
**VILLAGE OF DONNELLY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

VILLAGE OF DONNELLY

DECEMBER 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Donnelly is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 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 and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the financial statements through its regular meetings with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Al Scherbarth Professional Corporation, Chartered Professional Accountant, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.

Chief Administrative Officer
Date: June 9, 2021
Village of Donnelly

Mayor
Date: June 9, 2021
Village of Donnelly

#2020, Sun Life Place
10123 - 99 Street
Edmonton, Alberta
T5J 3H1
Tel: (780) 426-6446
Fax: (780) 428-1563
email: aspc@telus.net

INDEPENDENT AUDITOR'S REPORT

TO THE COUNCIL OF VILLAGE OF DONNELLY

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Village of Donnelly, which comprise the statement of financial position as at December 31, 2020, and the results of its operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village of Donnelly as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Village'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 Village or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission,

**INDEPENDENT AUDITOR'S REPORT TO THE VILLAGE COUNCIL
VILLAGE OF DONNELLY (CONTINUED)**

- misrepresentation, or 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 Village'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 Village's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

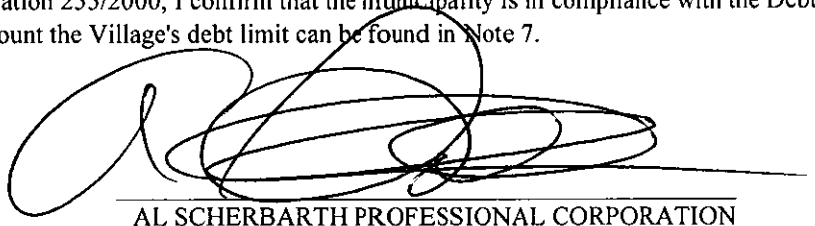
I will communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation
- In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account the Village's debt limit can be found in Note 7.

EDMONTON, ALBERTA
JUNE 9, 2021



AL SCHERBARTH PROFESSIONAL CORPORATION

VILLAGE OF DONNELLY
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 2,067,957	\$ 1,222,919
Taxes receivable (Note 3)	103,785	87,384
Trade and other receivables (Note 4)	311,128	424,991
Goods and services tax receivable	18,786	4,061
Land held for resale	8,720	8,720
Investments (Note 5)	2,489	2,313
Other assets	-	1,439
	<u>2,512,865</u>	<u>1,751,827</u>
 LIABILITIES		
Accounts payable and accrued liabilities	11,987	122,932
Employee benefits payable	1,205	13,913
Deferred revenue (Note 6)	659,225	116,721
Provision for landfill closure (Note 11)	7,360	7,360
Water and sewer deposits	2,818	2,368
Over levy	3,036	-
Long-term debt (Note 7)	282,580	305,001
	<u>968,211</u>	<u>568,295</u>
 NET FINANCIAL ASSETS	<u>1,544,654</u>	<u>1,183,532</u>
 NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 2)	3,712,638	3,943,692
Prepaid expense	-	5,000
	<u>3,712,638</u>	<u>3,948,692</u>
 ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 5,257,292</u>	<u>\$ 5,132,224</u>

