

VILLAGE OF GLENDON

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020



Village of Glendon

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Glendon, Alberta

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Glendon (the Municipality) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the municipality's financial position as at December 31, 2020 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 to ensure reliable financial information is available for preparation of the financial statements.

The council carries out its responsibilities for review of the financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of the audit examination and financial reporting matters.

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

The financial statements have been audited by JMD Group LLP Chartered Professional Accountants, the independent external auditors, appointed by the council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the municipality's financial statements.


Chief Administrative Officer

March 24, 2021

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, 2020, 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, 2020, 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.

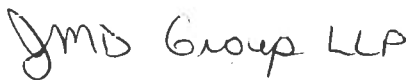
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

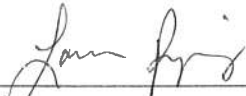
St. Paul, Alberta
March 24, 2021


Chartered Professional Accountants

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash (note 2)	\$ 4,530,688	\$ 2,739,043
Taxes receivable (note 3)	19,853	37,933
Receivable from other governments	1,114,193	812,139
Trade and other receivables	6,066	8,106
Loan receivable (note 4)	87,500	100,000
Long-term investments – UFA equity	<u>3,170</u>	<u>3,170</u>
	<u>5,761,470</u>	<u>3,700,391</u>
Liabilities		
Accounts payable and accrued liabilities	87,386	30,480
Wages and benefits payable (note 5)	30,722	25,822
Deferred revenue (note 6)	<u>1,039,661</u>	<u>1,025,135</u>
	<u>1,157,769</u>	<u>1,081,437</u>
Net Financial assets	<u>4,603,701</u>	<u>2,618,954</u>
Non-financial assets		
Tangible capital assets (schedule 2)	8,270,978	7,948,853
Prepaid expenses	<u>69,789</u>	<u>66,491</u>
	<u>8,340,767</u>	<u>8,015,344</u>
Accumulated surplus (schedule 1, note 7)	<u>\$ 12,944,468</u>	<u>\$ 10,634,298</u>

Approved by:



 Mayor

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Revenues			
Net municipal taxes (schedule 3)	\$ 388,440	\$ 388,526	\$ 406,927
Sales and user fees	178,500	172,825	176,480
Government transfers for operating (schedule 4)	582,468	2,519,050	588,794
Investment income	50,000	34,872	66,252
Penalties and costs of taxes	18,000	16,025	18,849
Licenses and permits	3,100	3,489	4,591
Franchise and concession contracts	18,000	19,215	18,260
Rentals and leases	9,000	4,985	8,970
Other	3,000	21,846	17,157
	<u>1,250,508</u>	<u>3,180,833</u>	<u>1,306,280</u>
Expenses			
Legislative	52,710	38,476	33,403
Administration	310,428	293,116	267,036
Protective services	33,629	48,651	42,023
Roads, streets, walks, lighting	360,971	462,646	302,895
Water supply	260,737	221,834	219,224
Wastewater treatment and disposal	125,300	88,917	103,289
Waste management	78,183	42,961	62,777
Family and community support services	14,036	10,450	10,273
Parks and recreation	173,835	131,324	442,812
	<u>1,409,829</u>	<u>1,338,375</u>	<u>1,483,732</u>
Excess (deficiency) of revenues over expenses before other	(159,321)	1,842,458	(177,452)
Other			
Contributed tangible capital assets	--	--	17,685
Government transfers for capital (schedule 4)	<u>2,140,000</u>	<u>467,712</u>	<u>1,276,194</u>
Excess of revenues over expenses	1,980,679	2,310,170	1,116,427
Accumulated surplus, beginning of year	<u>10,634,298</u>	<u>10,634,298</u>	<u>9,517,871</u>
Accumulated surplus, end of year	<u>\$ 12,614,977</u>	<u>\$ 12,944,468</u>	<u>\$ 10,634,298</u>

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Excess of revenues over expenses	\$ <u>1,980,679</u>	\$ <u>2,310,170</u>	\$ <u>1,116,427</u>
Acquisition of tangible capital assets	(2,372,500)	(701,016)	(1,768,758)
Contributed tangible capital assets	--	--	(17,685)
Amortization of tangible capital assets	<u>318,950</u>	<u>378,891</u>	<u>316,236</u>
	<u>(2,053,550)</u>	<u>(322,125)</u>	<u>(1,470,207)</u>
Acquisition of prepaid assets	(66,491)	(69,789)	(66,491)
Use of prepaid assets	<u>66,491</u>	<u>66,491</u>	<u>55,387</u>
	<u>--</u>	<u>(3,298)</u>	<u>(11,104)</u>
Increase (decrease) in net financial assets	(72,871)	1,984,747	(364,884)
Net financial assets, beginning of year	<u>2,618,954</u>	<u>2,618,954</u>	<u>2,983,838</u>
Net financial assets, end of year	\$ <u>2,546,083</u>	\$ <u>4,603,701</u>	\$ <u>2,618,954</u>

