

**Village of Alix**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2018**

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**Consolidated Financial Statements**  
**For the year ended December 31, 2018**

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## Independent Auditor's Report

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To the Mayor and Council of the Village of Alix

### Opinion

We have audited the consolidated financial statements of Village of Alix and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of operations, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and its consolidated financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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## Independent Auditor's Report - continued

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
Red Deer, Alberta  
April 24, 2019

**Village of Alix**  
**Consolidated Statement of Financial Position**

December 31	2018	2017
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 1,845,210	\$ 1,331,117
Taxes receivable (Note 2)	215,003	195,773
Accounts receivable	80,706	95,120
	2,140,919	1,622,010
<b>Liabilities</b>		
Accounts payable and accrued liabilities	275,963	157,160
Employee benefit obligation (Note 3)	64,309	25,122
Deposit liabilities	1,765	1,425
Deferred revenue (Note 4)	864,123	754,631
Long-term debt (Note 5)	3,123,090	1,972,509
Liability for contaminated sites (Note 6)	61,590	-
	4,390,840	2,910,847
<b>Net debt</b>	(2,249,921)	(1,288,837)
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	10,750,197	9,301,609
Inventory for consumption	23,409	18,065
Prepaid expenses	10,079	11,185
	10,783,685	9,330,859
<b>Accumulated surplus (Note 9)</b>	\$ 8,533,764	\$ 8,042,022
<b>Debenture debt limits (Note 16)</b>		
<b>Contingencies (Note 17)</b>		
<b>Commitments (Note 18)</b>		

**Village of Alix**  
**Consolidated Statement of Operations**

<b>For the year ended December 31</b>	Budget 2018	2018	2017
<b>Revenue</b>			
Net municipal taxes (Note 11)	\$ 1,487,827	\$ 1,480,315	\$ 1,461,380
Government transfers for operating (Note 12)	74,800	68,307	68,876
Sales and user fees	782,700	794,489	841,570
Franchises and concessions	235,600	236,955	230,218
Investment income	4,400	13,081	9,626
Penalties and costs on taxes	54,100	56,591	54,535
Fines and licenses	18,200	8,342	9,283
Rental	8,860	13,830	1,440
Contributed assets	-	-	12,397
Gain on disposal of assets	-	30,405	-
	<u>2,666,487</u>	<u>2,702,315</u>	<u>2,689,325</u>
<b>Expenses (Note 13)</b>			
Legislative	47,900	41,459	47,645
Administration	403,325	448,050	472,672
Protective services	174,474	136,368	179,682
Transportation services	633,691	635,970	612,357
Water and wastewater	699,975	646,699	775,123
Waste management	158,850	147,647	150,825
Planning and development	94,329	60,142	51,363
Recreation and parks	424,785	406,166	422,388
Railway House	-	-	118,364
FCSS and Cemetery	52,516	47,217	54,223
Loss on disposal of tangible capital assets	-	-	26,054
	<u>2,689,845</u>	<u>2,569,718</u>	<u>2,910,696</u>
<b>Excess (deficiency) of revenue over expenditures - before other</b>	(23,358)	132,597	(221,371)
<b>Other</b>			
Government transfers for capital (Note 12)	218,000	359,145	14,027
<b>Excess (deficiency) of revenue over expenditures</b>	<u>194,642</u>	<u>491,742</u>	<u>(207,344)</u>
<b>Accumulated surplus, beginning of year</b>	<u>8,042,022</u>	<u>8,042,022</u>	<u>8,249,366</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 8,236,664</u>	<u>\$ 8,533,764</u>	<u>\$ 8,042,022</u>