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILOR

VILLAGE OF DONNELLY
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020

	BUDGET	<u>2020</u>	<u>2019</u>
REVENUE			
Government transfers for operating (Schedule 4)	\$ -	\$ 473,567	\$ 143,235
Net municipal taxes (Schedule 3)	304,889	317,642	318,185
User fees and sales of goods	326,789	271,402	269,596
Franchise fees	40,000	41,085	29,882
Rentals	28,000	39,277	27,095
Investment income	14,000	15,831	23,379
Other Revenues	3,000	2,224	21,798
Penalties and costs of taxes	6,100	9,025	6,109
Licenses, permits and fines	800	757	1,534
TOTAL REVENUE	723,578	1,170,810	840,813
EXPENSES			
Roads, streets, walks and lighting	332,319	337,564	307,037
Water supply and distribution	193,861	185,019	202,301
Other	-	147,635	-
Administration	138,846	135,900	237,403
Parks and recreation	20,879	103,148	49,836
Waste water treatment and disposal	66,132	57,678	71,720
Waste management	55,863	54,822	54,711
Council	29,500	24,885	27,573
Fire and protective	18,642	16,739	34,841
Storm sewers and drainage	7,705	7,705	7,705
Other planning and development	7,577	7,577	6,497
Airport	6,909	5,029	7,545
Family and community support services	4,402	4,402	4,402
Bylaws enforcement	9,280	3,135	3,336
Culture	3,119	3,119	4,369
Other public health	1,653	1,385	2,094
TOTAL EXPENSES	896,687	1,095,742	1,021,370
(SHORTFALL) OF REVENUE OVER EXPENSES, BEFORE OTHER	(173,109)	75,068	(180,557)
OTHER			
Government transfers for capital (Schedule 4)	-	50,000	135,712
TOTAL OTHER	-	50,000	135,712
(SHORTFALL) OF REVENUE OVER EXPENSES	(173,109)	125,068	(44,845)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,132,224	5,132,224	5,177,069
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,959,115	\$ 5,257,292	\$ 5,132,224

VILLAGE OF DONNELLY
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2020

	BUDGET	<u>2020</u>	<u>2019</u>
EXCESS OF REVENUE OVER EXPENSES	\$ (173,109)	\$ 125,068	\$ (44,845)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>230,000</u>	<u>231,054</u>	<u>232,608</u>
	<u>230,000</u>	<u>231,054</u>	<u>232,608</u>
ACQUISITION (USE) OF PREPAID ASSETS	<u>-</u>	<u>5,000</u>	<u>(3,770)</u>
INCREASE IN NET FINANCIAL ASSETS	56,891	361,122	183,993
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,183,532</u>	<u>1,183,532</u>	<u>999,539</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>1,240,423</u>	\$ <u>1,544,654</u>	\$ <u>1,183,532</u>

VILLAGE OF DONNELLY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING		
Excess of revenues over expenditures	\$ 125,068	\$ (44,845)
Amortization	231,054	232,608
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	(16,401)	6,735
Decrease (increase) in trade and other receivables	99,138	180,910
Decrease (increase) in other assets	1,439	(1,439)
Decrease (increase) in (over) under-levy	4,475	-
Increase (decrease) in accounts payable and accrued liabilities	(111,934)	(238,612)
Increase (decrease) in employee benefit payables	(12,708)	2,283
Increase (decrease) in deferred revenue	542,504	108,935
Decrease (increase) in prepaid expenses	5,000	(3,770)
Cash provided by operating transactions	867,635	242,805
FINANCING		
Long term debt repaid	(22,421)	(21,524)
Cash used by financing transactions	(22,421)	(21,524)
INVESTING		
Decrease (increase) in investments	-	(197)
Cash used by investing activities	(176)	(197)
INCREASE IN CASH DURING YEAR	845,038	221,084
CASH, BEGINNING OF YEAR	1,222,919	1,001,835
CASH, END OF YEAR (Note 2)	<u>\$ 2,067,957</u>	<u>\$ 1,222,919</u>

**VILLAGE OF DONNELLY
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY INTANGIBLE CAPITAL ASSETS	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 302,551	885,981	\$ 3,943,692	\$ 5,132,224	\$ 5,177,069
Excess (deficiency) of revenues over expenses	125,068	-	-	125,068	(44,845)
Annual amortization expense	231,054	-	(231,054)	-	-
Change in accumulated surplus	356,122	-	(231,054)	125,068	(44,845)
BALANCE, END OF YEAR	\$ 658,673	885,981	\$ 3,712,638	\$ 5,257,292	\$ 5,132,224