**VILLAGE OF GLENDON
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 2,310,170	\$ 1,116,427
Non-cash items included		
Amortization of tangible capital assets	378,891	316,236
Tangible capital assets received as contributions	--	(17,685)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes receivable	18,080	25,878
Receivable from other governments	(302,054)	(681,935)
Trade and other receivables	2,040	4,721
Loan receivable	12,500	12,500
Prepaid expenses	(3,298)	(11,104)
Increase (decrease) in		
Accounts payable and accrued liabilities	56,906	(7,653)
Wages and benefits payable	4,900	(1,678)
Deferred revenue	<u>14,526</u>	<u>1,025,135</u>
Net cash from operations	<u>2,492,661</u>	<u>1,780,842</u>
Investing		
Decrease (increase) in restricted cash	432,317	(467,712)
Long-term investments redeemed	<u>--</u>	<u>10</u>
	<u>432,317</u>	<u>(467,702)</u>
Capital		
Acquisition of tangible capital assets	<u>(701,016)</u>	<u>(1,768,758)</u>
Change in cash during the year	2,223,962	(455,618)
Cash, beginning of year	<u>2,271,331</u>	<u>2,726,949</u>
Cash, end of year	<u>\$ 4,495,293</u>	<u>\$ 2,271,331</u>
Cash is made up of:		
Cash and notice accounts	\$ 4,530,688	\$ 2,739,043
Restricted cash	<u>(35,395)</u>	<u>(467,712)</u>
	<u>\$ 4,495,293</u>	<u>\$ 2,271,331</u>

**VILLAGE OF GLENDON
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Unrestricted Surplus</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ <u>1,404,323</u>	\$ <u>1,281,122</u>	\$ <u>7,948,853</u>	\$ <u>10,634,298</u>	\$ <u>9,517,871</u>
Excess of revenues over expenses	2,310,170	--	--	2,310,170	1,116,427
Funds designated for future use	(1,900,000)	1,900,000	--	--	--
Current year funds used for tangible capital assets	(701,016)	--	701,016	--	--
Annual amortization expense	<u>378,891</u>	<u>--</u>	<u>(378,891)</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>88,045</u>	<u>1,900,000</u>	<u>322,125</u>	<u>2,310,170</u>	<u>1,116,427</u>
Balance, end of year	\$ <u>1,492,368</u>	\$ <u>3,181,122</u>	\$ <u>8,270,978</u>	\$ <u>12,944,468</u>	\$ <u>10,634,298</u>

**VILLAGE OF GLENDON
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
Cost								
Balance, beginning of year	\$ 435,722	\$ 533,060	\$ 1,392,108	\$ 9,292,233	\$ 509,925	\$ 386,724	\$ 12,549,772	\$ 10,763,329
Acquisition of tangible capital assets	--	12,475	128,150	483,304	14,683	--	638,612	1,786,443
Construction in progress	<u>--</u>	<u>--</u>	<u>--</u>	<u>62,404</u>	<u>--</u>	<u>--</u>	<u>62,404</u>	<u>1,786,443</u>
Balance, end of year	<u>435,722</u>	<u>545,535</u>	<u>1,520,258</u>	<u>9,837,941</u>	<u>524,608</u>	<u>386,724</u>	<u>13,250,788</u>	<u>12,549,772</u>
Accumulated amortization								
Balance, beginning of year	--	118,615	767,917	3,225,094	188,463	300,830	4,600,919	4,284,683
Annual amortization	<u>--</u>	<u>20,716</u>	<u>27,754</u>	<u>273,831</u>	<u>45,694</u>	<u>10,896</u>	<u>378,891</u>	<u>316,236</u>
Balance, end of year	<u>--</u>	<u>139,331</u>	<u>795,671</u>	<u>3,498,925</u>	<u>234,157</u>	<u>311,726</u>	<u>4,979,810</u>	<u>4,600,919</u>
Net book value of tangible capital assets	<u>\$ 435,722</u>	<u>\$ 406,204</u>	<u>\$ 724,587</u>	<u>\$ 6,339,016</u>	<u>\$ 290,451</u>	<u>\$ 74,998</u>	<u>\$ 8,270,978</u>	<u>\$ 7,948,853</u>
2019 Net book value of tangible capital assets	<u>\$ 435,722</u>	<u>\$ 414,445</u>	<u>\$ 624,191</u>	<u>\$ 6,067,139</u>	<u>\$ 321,462</u>	<u>\$ 85,894</u>	<u>\$ 7,948,853</u>	