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

**Village of Alix**  
**Consolidated Statement of Change in Net Debt**

<b>For the year ended December 31</b>	Budget 2018	2018	2017
Excess of revenue over expenditures	\$ 194,642	\$ 491,742	\$ (207,344)
Acquisition of tangible capital assets	(451,000)	(1,851,424)	(82,424)
Amortization of tangible capital assets	400,966	400,966	409,510
Gain on sale of tangible capital assets	-	(30,405)	-
Proceeds on sale of tangible capital assets	-	32,275	8,201
Write-downs of tangible capital assets	-	-	26,054
	144,608	(956,846)	153,997
Change in prepaid expenses	-	1,106	581
Change in inventory for consumption	-	(5,344)	8,852
<b>Net change in net debt</b>	144,608	(961,084)	163,430
<b>Net debt, beginning of year</b>	(1,288,837)	(1,288,837)	(1,452,267)
<b>Net debt, end of year</b>	\$ (1,144,229)	\$ (2,249,921)	\$ (1,288,837)

**Village of Alix**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Operating transactions</b>		
Excess of revenue over expenditures	\$ 491,742	\$ (207,344)
Items not involving cash		
Amortization	400,966	409,510
Gain on disposal of tangible capital assets	(30,405)	-
Write-down of tangible capital asset	-	26,054
Changes in non-cash operating balances		
Taxes receivable	(19,230)	9,038
Accounts receivable	14,414	(1,445)
Prepaid expenses	1,106	581
Accounts payable and accrued liabilities	118,803	(40,908)
Inventory for consumption	(5,344)	8,852
Employee benefit obligation	39,187	(9,478)
Deposit liabilities	340	610
Deferred revenue	109,492	257,223
Liability for contaminated sites	61,590	-
	<u>1,182,661</u>	<u>452,693</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,851,424)	(82,424)
Proceeds on sale of tangible capital assets	32,275	8,201
	<u>(1,819,149)</u>	<u>(74,223)</u>
<b>Investing transactions</b>		
Restricted cash balances	(105,035)	(259,311)
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	1,263,000	-
Repayment of long-term debt	(112,419)	(96,602)
	<u>409,058</u>	<u>22,557</u>
<b>Net change in cash and cash equivalents</b>	<b>409,058</b>	<b>22,557</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>543,162</b>	<b>520,605</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 952,220</b>	<b>\$ 543,162</b>
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 1,845,210	\$ 1,331,117
Less: restricted (Note 1)	(892,990)	(787,955)
	<u>\$ 952,220</u>	<u>\$ 543,162</u>



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**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2018**

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**Management's  
Responsibility for the  
Financial Statements**

The consolidated financial statements of the Village are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**Basis of Consolidation**

The consolidated financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Village.

The Village has consolidated the Alix Public Library.

**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

**Investments**

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life, less residual value, of the tangible capital asset commencing once the asset is available for productive use. One half the amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition. Estimated useful lives of the various asset classes are as follows:

Land improvements	15 to 30 years
Buildings	50 years
Engineered Structures	10 to 75 years
Machinery, equipment and furnishings	5 to 20 years
Vehicles	10 to 25 years

**Excess Collections and  
Under-levies**

Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections

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**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2018**

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**Collection of Taxes on  
Behalf of Other Taxation  
Authorities**

The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities the Village collects taxation revenue on behalf of are:  
Alberta School Foundation Fund  
Lacombe Foundation

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**Revenue Recognition**

Taxes are recognized as revenue in the year they are levied.  
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.  
Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.  
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.  
Sales of service and other revenue is recognized on an accrual basis.

**Liability for  
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

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**Village of Alix**  
**Summary of Significant Accounting Policies**

**December 31, 2018**

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**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

**1. Cash and Cash Equivalents**

	2018	2017
Current account	\$ 1,835,168	\$ 1,325,344
Temporary Investments	10,042	5,773
	\$ 1,845,210	\$ 1,331,117

The Village has an authorized overdraft available to a maximum of \$300,000 bearing interest at bank prime (prime rate as at December 31, 2018 was 3.95%). Collateral is provided by a General Security Agreement. No amounts have been drawn upon at year-end

The temporary investments have an interest rate of 2.10% and mature June 2019.

