

**VILLAGE OF ANDREW**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**



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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Andrew is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements. 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 and reliable financial information is available for preparation of the financial statements.

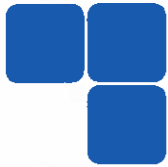
Council carries out its responsibilities for review of the financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of the audit examination and other financial reporting matters.

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

The financial statements have been audited by JMD Group LLP, Chartered Professional Accountants, 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.

  
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Chief Administrative Officer

April 28, 2021



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council:

### *Opinion*

We have audited the consolidated financial statements of the Village of Andrew (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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is 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  
April 28, 2021

  
Chartered Professional Accountants

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

	<u>2020</u>	<u>2019</u>
<b>Financial assets</b>		
Cash (note 2)	\$ 939,649	\$ 1,038,313
Taxes and grants in place receivable (note 3)	104,739	70,563
Receivable from other governments	451,784	246,146
Trade and other receivables	83,124	89,560
Land held for resale	11,245	11,245
Long-term investments (note 4)	<u>26,240</u>	<u>24,568</u>
	<u>1,616,781</u>	<u>1,480,395</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	67,627	73,842
Customer deposits	650	650
Deferred revenue (note 6)	<u>331,925</u>	<u>288,590</u>
	<u>400,202</u>	<u>363,082</u>
<b>Net financial assets</b>	<u>1,216,579</u>	<u>1,117,313</u>
<b>Non-financial assets</b>		
Tangible capital assets (schedule 2)	5,523,083	5,405,258
Inventory	3,000	3,000
Prepaid expenses	<u>3,972</u>	<u>1,855</u>
	<u>5,530,055</u>	<u>5,410,113</u>
<b>Accumulated surplus (schedule 1, note 8)</b>	<b>\$ <u>6,746,634</u></b>	<b>\$ <u>6,527,426</u></b>

Approved by:

  
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Mayor

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

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 461,938	\$ 460,729	\$ 437,054
Sales and user fees	364,920	361,567	353,891
Government transfers for operating (schedule 4)	62,592	109,651	68,592
Investment income	8,000	9,794	17,368
Penalties and costs of taxes	18,000	23,681	21,261
Licenses and permits	2,560	1,684	2,589
Fines issued	3,000	1,176	3,261
Franchise and concession contracts	33,600	52,867	34,524
Rentals and leases	<u>9,210</u>	<u>3,743</u>	<u>10,019</u>
	<u>963,820</u>	<u>1,024,892</u>	<u>948,559</u>
<b>Expenses</b>			
Council	43,850	24,838	32,691
Administration	318,295	313,008	326,842
Protective services	34,095	26,299	25,708
Roads, streets, walks, lighting	273,780	327,357	316,130
Water and wastewater	135,500	196,076	217,142
Waste management	17,100	48,034	48,987
Family and community support services	--	3,549	3,549
Planning and development	12,500	5,735	9,364
Recreation and culture	<u>45,353</u>	<u>75,213</u>	<u>60,402</u>
	<u>880,473</u>	<u>1,020,109</u>	<u>1,040,815</u>
<b>Excess (deficiency) of revenues over expenses before other</b>	<b>83,347</b>	<b>4,783</b>	<b>(92,256)</b>
<b>Other</b>			
Government transfers for capital (schedule 4)	<u>309,800</u>	<u>214,425</u>	<u>232,157</u>
<b>Excess of revenues over expenses</b>	<b>393,147</b>	<b>219,208</b>	<b>139,901</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>6,527,426</u></b>	<b><u>6,527,426</u></b>	<b><u>6,387,525</u></b>
<b>Accumulated surplus, end of year</b>	<b>\$ <u>6,920,573</u></b>	<b>\$ <u>6,746,634</u></b>	<b>\$ <u>6,527,426</u></b>

**VILLAGE OF ANDREW  
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>
<b>Excess of revenues over expenses</b>	\$ <u>393,147</u>	\$ <u>219,208</u>	\$ <u>139,901</u>
Acquisition of tangible capital assets	(355,000)	(324,350)	(283,021)
Amortization of tangible capital assets	--	201,525	191,366
Proceeds on disposal of tangible capital assets	<u>--</u>	<u>5,000</u>	<u>--</u>
	<u>(355,000)</u>	<u>(117,825)</u>	<u>(91,655)</u>
Acquisition of prepaid expenses	(1,855)	(3,972)	(1,855)
Use of prepaid expenses	<u>1,855</u>	<u>1,855</u>	<u>2,501</u>
	<u>--</u>	<u>(2,117)</u>	<u>646</u>
<b>Increase (decrease) in net financial assets</b>	<b>38,147</b>	<b>99,266</b>	<b>48,892</b>
<b>Net financial assets, beginning of year</b>	<b><u>1,117,313</u></b>	<b><u>1,117,313</u></b>	<b><u>1,068,421</u></b>
<b>Net financial assets, end of year</b>	<b>\$ <u>1,155,460</u></b>	<b>\$ <u>1,216,579</u></b>	<b>\$ <u>1,117,313</u></b>

