

VILLAGE OF IRMA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Irma:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Village of Irma (the Entity), which comprise the consolidated statement of financial position as at December 31, 2019, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Irma as at December 31, 2019, the results of its operations, change in its net financial assets (debt) 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 Consolidated Financial Statements section of my report. I am independent of the Entity 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated 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 my 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 judgement and maintain professional skepticism throughout the audit. I also:

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- 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 my 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 Entity'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 Entity'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 Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 of the Entity's debt limit can be found in note 7.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 11.

M.D. of Wainwright

March 10, 2020


Brian King Professional Corporation

Chartered Professional Accountant

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	830,558	1,147,381
Taxes and grants in place of taxes (Note 3)	42,461	52,179
Trade and other receivables	80,121	90,637
Due from other governments	348,033	32,814
Inventory held for resale	353,059	366,752
Other financial assets	10,999	10,715
	<u>1,665,231</u>	<u>1,700,478</u>
LIABILITIES		
Accounts payable and accrued liabilities	134,264	70,619
Deposits held in trust	2,500	2,500
Deferred revenue (Note 5)	20,563	157,135
Long term debt (Note 6)	-	135,307
	<u>157,327</u>	<u>365,561</u>
NET FINANCIAL ASSETS	<u>1,507,904</u>	<u>1,334,917</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>5,468,097</u>	<u>5,113,186</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>6,976,001</u>	<u>6,448,103</u>

Commitments and contingencies - See Note 14

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CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (unaudited)	2019	2018
REVENUE			
Net municipal property taxes (Schedule 3)	455,000	453,667	449,614
User fees and sales of goods	325,100	368,062	320,068
Penalties and costs on taxes	9,500	12,989	12,687
Licenses and permits	500	2,168	13,147
Fines	500	-	77
Franchise and concession contracts	120,000	127,924	114,296
Investment income	5,000	4,258	8,171
Rentals	-	-	1,650
Government transfers for operating	157,159	379,048	342,513
Other	9,750	167,738	25,271
	<u>1,082,509</u>	<u>1,515,854</u>	<u>1,287,494</u>
EXPENSES			
Legislative	53,500	52,648	43,130
Administration	201,200	200,484	183,036
Protective services	131,150	114,362	141,777
Transportation	219,550	173,465	161,404
Water supply and distribution	137,400	96,402	121,438
Wastewater treatment and disposal	70,100	53,580	54,412
Waste management	75,500	71,481	72,420
Public health and welfare	10,350	7,977	9,448
Planning and development	5,000	19,387	10,593
Recreation	76,500	394,572	234,794
Culture	3,900	3,881	3,751
Amortization	245,000	255,776	245,632
	<u>1,229,150</u>	<u>1,444,015</u>	<u>1,281,835</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(146,641)	71,839	5,659
OTHER			
Government transfers for capital (Schedule 4)	106,000	456,059	406,007
EXCESS OF REVENUE OVER EXPENSES	(40,641)	527,898	411,666
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>6,448,103</u>	<u>6,448,103</u>	<u>6,036,437</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>6,407,462</u></u>	<u><u>6,976,001</u></u>	<u><u>6,448,103</u></u>

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (unaudited)	2019	2018
EXCESS OF REVENUE OVER EXPENSES	(40,641)	527,898	411,666
Acquisition of tangible capital assets	(520,100)	(610,687)	(404,244)
Amortization of tangible capital assets	245,000	255,776	245,632
	(275,100)	(354,911)	(158,612)
Net (increase) decrease of prepaid assets	-	-	3,720
INCREASE IN NET FINANCIAL ASSETS	(315,741)	172,987	256,774
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,334,917	1,334,917	1,078,143
NET FINANCIAL ASSETS, END OF YEAR	1,019,176	1,507,904	1,334,917

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	527,898	411,666
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	255,776	245,632
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	9,718	(341)
Decrease (increase) in local improvement receivable	-	4,000
Decrease (increase) in trade and other receivables	10,516	(26,632)
Decrease (increase) in due from other governments	(315,219)	(17,861)
Decrease (increase) in inventory held for resale	13,693	1
Decrease (increase) in prepaid expenses	-	3,720
Decrease (increase) in other financial assets	(284)	(323)
Increase (decrease) in accounts payable and accrued liabilities	63,645	19,181
Increase (decrease) in deferred revenue	(136,572)	(276,460)
	<u>429,171</u>	<u>362,583</u>
CAPITAL		
Acquisition of tangible capital assets	(610,687)	(404,244)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	136,190	273,024
FINANCING		
Long-term debt repaid	(135,307)	(38,000)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(180,633)	193,363
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	995,050	801,687
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>814,417</u>	<u>995,050</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and temporary investments (Note 2)	830,558	1,147,381
Less: restricted portion of cash and temporary investments (Note 2)	(16,141)	(152,331)
	<u>814,417</u>	<u>995,050</u>