**VILLAGE OF GLENDON
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
Taxation			
Residential land and improvements	\$ 393,226	\$ 393,226	\$ 404,971
Non-residential land and improvements	93,998	93,998	101,609
Linear property	29,296	29,381	29,414
Farmland	<u>250</u>	250	251
	<u>516,770</u>	<u>516,855</u>	<u>536,245</u>
Requisitions			
Alberta School Foundation	124,282	124,281	125,300
Lakeland Lodge and Housing Foundation	4,048	4,048	3,926
Designated Industrial Property	<u>--</u>	<u>--</u>	<u>92</u>
	<u>128,330</u>	<u>128,329</u>	<u>129,318</u>
Net taxes for general municipal operations	\$ <u>388,440</u>	\$ <u>388,526</u>	\$ <u>406,927</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ 264,966	\$ 75,669	\$ 73,262
Local governments	<u>317,502</u>	<u>2,443,381</u>	<u>515,532</u>
	<u>582,468</u>	<u>2,519,050</u>	<u>588,794</u>
Transfers for capital			
Provincial	140,000	--	--
Local governments	<u>2,000,000</u>	<u>467,712</u>	<u>1,276,194</u>
	<u>2,140,000</u>	<u>467,712</u>	<u>1,276,194</u>
Total government transfers	\$ <u>2,722,468</u>	\$ <u>2,986,762</u>	\$ <u>1,864,988</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 388,932	\$ 358,000	\$ 354,117
Contracted and general services	428,460	420,735	273,168
Materials, goods, supplies and utilities	192,000	152,007	164,188
Provision for allowances and bad debts	--	(13,000)	15,000
Transfers to local boards and agencies	1,479	1,479	1,479
Transfers to individuals and organizations	62,536	36,000	342,892
Bank charges and short-term interest	1,600	891	775
Other expenses	15,872	3,372	15,877
Amortization	<u>318,950</u>	<u>378,891</u>	<u>316,236</u>
Total expenses	\$ <u>1,409,829</u>	\$ <u>1,338,375</u>	\$ <u>1,483,732</u>

**VILLAGE OF GLENDON
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 388,526	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 388,526
Sales and user fees	2,082	--	300	169,208	1,235	--	172,825
Government transfers for operating	1,520,043	16,800	944,041	24,130	--	14,036	2,519,050
Investment income	34,872	--	--	--	--	--	34,872
Other operating revenues	40,525	20,735	--	--	4,300	--	65,560
Government transfers for capital	<u>--</u>	<u>--</u>	<u>325,136</u>	<u>--</u>	<u>142,576</u>	<u>--</u>	<u>467,712</u>
	<u>1,986,048</u>	<u>37,535</u>	<u>1,269,477</u>	<u>193,338</u>	<u>148,111</u>	<u>14,036</u>	<u>3,648,545</u>
Expenses							
Salaries, wages and benefits	172,233	--	87,466	90,644	7,657	--	358,000
Contracted and general services	143,927	17,854	124,914	85,534	48,056	450	420,735
Materials, goods, supplies and utilities	14,460	21,915	53,525	55,095	7,012	--	152,007
Transfers to others	--	1,479	--	--	26,000	10,000	37,479
Other expenses	<u>(12,109)</u>	<u>--</u>	<u>--</u>	<u>3,372</u>	<u>--</u>	<u>--</u>	<u>(8,737)</u>
	<u>318,511</u>	<u>41,248</u>	<u>265,905</u>	<u>234,645</u>	<u>88,725</u>	<u>10,450</u>	<u>959,484</u>
Net revenue before amortization	1,667,536	(3,713)	1,003,572	(41,307)	59,387	3,586	2,689,061
Amortization expense	<u>(13,081)</u>	<u>(7,403)</u>	<u>(196,741)</u>	<u>(119,067)</u>	<u>(42,599)</u>	<u>--</u>	<u>(378,891)</u>
Net revenue	\$ <u>1,654,455</u>	\$ <u>(11,116)</u>	\$ <u>806,831</u>	\$ <u>(160,374)</u>	\$ <u>16,788</u>	\$ <u>3,586</u>	\$ <u>2,310,170</u>

VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Professional 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, 2020

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.