**VILLAGE OF DONNELLY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 2

		<u>LAND</u>	<u>BUILDINGS</u>	<u>LAND IMPROVEMENTS</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>VEHICLES</u>	<u>2020</u>	<u>2019</u>							
COST:																
Balance, beginning of year	\$	162,779	\$	460,896	\$	15,721	\$	8,428,354	\$	288,765	\$	56,655	\$	9,413,170	\$	9,413,170
Acquisition of tangible capital assets		-		-		-		-		-		-		-		-
Disposal of capital assets		-		-		-		-		-		-		-		-
Balance, end of year		162,779		460,896		15,721		8,428,354		288,765		56,655		9,413,170		9,413,170
ACCUMULATED AMORTIZATION:																
Balance, beginning of year				229,606		4,317		5,060,317		131,444		43,794		5,469,478		5,236,870
Disposals		-		-		-		-		-		-		-		-
Annual amortization		-		8,617		786		207,489		9,896		4,266		231,054		232,608
Balance, end of year		-		238,223		5,103		5,267,806		141,340		48,060		5,700,532		5,469,478
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS																
	\$	162,779	\$	222,673	\$	10,618	\$	3,160,548	\$	147,425	\$	8,595	\$	3,712,638	\$	3,943,692

VILLAGE OF DONNELLY
SCHEDULE OF PROPERTY AND OTHER TAXES
YEAR ENDED DECEMBER 31, 2020

			SCHEDULE 3
	BUDGET	<u>2020</u>	<u>2019</u>
TAXATION			
Real property taxes	\$ 365,821	\$ 361,067	\$ 361,094
Special assessments	-	12,609	13,199
Linear property taxes	10,000	11,862	10,047
	375,821	385,538	384,340
 REQUISITION			
Alberta School Foundation Fund	63,742	60,706	62,290
Heart River Seniors Foundation	7,190	7,190	3,865
	70,932	67,896	66,155
 NET MUNICIPAL TAXES	\$ 304,889	\$ 317,642	\$ 318,185

**VILLAGE OF DONNELLY
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2020**

	SCHEDULE 4		
	BUDGET	<u>2020</u>	<u>2019</u>
TRANSFERS FOR OPERATING			
Provincial government	\$ -	\$ 473,567	\$ 143,235
TRANSFERS FOR CAPITAL			
Provincial government	-	50,000	135,712
TOTAL GOVERNMENT TRANSFERS	\$ -	\$ 523,567	\$ 278,947

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2020**

	SCHEDULE 5		
	BUDGET	<u>2020</u>	<u>2019</u>
EXPENSES			
Amortization of tangible capital assets	\$ 232,608	\$ 231,054	\$ 232,608
Salaries wages and benefits	182,089	192,241	195,012
Contracted and general services	148,555	189,290	249,074
Purchases from other governments	127,911	172,797	184,901
Other expenditures	100,000	151,758	10,318
Materials goods and utilities	37,474	90,872	55,974
Transfers to individuals and organizations	36,000	35,961	13,961
Transfers to local boards and agencies	12,550	12,550	16,315
Interest on long-term debt	12,500	12,311	13,207
Transfers to other governments	7,000	6,908	50,000
TOTAL EXPENDITURE	\$ 896,687	\$ 1,095,742	\$ 1,021,370