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	861,998	472,919	5,113,186	6,448,103	6,036,437
Excess of revenues over expenses	527,898	-	-	527,898	411,666
Unrestricted funds designated for future use	(20,590)	20,590	-	-	-
Current year funds used for tangible capital assets	(610,687)	-	610,687	-	-
Annual amortization expense	255,776	-	(255,776)	-	-
Change in accumulated surplus	152,397	20,590	354,911	527,898	411,666
BALANCE, END OF YEAR	1,014,395	493,509	5,468,097	6,976,001	6,448,103

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2019	2018
COST:								
Balance - beginning of year	154,322	6,940	1,102,670	6,385,404	552,699	246,984	8,449,019	8,044,775
Acquisition of tangible capital assets	-	-	-	516,663	94,024	-	610,687	404,244
Balance - end of year	154,322	6,940	1,102,670	6,902,067	646,723	246,984	9,059,706	8,449,019
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	5,783	328,234	2,610,564	280,110	111,142	3,335,833	3,090,201
Annual amortization	-	463	22,635	180,850	38,664	13,164	255,776	245,632
Balance - end of year	-	6,246	350,869	2,791,414	318,774	124,306	3,591,609	3,335,833
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	154,322	694	751,801	4,110,653	327,949	122,678	5,468,097	5,113,186
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	154,322	1,157	774,436	3,774,840	272,589	135,842	5,113,186	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 3)

	Budget (Unaudited)	2019	2018
TAXATION			
Real property taxes	565,210	564,856	560,457
Linear property taxes	17,554	17,554	16,480
Government grants in place of property taxes	1,036	1,036	1,037
	<u>583,800</u>	<u>583,446</u>	<u>577,974</u>
REQUISITIONS			
Alberta School Foundation	122,000	123,062	121,692
Battle River Foundation	6,700	6,636	6,632
Designated Industrial Levy	100	81	36
	<u>128,800</u>	<u>129,779</u>	<u>128,360</u>
NET MUNICIPAL TAXES	<u>455,000</u>	<u>453,667</u>	<u>449,614</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 4)

	Budget (Unaudited)	2019	2018
TRANSFERS FOR OPERATING			
Federal Government	-	11,376	-
Provincial Government	65,650	49,664	92,100
Local Governments	91,509	318,008	250,413
	<u>157,159</u>	<u>379,048</u>	<u>342,513</u>
TRANSFERS FOR CAPITAL			
Federal Government	50,000	100,000	50,000
Provincial Government	31,000	255,912	291,154
Local Governments	25,000	100,147	64,853
	<u>106,000</u>	<u>456,059</u>	<u>406,007</u>
TOTAL GOVERNMENT TRANSFERS	<u>263,159</u>	<u>835,107</u>	<u>748,520</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2019 (Schedule 5)

	Budget (Unaudited)	2019	2018
Expenditures			
Salaries, wages and benefits	391,950	347,392	378,937
Contracted and general services	359,350	312,762	280,600
Purchases from other governments	4,000	2,845	1,000
Materials, goods and utilities	153,200	129,368	138,772
Transfers to local boards and agencies	68,200	383,689	224,254
Transfers to individuals and agencies	4,000	5,049	5,000
Bank charges and short term interest	500	357	365
Interest on operating long term debt	1,000	644	5,593
Interest on capital long term debt	-	-	87
Other expenditures	1,950	6,133	1,595
Amortization of tangible capital assets	245,000	255,776	245,632
	<u>1,229,150</u>	<u>1,444,015</u>	<u>1,281,835</u>

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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>

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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.

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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.

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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

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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>

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

15. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. 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 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 fair value of these financial instruments approximates their fair value.

16. 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 265,813 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The village is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP during the year were \$17,971. Total current service contributions by the employees of the village to the Local Authorities Pension Plan during the year were \$16,190.

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.5 Billion.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.