(c) 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, 2020**

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:

	Years
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.

	2020	2019
2. Cash		
Petty cash	\$ 60	\$ 60
Current account	3,496,804	1,716,372
Temporary investments	1,033,824	1,022,611
	\$ 4,530,688	\$ 2,739,043

Council has designated \$3,181,122 (2019 – \$1,281,122) to fund the reserves.

Included in cash is a restricted amount of \$35,395 (2019 – \$467,712) comprised of deferred revenue received and not expended (see note 6).

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3. Taxes Receivable	<u>2020</u>	<u>2019</u>
Current	\$ 19,152	\$ 35,790
Arrears	40,406	54,848
Allowance	(39,705)	(52,705)
	<u>\$ 19,853</u>	<u>\$ 37,933</u>

4. Loan Receivable

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

5. Employee Benefit Obligation

Included in wages and benefits payable is a vacation liability of \$25,818 (2019 - \$21,344). 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>2020</u>	<u>2019</u>
MSI Capital	\$ 504,266	\$ 307,423
Federal Gas Tax Fund	300,000	250,000
Government of Alberta – ID 349 Funding	--	467,712
Government of Alberta – MOST	34,218	--
Government of Alberta – FCSS	1,177	--
MD of Bonnyville	<u>200,000</u>	<u>--</u>
	<u>\$ 1,039,661</u>	<u>\$ 1,025,135</u>

Unexpended funding in the amount of \$1,043,247 was allocated to the municipality in the current year from various federal and provincial government programs and local governments. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. From these allocations, funds received and unexpended are supported by funds in savings accounts of \$35,395.

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7. Accumulated Surplus

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

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ <u>1,492,368</u>	\$ <u>1,404,323</u>
Restricted surplus		
Operating	161,043	161,043
Municipal reserve	9,139	9,139
Capital	<u>3,010,940</u>	<u>1,110,940</u>
	<u>3,181,122</u>	<u>1,281,122</u>
Equity in tangible capital assets	<u>8,270,978</u>	<u>7,948,853</u>
	\$ <u>12,944,468</u>	\$ <u>10,634,298</u>

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>2020</u>	<u>2019</u>
Total debt limit	\$ 5,472,818	\$ 3,900,238
Total debt	<u> --</u>	<u> --</u>
Debt limit remaining	\$ <u>5,472,818</u>	\$ <u>3,900,238</u>
Debt servicing limit	\$ 912,136	\$ 650,040
Debt servicing	<u> --</u>	<u> --</u>
Debt servicing limit remaining	\$ <u>912,136</u>	\$ <u>650,040</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.

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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 266,000 people and 421 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 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 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 to the LAPP in 2020 were \$24,383 (2019 - \$22,673). Total current service contributions by the employees of the village to the LAPP in 2020 were \$21,978 (2019 - \$20,471).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion.

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. 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, 2020.

**VILLAGE OF GLENDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. 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:

	2020			2019
	Salary (1)	Benefits & Allow. (2)	Total	Total
Council				
Laura Papirny	\$ 12,470	\$ 471	\$ 12,941	\$ 10,594
Nicholas Werstiuk	12,690	483	13,173	10,941
Roger Belkrap	10,620	374	10,994	3,146
Scott Lundgren	--	--	--	4,135
CAO				
Melody Kwiatkowski	76,130	16,540	92,670	92,453
Designated officer	8,616	--	8,616	8,280

- (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.

13. 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.

VILLAGE OF GLENDON
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14. Contaminated Sites Liability

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2020 (2019 – nil) as a result of this standard.

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 1000, Financial Statement Concepts

The amendments are effective beginning on or after April 1, 2023. This standard has been amended to allow for recognition of intangibles.

(b) PSAS Section 1201, Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2023, when sections PS2601 and PS3450 are adopted.

(c) PSAS Section 2601, Foreign Currency Translation

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, 2022.

(d) 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, 2022, when sections PS1201, PS2601 and PS3450 are adopted.

(e) 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.

(f) 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, 2023.

(g) 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, 2022.

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18. Subsequent Event

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economics.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Village's operations as at the date of these financial statements.