**VILLAGE OF ANDREW  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenues over expenses	\$ 219,208	\$ 139,901
Non-cash items included		
Amortization of tangible capital assets	201,525	191,366
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(34,176)	15,120
Receivables from other governments	(205,638)	(238,240)
Trade and other receivables	6,436	(11,932)
Prepaid expenses	(2,117)	646
Increase (decrease) in		
Accounts payable and accrued liabilities	(6,215)	(58,625)
Deferred revenue	<u>43,335</u>	<u>287,648</u>
Net cash from operations	<u>222,358</u>	<u>325,884</u>
<b>Investing</b>		
Increase in restricted cash	(69,058)	--
Increase in long-term investments	<u>(1,672)</u>	<u>(853)</u>
	<u>(70,730)</u>	<u>(853)</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(324,350)	(283,021)
Proceeds on disposal of tangible capital assets	<u>5,000</u>	<u>--</u>
	<u>(319,350)</u>	<u>(283,021)</u>
<b>Change in cash during the year</b>	(167,722)	42,010
<b>Cash, beginning of year</b>	<u>1,037,371</u>	<u>995,361</u>
<b>Cash, end of year</b>	\$ <u>869,649</u>	\$ <u>1,037,371</u>
<b>Cash is made up of:</b>		
Cash	\$ 939,649	\$ 1,038,313
Less restricted portion	<u>(70,000)</u>	<u>(942)</u>
	\$ <u>869,649</u>	\$ <u>1,037,371</u>



**VILLAGE OF ANDREW  
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>
<b>Balance, beginning of year</b>	\$ <u>317,137</u>	\$ <u>805,031</u>	\$ <u>5,405,258</u>	\$ <u>6,527,426</u>	\$ <u>6,387,525</u>
Excess of revenues over expenses	219,208	--	--	219,208	139,901
Funds used for tangible capital assets	(324,350)	--	324,350	--	--
Annual amortization expense	201,525	--	(201,525)	--	--
Proceeds from disposal of tangible capital assets	5,000	--	(5,000)	--	--
Funds designated for future use	<u>(47,766)</u>	<u>47,766</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Change in accumulated surplus</b>	<u>53,617</u>	<u>47,766</u>	<u>117,825</u>	<u>219,208</u>	<u>139,901</u>
<b>Balance, end of year</b>	\$ <u>370,754</u>	\$ <u>852,797</u>	\$ <u>5,523,083</u>	\$ <u>6,746,634</u>	\$ <u>6,527,426</u>

**VILLAGE OF ANDREW  
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 &amp; Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
<b>Cost</b>								
Balance, beginning of year	\$ 115,417	\$ 35,659	\$ 1,788,330	\$ 6,753,367	\$ 274,741	\$ 244,337	\$ 9,211,851	\$ 8,928,830
Acquisition of tangible capital assets	--	--	--	314,425	9,925	--	324,350	283,021
Disposal of tangible capital assets	--	--	--	--	(5,000)	--	(5,000)	--
Balance, end of year	<u>115,417</u>	<u>35,659</u>	<u>1,788,330</u>	<u>7,067,792</u>	<u>279,666</u>	<u>244,337</u>	<u>9,531,201</u>	<u>9,211,851</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	--	22,529	868,756	2,663,746	125,463	126,099	3,806,593	3,615,227
Annual amortization	--	1,983	36,514	137,754	12,865	12,409	201,525	191,366
Accumulated amortization on disposals	--	--	--	--	--	--	--	--
Balance, end of year	<u>--</u>	<u>24,512</u>	<u>905,270</u>	<u>2,801,500</u>	<u>138,328</u>	<u>138,508</u>	<u>4,008,118</u>	<u>3,806,593</u>
<b>Net book value of tangible capital assets</b>								
	<u>\$ 115,417</u>	<u>\$ 11,147</u>	<u>\$ 883,060</u>	<u>\$ 4,266,292</u>	<u>\$ 141,338</u>	<u>\$ 105,829</u>	<u>\$ 5,523,083</u>	<u>\$ 5,405,258</u>
2019 Net book value of tangible capital assets	<u>\$ 115,417</u>	<u>\$ 13,130</u>	<u>\$ 919,574</u>	<u>\$ 4,089,621</u>	<u>\$ 149,278</u>	<u>\$ 118,238</u>	<u>\$ 5,405,258</u>	<u>\$ 5,405,258</u>