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

	2018	2017
Municipal Sustainability Initiative	\$ 667,692	\$ 576,610
Basic Municipal Transportation grant	193,440	149,400
Federal Gas Tax	2,992	28,621
Alix Public Library Cash	28,866	33,324
	\$ 892,990	\$ 787,955

**2. Taxes Receivable**

	2018	2017
Current taxes and grants in place of taxes	\$ 187,216	\$ 178,959
Arrears taxes	50,269	38,316
	237,485	217,275
Less: Allowance for doubtful accounts	22,482	21,502
	\$ 215,003	\$ 195,773

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

**3. Employee Benefit Obligation**

	2018	2017
Accrued vacation pay	\$ 34,309	\$ 25,122
Accrued sick leave benefit	30,000	-
	\$ 64,309	\$ 25,122

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Sick Leave Benefits

The Village provides paid sick leave at a rate of 1.5 days per month for full-time employees and 1 day per month for part-time employees. Sick leave can accumulate from year to year to a total of 120 work days. Sick leave is not paid out upon termination.

**4. Deferred Revenue**

	Opening balance	Contributions received	Revenue recognized	Ending balance
Municipal Sustainability Initiative	\$ 726,010	318,637	(183,516)	\$ 861,131
Federal Gas Tax	28,621	150,000	(175,629)	2,992
FCSS	-	23,677	(23,677)	-
Other	-	22,851	(22,851)	-
MSI operating	-	22,581	(22,581)	-
	\$ 754,631	537,746	(428,254)	\$ 864,123

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Village is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

**5. Long-Term Debt**

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

	2018	2017
Alberta Capital Finance Authority Debentures, interest at 2.72% to 4.89% per year, due 2030 through 2048.	<b>\$ 3,123,090</b>	<b>\$ 1,972,509</b>

Principal and interest payments are due as follows:

	Principal Repayments	Interest Payments	Total
2019	\$ 129,001	\$ 107,257	\$ 236,258
2020	133,663	102,595	236,258
2021	138,500	97,757	236,257
2022	143,521	92,737	236,258
2023	148,730	87,528	236,258
Thereafter	2,429,675	771,584	3,201,259
	<b>\$ 3,123,090</b>	<b>\$ 1,259,458</b>	<b>\$ 4,382,548</b>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.72% to 4.89% per annum and matures in periods 2030 through 2048. Debenture debt is issued on the credit and security of the Village at large.

**6. Liability for Contaminated Sites**

The Village obtained a property during the year through the tax recovery process that was contaminated with asbestos.

The basis of the estimated costs reclaim this property were obtained from quotes provided by qualified contractors and totaled \$61,590.

Costs to reclaim this property have not been discounted and there are no expected recoveries as any expected recovery upon the disposition of the remediated property will be applied against outstanding property taxes owed.

**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2018

**7. Tangible Capital Assets**

								2018
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 414,676	\$ 337,421	\$ 1,412,617	\$ 11,104,185	\$ 690,638	\$ 786,267	\$ -	\$ 14,745,804
Additions		-	1,631,998	219,426	-	-	-	1,851,424
Disposals	(1,870)	-	(5,787)	-	-	-	-	(7,657)
Cost, end of year	<u>\$ 412,806</u>	<u>\$ 337,421</u>	<u>\$ 3,038,828</u>	<u>\$ 11,323,611</u>	<u>\$ 690,638</u>	<u>\$ 786,267</u>	<u>\$ -</u>	<u>\$ 16,589,571</u>
Accumulated amortization, beginning of year	\$ -	\$ 209,592	\$ 472,816	\$ 3,837,153	\$ 447,915	\$ 476,719	\$ -	\$ 5,444,195
Amortization	-	17,504	54,201	249,086	44,689	35,486	-	400,966
Disposals	-	-	(5,787)	-	-	-	-	(5,787)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 227,096</u>	<u>\$ 521,230</u>	<u>\$ 4,086,239</u>	<u>\$ 492,604</u>	<u>\$ 512,205</u>	<u>\$ -</u>	<u>\$ 5,839,374</u>
Net carrying amount, end of year	<u>\$ 412,806</u>	<u>\$ 110,325</u>	<u>\$ 2,517,598</u>	<u>\$ 7,237,372</u>	<u>\$ 198,034</u>	<u>\$ 274,062</u>	<u>\$ -</u>	<u>\$ 10,750,197</u>