**VILLAGE OF DONNELLY
SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2020**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation Culture	Environmental Services	SCHEDULE 6 Other	Total \$
REVENUE								
Government transfers	\$ 228,177	\$ -	\$ -	\$ -	\$ 49,818	\$ 102,937	\$ 142,635	\$ 523,567
Net municipal taxes	317,642	-	-	-	-	-	-	317,642
User fees and sales of goods	222	-	-	-	-	271,180	-	271,402
Franchise fees	41,085	-	-	-	-	-	-	41,085
Rentals	39,277	-	-	-	-	-	-	39,277
Investment income	15,831	-	-	-	-	-	-	15,831
Penalties on taxes	9,025	-	-	-	-	-	-	9,025
Other revenues	2,981	-	-	-	-	-	-	2,981
	573,878	-	-	-	49,818	374,117	142,635	1,220,810
EXPENSES								
Contract & general services	61,115	18,107	48,276	-	29,633	32,158	-	189,289
Transfers to local boards	-	-	-	-	-	5,029	7,521	12,550
Salaries & wages	62,593	-	58,279	-	-	71,369	-	192,241
Goods & supplies	7,204	97	30,137	7,577	38,315	7,542	-	90,872
Long term debt interest	-	-	-	-	-	12,311	-	12,311
Other expenses	4,123	-	-	-	34,500	172,797	156,005	367,425
	135,035	18,204	136,692	7,577	102,448	301,206	163,526	864,688
NET REVENUE, BEFORE AMORTIZATION	438,843	(18,204)	(136,692)	(7,577)	(52,630)	72,911	(20,891)	356,122
Amortization expense	3,371	1,670	181,652	-	700	43,468	193	231,054
NET REVENUE	\$ 435,472	\$ (19,874)	\$ (318,344)	\$ (7,577)	\$ (53,330)	\$ 29,443	\$ (21,084)	\$ 125,068

VILLAGE OF DONNELLY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Donnelly are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

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 expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of all of the organizations that are owned or controlled by the Village Council for the administration of their financial affairs and resources.

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

(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 the receipt of goods and services and/or the legal obligation to pay.

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

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

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

Investments are recorded at amortized cost.

(e) 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.

VILLAGE OF DONNELLY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Tax Revenue

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

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

(g) 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.

(h) 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 (Debt) for the year.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land Improvements	15-45
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineering structures	5-60
Machinery and equipment	5-40
Vehicles	10-40

Annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for production use.

(j) 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.

VILLAGE OF DONNELLY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. CASH

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,015,644	\$ 383,217
T - Bill savings accounts	<u>1,052,313</u>	<u>839,702</u>
	<u>\$ 2,067,957</u>	<u>\$ 1,222,919</u>

Cash includes cash in the bank and temporary investments with original maturities of three months or less. The cost of the temporary investment approximates the market value.

3. TAXES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Current taxes	\$ 22,803	\$ 4,070
Arrears	<u>80,982</u>	<u>83,314</u>
	<u>\$ 103,785</u>	<u>\$ 87,384</u>

Arrears include properties that were acquired for tax arrears in the amount of \$ 73,169.

4. TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
Local improvement levies	\$ 282,579	\$ 305,001
Utility accounts	23,190	25,274
Trade accounts	5,359	1,319
Due from other governments	<u>-</u>	<u>93,397</u>
	<u>\$ 311,128</u>	<u>\$ 424,991</u>

5. INVESTMENT

Investment is equity held in a co-operative.

6. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Municipal Sustainability Grant - Capital	<u>\$ 659,225</u>	<u>\$ 116,721</u>

Funding in the amount of \$ 653,566 was received or committed in the current and prior years from the Municipal Sustainability Initiative. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion after 2020.

Assets restricted for deferred revenue purposes:

	<u>2020</u>	<u>2019</u>
Cash	<u>\$ 850,597</u>	<u>\$ 116,721</u>

VILLAGE OF DONNELLY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. 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 Donnelly be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 1,756,215	\$ 1,261,220
Total debt	<u>282,580</u>	<u>305,001</u>
Amount total debt limit unused	<u>\$ 1,473,635</u>	<u>956,219</u>
Debt servicing limit	\$ 292,703	210,203
Debt servicing	<u>34,771</u>	<u>34,771</u>
Amount of debt servicing limit unused	<u>\$ 257,932</u>	<u>175,432</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.

