u>730,541</u>	\$ <u>242,664</u>

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.

9. Local Authorities Pension Plan

Employees of the village 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 serves about 260,000 people and 420 employers. 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 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 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 to the LAPP in 2018 were \$25,017 (2017 - \$26,727). Total current service contributions by the employees of the village to the LAPP in 2018 were \$22,828 (2017 - \$24,586).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion (2017 - deficiency of \$923 million).

**VILLAGE OF GLENDON
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10. Segmented Disclosure

The Village of Glendon 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 Schedule 6 – Segmented Disclosure.

11. Salary And Benefits Disclosure

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

	2018			2017
	Salary	Benefits & Allow.	Total	Total
	(1)	(2)		
Council				
Laura Papirny	\$ 10,380	\$ --	\$ 10,380	\$ 6,015
Nancy Pelletier	6,512	--	6,512	6,035
Scott Lundgren	10,710	--	10,710	2,755
Nicholas Werstiuk	845	--	845	--
Rick Stieben	--	--	--	2,545
CAO				
Melody Kwiatkowski	74,993	16,581	91,574	96,805
Designated officer	8,224	--	8,224	8,060

- (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, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

12. Operating Line of Credit

The village has a prime plus 1% authorized operating line of credit of \$400,000 with the Alberta Treasury Branch. No balance was outstanding as at December 31, 2018.

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13. 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.

14. Financial Instruments

The village's financial instruments consist of cash and temporary investments, receivables, long-term investments and accounts payable and accrued liabilities. It is management's opinion that the village is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

15. Approval of Financial Statements

Council has approved these financial statements.

16. Budget Amounts

Budget amounts are included for information purposes only and are not audited.

17. Recent Accounting Pronouncements Published But Not Yet Adopted

(a) PSAS Section 1201, Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2021, when sections PS2601 and PS3450 are adopted.

(b) PSAS Section 2601, Foreign Currency Transactions

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2021.

(c) PSAS Section 3041, Portfolio Investments

This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2021, when sections PS1201, PS2601 and PS3450 are adopted.

**VILLAGE OF GLENDON
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17. Recent Accounting Pronouncements Published But Not Yet Adopted (continued)

(d) PSAS Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

(e) PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2022.

(f) PSAS Section 3450, Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non- derivative financial instruments. It applies to years beginning on or after April 1, 2021.