**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2018

7. Tangible Capital Assets (continued)

	2017							
	Land	Land	Buildings	Engineered	Machinery	Vehicles	Work in	Total
	Improvements	Improvements		Structures	and		Progress	
					Equipment			
Cost, beginning of year	\$ 414,676	\$ 355,763	\$ 1,356,617	\$ 11,090,158	\$ 729,779	\$ 786,267	\$ -	\$ 14,733,260
Additions	-	-	56,000	14,027	12,397	-	-	82,424
Disposals	-	(18,342)	-	-	(51,538)	-	-	(69,880)
Cost, end of year	\$ 414,676	\$ 337,421	\$ 1,412,617	\$ 11,104,185	\$ 690,638	\$ 786,267	\$ -	\$ 14,745,804
Accumulated amortization, beginning of year	\$ -	\$ 208,319	\$ 446,707	\$ 3,564,908	\$ 410,102	\$ 440,274	\$ -	\$ 5,070,310
Amortization	-	17,781	26,109	272,245	56,930	36,445	-	409,510
Disposals	-	(16,508)	-	-	(19,117)	-	-	(35,625)
Accumulated amortization, end of year	\$ -	\$ 209,592	\$ 472,816	\$ 3,837,153	\$ 447,915	\$ 476,719	\$ -	\$ 5,444,195
Net carrying amount, end of year	\$ 414,676	\$ 127,829	\$ 939,801	\$ 7,267,032	\$ 242,723	\$ 309,548	\$ -	\$ 9,301,609



**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

**8. Equity in Tangible Capital Assets**

	2018	2017
Tangible capital assets	\$ 16,589,571	\$ 14,745,804
Accumulated amortization	(5,839,374)	(5,444,195)
Debenture debt	(3,123,090)	(1,972,509)
	\$ 7,627,107	\$ 7,329,100

**9. Accumulated Surplus**

	2018	2017
Equity in tangible capital assets	\$ 7,627,107	\$ 7,329,100
Unrestricted surplus (deficit)	143,784	18,643
	7,770,891	7,347,743
Restricted surplus		
Fire	64,000	48,841
Roads, streets, walks and lighting	140,994	140,994
Water	192,186	212,001
Wastewater	91,880	11,880
Cemetery	12,000	12,000
Arena	225,034	230,034
Parks and playgrounds	3,000	3,000
Community halls	31,529	31,529
Library	2,250	4,000
	762,873	694,279
	\$ 8,533,764	\$ 8,042,022

The investment in tangible capital assets represents amounts already spent and invested in infrastructure. Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2018

**10. Change in Accumulated Surplus**

	Budget	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2018	2017
Balance, beginning of year	\$ 18,643	\$ 18,643	\$ 694,279	\$ 7,329,100	\$ 8,042,022	\$ 8,249,366
Excess of revenue over expenses	194,642	491,742	-	-	491,742	(207,344)
Net operating transfers to (from) restricted surplus		(68,594)	68,594	-	-	-
Debenture principal payments	(101,600)	(112,419)	-	112,419	-	-
Capital transfers from restricted surplus	33,000	-	-	-	-	-
Acquisition of capital	(451,000)	(1,851,424)	-	1,851,424	-	-
Disposals and write-down of assets	-	1,870	-	(1,870)	-	-
Amortization	400,966	400,966	-	(400,966)	-	-
Debt proceeds	-	1,263,000	-	(1,263,000)	-	-
Change in accumulated surplus	\$ 76,008	\$ 125,141	\$ 68,594	\$ 298,007	\$ 491,742	\$ (207,344)
Balance, end of year	\$ 94,651	\$ 143,784	\$ 762,873	\$ 7,627,107	\$ 8,533,764	\$ 8,042,022