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Tax supported debentures	\$ 282,580	\$ 305,001
Less, current portion due within one year	<u>23,355</u>	<u>22,422</u>
	<u>\$ 259,225</u>	<u>\$ 282,579</u>

Principal and interest payments are as follows:

	Principal	Interest	Total
2021	\$ 23,355	11,416	34,771
2022	24,328	10,443	34,771
2023	25,342	9,429	34,771
2024	26,398	8,373	34,771
2025	27,498	7,273	34,771
Thereafter	<u>155,659</u>	<u>18,193</u>	<u>173,852</u>
	<u>\$ 282,580</u>	<u>\$ 65,127</u>	<u>\$ 347,707</u>

Debenture debt is repayable to Alberta Capital Finance and bears interest at 4.124% per annum and matures in 2030. Debenture debt is issued on credit and security of the Village at large. Interest on long term debt amounted to \$ 12,311 (2019 - \$ 13,207).

VILLAGE OF DONNELLY
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9. EQUITY INTANGIBLE CAPITAL ASSETS

	Net <u>2020</u>	Net <u>2019</u>
Tangible capital assets (Schedule 2)	\$ 9,413,170	\$ 9,413,170
Accumulated amortization (Schedule 2)	<u>(5,700,532)</u>	<u>(5,469,478)</u>
	<u>\$ 3,712,638</u>	<u>\$ 3,943,692</u>

10. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 658,673	\$ 302,551
Restricted surplus operating		
Tax rate stabilization	750	750
Restricted surplus - capital		
General administration	14,614	14,614
Roads, streets, walks, lighting	350,930	350,930
Water supply and distribution	172,600	172,600
Wastewater treatment and disposal	303,504	303,504
Health services	14,394	14,394
Parks and recreation	25,439	25,439
Culture	<u>3,750</u>	<u>3,750</u>
Total restricted surplus	885,981	885,981
Equity in tangible capital assets	<u>3,712,638</u>	<u>3,943,692</u>
	<u>\$ 5,257,292</u>	<u>\$ 5,132,224</u>

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environment law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The accrued liability for closure and post-closure of the Village's landfill is recognized, using management's estimated costs for closure and post-closure care. Management is unable to estimate how many years that post-closure care could be required.

The Village has not designated assets for settling closure and post-closure liabilities.

The following summarizes the total estimated costs of closure and post-closure care:

Estimated closure costs	\$ 10,000
Estimated post-closure costs	<u>10,000</u>
Estimated total costs	20,000
Actual closure and post-closure costs incurred to date	<u>(12,640)</u>
Ending balance, December 31, 2020	<u>\$ 7,360</u>

VILLAGE OF DONNELLY
NOTES TO THE FINANCIAL STATEMENTS
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12. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (Schedule 6).

13. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	<u>2020</u>			<u>2019</u>
	Salary	Benefits Allowances	Total	Total
MAYOR				
Lancot, Myrna	\$ 11,160	\$ -	\$ 11,160	\$ 9,491
COUNCILLORS				
Heyn, Kyle	5,530	-	5,530	3,030
Labrecque, Brian	3,520	-	-	3,190
Stenhouse, Aubrey	4,760	-	-	2,420
Katie, King	210	-	-	2,420
Olsen, Mac	-	-	-	270
Audet, Lyle	220	-	220	1,590
CHIEF ADMINISTRATIVE OFFICERS				
Maure, Rita	\$ 42,511	\$ -	\$ 42,511	\$ 75,027
Ferris, Mathew	22,212	-	22,212	-

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

(2) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including travel allowance

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, taxes and grants in place of taxes, accounts receivable, accounts payable and accrued liabilities, prepaid taxes and deferred revenue. It is management's opinion that the Village is not exposed to significant interest or current risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes receivables 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 number and diversity of taxpayers and customers minimizes the credit risk.

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

VILLAGE OF DONNELLY
NOTES TO THE FINANCIAL STATEMENTS
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15. CONTINGENCIES

The Village of Donnelly is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, The Village of Donnelly could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements. The budgeted figures have been presented for information purposes and are unaudited.

17. COMPARATIVE FIGURES:

The financial statements for the year ended December 31, 2019 were audited by another firm of accountants. Certain comparative figures have been restated to conform to the current year's presentation

18. COVID-19

Prior to December 31, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Village is not known at this time.