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

	<u>Budget</u> (unaudited)	<u>2020</u>	<u>2019</u>
<b>Taxation</b>			
Residential land and improvements		\$ 471,376	\$ 450,143
Non-residential land and improvements		79,867	78,133
Linear property		15,000	14,547
Grants in place of taxes		<u>9,368</u>	<u>8,901</u>
	<b><u>\$ 575,938</u></b>	<b><u>575,611</u></b>	<b><u>551,724</u></b>
<b>Requisitions</b>			
Alberta School Foundation	<b>100,000</b>	101,105	99,948
County of Lamont Foundation	<b>14,000</b>	13,777	14,640
Designated Industrial Property	<u>    --</u>	<u>    --</u>	<u>    82</u>
	<b><u>114,000</u></b>	<b><u>114,882</u></b>	<b><u>114,670</u></b>
<b>Net taxes for general municipal operations</b>	<b><u>\$ 461,938</u></b>	<b><u>\$ 460,729</u></b>	<b><u>\$ 437,054</u></b>

**SCHEDULE 4 - GOVERNMENT TRANSFERS**

<b>Transfers for operations</b>			
Provincial	<b>\$ 33,365</b>	\$ 80,424	\$ 39,365
Local governments	<u>29,227</u>	<u>29,227</u>	<u>29,227</u>
	<b>62,592</b>	109,651	68,592
<b>Transfers for capital</b>			
Provincial	<b><u>309,800</u></b>	<u>214,425</u>	<u>232,157</u>
<b>Total government transfers</b>	<b><u>\$ 372,392</u></b>	<b><u>\$ 324,076</u></b>	<b><u>\$ 300,749</u></b>

**SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT**

<b>Expenses</b>			
Salaries, wages and benefits	<b>\$ 343,620</b>	\$ 313,230	\$ 321,577
Contracted and general services	<b>270,835</b>	246,588	220,977
Purchases from other governments	<b>89,365</b>	71,410	88,352
Materials, goods, supplies and utilities	<b>169,580</b>	147,650	160,965
Transfers to local boards and organizations	<b>5,723</b>	2,223	2,189
Bank charges and short-term interest	<b>500</b>	1,793	--
Shared cost agreement/government transfer	<b>850</b>	29,684	30,389
Provision for allowance, bad debts	<b>--</b>	6,006	25,000
Amortization	<u>    --</u>	<u>201,525</u>	<u>191,366</u>
<b>Total expenses</b>	<b><u>\$ 880,473</u></b>	<b><u>\$ 1,020,109</u></b>	<b><u>\$ 1,040,815</u></b>

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

<b>Revenue</b>	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environment Services</u>	<u>FCSS and Planning and Development</u>	<u>Recreation and Culture</u>	<u>Total</u>
Net municipal taxes	\$ 460,729	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 460,729
Sales and user fees	19,654	--	--	338,893	540	2,480	361,567
Government transfers	80,424	574	214,445	--	--	28,653	324,076
Investment income	9,794	--	--	--	--	--	9,794
Other revenues	<u>79,312</u>	<u>2,154</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,685</u>	<u>83,151</u>
<b>Expenses</b>	<u>649,913</u>	<u>2,728</u>	<u>214,425</u>	<u>338,893</u>	<u>540</u>	<u>32,818</u>	<u>1,239,317</u>
Salaries and wages	159,688	--	141,905	--	--	11,637	313,230
Contract and general services	133,847	15,032	34,754	34,375	4,018	24,562	246,588
Goods and supplies	31,001	7,494	73,113	93,175	1,717	12,560	219,060
Transfers to others	--	--	--	25,285	3,549	3,073	31,907
Other expenses	<u>7,793</u>	<u>--</u>	<u>--</u>	<u>6</u>	<u>--</u>	<u>--</u>	<u>7,799</u>
<b>Net revenue before amortization</b>	<u>332,329</u>	<u>22,526</u>	<u>249,772</u>	<u>152,841</u>	<u>9,284</u>	<u>51,832</u>	<u>818,584</u>
Amortization expense	317,584	(19,798)	(35,347)	186,052	(8,744)	(19,014)	420,733
	<u>(5,517)</u>	<u>(3,773)</u>	<u>(77,585)</u>	<u>(91,269)</u>	<u>--</u>	<u>(23,381)</u>	<u>(201,525)</u>
<b>Net revenue</b>	<u>\$ 312,067</u>	<u>\$ (23,571)</u>	<u>\$ (112,932)</u>	<u>\$ 94,783</u>	<u>\$ (8,744)</u>	<u>\$ (42,395)</u>	<u>\$ 219,208</u>

**VILLAGE OF ANDREW**  
**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 Andrew 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 revenue 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 ANDREW**  
**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 in chequing accounts adjusted for outstanding deposits and cheques, savings accounts and investments with a maturity date of less than one year.