**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

**11. Taxation - Net**

	Budget 2018	2018	2017
Residential property	\$ 879,511	\$ <b>878,017</b>	\$ 878,656
Machinery and equipment	478,300	<b>498,625</b>	496,008
Linear property	27,000	<b>22,024</b>	27,109
Government grants in place of property taxes	-	-	2,237
Non-residential property	325,516	<b>307,386</b>	284,576
Designated Industrial Property	43	<b>43</b>	-
	<u>1,710,370</u>	<u><b>1,706,095</b></u>	<u>1,688,586</u>
Requisitions			
Alberta School Foundation Fund	215,500	<b>218,950</b>	220,343
Lacombe Foundation	7,000	<b>6,787</b>	6,863
Designated Industrial Property Requisition	43	<b>43</b>	-
	<u>222,543</u>	<u><b>225,780</b></u>	<u>227,206</u>
Available for general municipal purposes	<u>\$ 1,487,827</u>	<u>\$ <b>1,480,315</b></u>	<u>\$ 1,461,380</u>

**12. Government Transfers**

	Budget 2018	2018	2017
Operating			
Provincial government	52,800	<b>57,689</b>	54,083
Other local government	22,000	<b>10,618</b>	14,793
	<u>\$ 74,800</u>	<u>\$ <b>68,307</b></u>	<u>\$ 68,876</u>
Capital			
Provincial government	\$ 218,000	\$ <b>359,145</b>	\$ 14,027
Total government transfers	<u>\$ 292,800</u>	<u>\$ <b>427,452</b></u>	<u>\$ 82,903</u>

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

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**13. Expenses by Object**

	Budget 2018	<b>2018</b>	2017
Salaries and wages	\$ 739,950	<b>\$ 780,522</b>	\$ 823,369
Contracted and general services	764,499	<b>703,102</b>	790,945
Materials, goods and utilities	619,330	<b>496,870</b>	666,112
Transfer to local agencies	94,400	<b>85,031</b>	100,669
Bank charges and short term interest	100	<b>152</b>	735
Interest on long-term debt	68,800	<b>102,095</b>	71,800
Amortization	400,966	<b>400,966</b>	409,510
Write-down/ loss on tangible capital assets	-	-	26,054
Other expenditures	-	<b>980</b>	21,502
	<b>\$ 2,688,045</b>	<b>\$ 2,569,718</b>	<b>\$ 2,910,696</b>

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**December 31, 2018**

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**14. Municipal Employees Pension Plans**

Local Authorities Pension Plan

Certain employees of the Village are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 200,000 people and over 400 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Village is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$157,025. Employees of the Village are required to make current service contributions of 9.39% of pensionable earnings up to the year's maximum potential earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount to an annual maximum pensionable earnings of \$168,498.

Contributions for the year were:

	2018	2017
Employer contributions	\$ 49,394	\$ 55,811
Employee contributions	44,860	51,128
	<b>\$ 94,254</b>	<b>\$ 106,939</b>

As this is a multi-employer pension plan, these contributions are the Village's pension benefit expense. No pension liability for this type of plan is included in the Village's financial statements. The most recent valuation as at December 31, 2017 indicates a surplus of \$4.8 billion for basic pension benefits (2016 - deficit \$637 million). The actuary does not attribute portions of the unfunded liability to individual employers.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

**15. Salary and Benefits Disclosure**

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

	Salary	Benefits & Allowances	Total 2018	Total 2017
Mayor Nelson	\$ -	\$ -	\$ -	5,365
Councillor Peterson	-	-	-	3,610
Mayor Fehr	6,910	-	6,910	7,600
Councillor Christensen	-	-	-	4,240
Councillor Widmann	-	-	-	3,695
Councillor Besuijen	5,650	-	5,650	1,500
Councillor Gilliat	8,375	-	8,375	1,375
Councillor Soltermann	6,375	-	6,375	1,325
Councillor Cole	5,000	-	5,000	975
Chief Administrative Officer (1) (2017 - 4)	75,000	1,633	76,633	193,210

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, dental coverage, and vision coverage.

