

VILLAGE OF IRMA

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	453,667	-	-	-	-	-	-	453,667
User fees and sales of goods	1,447	12,119	5,437	299,963	2,100	46,996	-	368,062
Penalties and costs on taxes	7,906	-	-	5,083	-	-	-	12,989
Licenses and permits	1,201	170	-	-	-	797	-	2,168
Franchise and concession contracts	127,924	-	-	-	-	-	-	127,924
Investment income	4,258	-	-	-	-	-	-	4,258
Government transfers	55,237	112,101	1,810	3,698	-	-	206,202	379,048
Other	184	13,144	-	-	4,410	-	150,000	167,738
	<u>651,824</u>	<u>137,534</u>	<u>7,247</u>	<u>308,744</u>	<u>6,510</u>	<u>47,793</u>	<u>356,202</u>	<u>1,515,854</u>
EXPENSES								
Salaries, wages and benefits	105,207	33,823	67,919	125,657	2,057	-	12,729	347,392
Contracted and general services	140,716	49,944	46,697	71,237	368	-	3,800	312,762
Purchases from other governments	-	2,845	-	-	-	-	-	2,845
Materials, goods and utilities	6,331	24,416	57,747	24,889	1,086	13,694	1,205	129,368
Transfers to local boards and agencies	521	3,334	-	-	4,115	-	375,719	383,689
Transfers to individuals and agencies	-	-	-	-	-	5,049	-	5,049
Bank charges and short term interest	357	-	-	-	-	-	-	357
Interest on operating long term debt	-	-	-	-	-	644	-	644
Other expenditures	-	-	205	577	351	-	5,000	6,133
	<u>253,132</u>	<u>114,362</u>	<u>172,568</u>	<u>222,360</u>	<u>7,977</u>	<u>19,387</u>	<u>398,453</u>	<u>1,188,239</u>
NET REVENUE, BEFORE AMORTIZATION	<u>398,692</u>	<u>23,172</u>	<u>(165,321)</u>	<u>86,384</u>	<u>(1,467)</u>	<u>28,406</u>	<u>(42,251)</u>	<u>327,615</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	849	41,743	147,515	64,118	697	-	854	255,776
NET REVENUE	<u>397,843</u>	<u>(18,571)</u>	<u>(312,836)</u>	<u>22,266</u>	<u>(2,164)</u>	<u>28,406</u>	<u>(43,105)</u>	<u>71,839</u>

VILLAGE OF IRMA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Irma 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 Canadian 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 expenditures, changes in fund balances 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 are, therefore accountable to the 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 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.

VILLAGE OF IRMA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

e) 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.

f) Inventories 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 levelling 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 the respective function.

g) Tax revenue

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

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

VILLAGE OF IRMA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

i) 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.

j) 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.

k) 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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings	50
Engineered structures - other	20-50
Engineered structures - water system	30-75
Engineered structures - wastewater system	50
Land improvements	15
Machinery and equipment	7-15
Vehicles	10-25

VILLAGE OF IRMA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2019</u>	<u>2018</u>
Included in cash and temporary investments are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 5)		
Alberta Community Partnership	16,141	45,678
Municipal Sustainability Initiative - capital	-	81,506
MD of Wainwright	-	25,147
	<u>16,141</u>	<u>152,331</u>
Included in cash and temporary investments are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	493,509	472,919
Total restricted cash and temporary investments	<u>509,650</u>	<u>625,250</u>
Total un-restricted cash and temporary investments	<u>320,908</u>	<u>522,131</u>