(e) Investments

Investments are recorded at amortized cost.

(f) Inventory of Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(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) Tax Revenue

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

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

(i) 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 ANDREW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. Significant Accounting Policies – continued**

(j) Non-Financial Assets

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

(i) Tangible Capital Assets

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

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

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.

(k) 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.

**VILLAGE OF ANDREW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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<b>2. Cash</b>	<u>2020</u>	<u>2019</u>
Petty cash	\$ 340	\$ 340
Current account	321,260	428,805
Savings accounts	168,552	167,793
Temporary investments	<u>449,497</u>	<u>441,375</u>
	<u>\$ 939,649</u>	<u>\$ 1,038,313</u>

Council has designated \$852,797 (2019 - \$805,031) to fund the reserves.

Included in cash is a restricted amount of \$70,000 (2019 – \$942) comprised of deferred revenue received and not expended (see note 6).

<b>3. Taxes and Grants in Place Receivable</b>	<u>2020</u>	<u>2019</u>
Current	\$ 72,608	\$ 60,832
Arrears	121,422	93,022
Allowance	<u>(89,291)</u>	<u>(83,291)</u>
	<u>\$ 104,739</u>	<u>\$ 70,563</u>

<b>4. Long-Term Investments</b>	<u>2020</u>	<u>2019</u>
Equity in Beaver Creek Co-op	\$ 927	\$ --
Equity in Credit Union	<u>25,313</u>	<u>24,568</u>
	<u>\$ 26,240</u>	<u>\$ 24,568</u>

**5. Employee Benefit Obligation**

Included in accounts payable and accrued liabilities is a vacation liability of \$20,001 (2019 - \$13,101). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

<b>6. Deferred Revenue</b>	<u>2020</u>	<u>2019</u>
MSI Capital	\$ 56,997	\$ 138,590
Federal Gas Tax Fund	250,000	150,000
Municipal Stimulus Program	20,000	--
Municipal Operating Support Transfer	<u>4,928</u>	<u>--</u>
	<u>\$ 331,925</u>	<u>\$ 288,590</u>

In the current year, funding in the amount of \$214,128 was received and an additional \$203,283 was allocated 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. Unexpended funds of \$70,000 are supported by cash in the bank account, the remaining deferred revenue has not been received and is supported by receivables from other governments.



**VILLAGE OF ANDREW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 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 Andrew be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 1,537,338	\$ 1,422,839
Total debt	<u>          --</u>	<u>          --</u>
Debt limit remaining	\$ <u>1,537,338</u>	\$ <u>1,422,839</u>
Debt servicing limit	\$ 256,223	\$ 237,140
Debt servicing	<u>          --</u>	<u>          --</u>
Debt servicing limit remaining	\$ <u>256,223</u>	\$ <u>237,140</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. 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>370,754</u>	\$ <u>317,137</u>
Restricted surplus		
General operations	163,971	163,971
Centennial	26,648	26,648
Rainbow Club	1,637	1,637
General capital	271,588	223,822
Roads	26,953	26,953
Contingency	<u>362,000</u>	<u>362,000</u>
	<u>852,797</u>	<u>805,031</u>
Equity in tangible capital assets	<u>5,523,083</u>	<u>5,405,258</u>
	\$ <u>6,746,634</u>	\$ <u>6,527,426</u>

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

**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 274,000 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The village is required to make current service contributions to the LAPP of 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 \$18,297 (2019 - \$20,299). Total current service contributions by the employees of the village to the LAPP in 2020 were \$16,394 (2019 - \$18,181).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

**10. Segmented Disclosure**

The Village of Andrew 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. Line of Credit**

The village has a prime less ¼% authorized revolving line of credit of \$200,000 with the Alberta Treasury Branch. No balance was outstanding as at December 31, 2020.

**12. 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.

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

**13. 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 <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
Council –	Leppek	\$ 4,500	\$ 52	\$ 4,552	\$ 5,557
	Lupul	7,040	214	7,254	5,620
	Fedun	4,200	--	4,200	4,575
	Hamed	4,200	37	4,237	4,950
	Hamaliuk	4,200	82	4,282	4,472
Chief Administrative Officer					
	Pat Skoreyko	68,318	12,750	81,068	78,864
Designated officers (2)		16,154	--	16,154	20,367

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

<sup>(2)</sup> 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, tuition and conference fees. Benefits and allowances also include travel reimbursements.

**14. Financial Instruments**

The village's financial instruments consist of cash, 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 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 ANDREW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**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. Amortization expense is not budgeted.

**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.

**VILLAGE OF ANDREW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**18. Subsequent Economic 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.