**16. Debt Limits**

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

	2018	2017
Total debt limit	<b>\$ 4,053,473</b>	\$ 4,012,529
Total debt	<b>3,123,090</b>	3,436,469
Total debt limit available	<b>930,383</b>	576,060
Debt servicing limit	<b>675,579</b>	668,775
Debt servicing	<b>236,258</b>	301,036
Total debt servicing limit available	<b>439,321</b>	367,739

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

**December 31, 2018**

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**17. Contingencies**

The Village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership the Village could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for in the year the losses are determined.

The Village is a member of the Lacombe Regional Waste Services Commission, the Highway 12/21 Regional Water Commission, and the Alberta Urban Municipalities Association. Under the terms of the membership the Village could become liable for its proportionate share of any losses incurred by these organizations. Any liability incurred would be accounted for as a current transaction in the year of settlement.

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**18. Commitments**

The Village has an agreement with Lacombe County to pay 25% of the operating expenditures for the fire department facility of \$35,000 per year.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

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**19. Budget**

The budget adopted by Council on May 2, 2018, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget anticipated use of surpluses accumulated in previous years to fund current year operation and capital activities. Amortization was not budgeted. The budget expensed all tangible capital expenditures. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by Council on May 2, 2018, with adjustments as follows:

	<u>2018</u>
Operating budget surplus	\$ 276,008
Add:	
Debenture principal payments	101,600
Deduct:	
Amortization expense included in budgeted numbers	<u>(400,966)</u>
Excess (deficiency) of revenue over expenditures before other	<u>\$ (23,358)</u>
Capital budget deficit	(200,000)
Add:	
Capital expenditures	451,000
Budgeted transfers from accumulated surplus	(33,000)
Less:	
Budgeted capital surplus	<u>\$ 218,000</u>
Budgeted combined surplus	<u>\$ 194,642</u>

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**December 31, 2018**

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**20. Segmented Information**

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**Protective Services**

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

**Transportation Services**

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

**Water and Wastewater**

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater. The Village processes and cleans sewage and ensures the water system meets all Provincial standards.

**Waste Management**

Waste management provides collection disposal and recycling programs.

**Planning and Development**

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

**Recreation and Parks**

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

**FCSS and Cemetery**

This service area provides and administers community support programs.

**General Government**

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

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**19. Segmented Information (continued)**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2018

**20. Segmented Information** (continued)

<b>For the year ended December 31</b>	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	<b>2018 Total</b>
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,480,315	\$ 1,480,315
Government transfers for operating	-	-	-	-	-	17,994	27,732	22,581	68,307
Government transfers for capital	-	359,145	-	-	-	-	-	-	359,145
Sales and user fees	18,263	85	558,969	157,083	7,876	40,615	2,354	9,244	794,489
Franchises and concessions	-	-	-	-	-	-	-	236,955	236,955
Investment income	-	-	-	-	-	-	-	13,081	13,081
Penalties and costs on taxes	-	-	-	-	-	-	-	56,591	56,591
Rentals	-	-	-	-	-	-	-	13,830	13,830
Fines and licenses	5,692	-	-	-	-	-	-	2,650	8,342
Contributed assets	-	-	-	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-	-	-	30,405	30,405
	<u>23,955</u>	<u>359,230</u>	<u>558,969</u>	<u>157,083</u>	<u>7,876</u>	<u>58,609</u>	<u>30,086</u>	<u>1,865,652</u>	<u>3,061,460</u>
<b>Expenses</b>									
Salaries and wages	2,800	199,642	96,152	27,435	-	184,222	-	270,271	780,522
Contracted and general services	78,790	105,934	137,930	120,212	29,038	78,857	12,718	139,623	703,102
Materials, goods and utilities	30,531	105,124	233,422	-	6,065	62,581	3,214	55,933	496,870
Transfer to local agencies	6,000	-	-	-	-	49,435	29,596	-	85,031
Bank charges and short-term interests	-	-	-	-	-	-	-	152	152
Interest on long-term debt	1,353	28,429	39,830	-	25,039	6,091	1,353	-	102,095
Amortization	16,894	196,841	139,365	-	-	24,980	336	22,550	400,966
Other	-	-	-	-	-	-	-	980	980
	<u>136,368</u>	<u>635,970</u>	<u>646,699</u>	<u>147,647</u>	<u>60,142</u>	<u>406,166</u>	<u>47,217</u>	<u>489,509</u>	<u>2,569,718</u>
<b>Net surplus (deficit)</b>	<b>\$ (112,413)</b>	<b>\$ (276,740)</b>	<b>\$ (87,730)</b>	<b>\$ 9,436</b>	<b>\$ (52,266)</b>	<b>\$ (347,557)</b>	<b>\$ (17,131)</b>	<b>\$ 1,376,143</b>	<b>\$ 491,742</b>

**Village of Alix**  
**Notes to Consolidated Financial Statements**

December 31, 2018

**20. Segmented Information** (continued)

<b>For the year ended December 31</b>	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	FCSS and Cemetery	General Government	<b>2017 Total</b>
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,461,380	\$ 1,461,380
Government transfers for operating	-	-	-	-	-	19,167	30,143	19,566	68,876
Government transfers for capital	-	14,027	-	-	-	-	-	-	14,027
Sales and user fees	28,403	803	539,005	160,066	3,872	64,337	1,704	43,380	841,570
Franchises and concessions	-	-	-	-	-	-	-	230,218	230,218
Investment income	-	-	-	-	-	-	-	9,626	9,626
Penalties and costs on taxes	-	-	-	-	-	-	-	54,535	54,535
Rentals	-	-	-	-	-	-	-	1,440	1,440
Fines and licenses	6,583	-	-	-	-	-	-	2,700	9,283
Contributed assets	12,397	-	-	-	-	-	-	-	12,397
Gain on disposal of assets	-	-	-	-	-	-	-	-	-
	<u>47,383</u>	<u>14,830</u>	<u>539,005</u>	<u>160,066</u>	<u>3,872</u>	<u>83,504</u>	<u>31,847</u>	<u>1,822,845</u>	<u>2,703,352</u>
<b>Expenses</b>									
Salaries and wages	3,200	214,578	107,156	32,591	-	181,663	-	284,181	823,369
Contracted and general services	109,776	80,823	128,609	112,490	41,327	174,800	21,758	121,362	790,945
Materials, goods and utilities	43,414	103,437	351,239	5,744	10,036	90,569	2,753	58,920	666,112
Transfer to local agencies	6,000	-	-	-	-	65,073	29,596	-	100,669
Bank charges and short-term interest	-	-	-	-	-	228	-	507	735
Interest on long-term debt	-	27,447	44,353	-	-	-	-	-	71,800
Amortization	17,292	186,072	143,766	-	-	28,419	116	33,845	409,510
Write-down/ loss on capital assets	-	-	-	-	-	-	-	26,054	26,054
Other	-	-	-	-	-	-	-	21,502	21,502
	<u>179,682</u>	<u>612,357</u>	<u>775,123</u>	<u>150,825</u>	<u>51,363</u>	<u>540,752</u>	<u>54,223</u>	<u>546,371</u>	<u>2,910,696</u>
<b>Net surplus (deficit)</b>	<u>\$ (132,299)</u>	<u>\$ (597,527)</u>	<u>\$ (236,118)</u>	<u>\$ 9,241</u>	<u>\$ (47,491)</u>	<u>\$ (457,248)</u>	<u>\$ (22,376)</u>	<u>\$ 1,276,474</u>	<u>\$ (207,344)</u>

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**Village of Alix**  
**Notes to Consolidated Financial Statements**

**December 31, 2018**

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**21. Comparative Figures**

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

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**22. Approval of Financial Statements**

Council and Management approved these financial statements.

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