

**Village of Hythe**  
**Consolidated Financial Statements**  
*December 31, 2020*

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## **Management's Responsibility**

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To the Members of Council:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Village. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the consolidated financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 26, 2021



CAO

## Independent Auditor's Report

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To the Members of the Council of the Village of Hythe:

### Opinion

We have audited the consolidated financial statements of the Village of Hythe and its subsidiaries (the "Village"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, and accumulated operating surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2020, and the results of its consolidated operations, changes in its consolidated net debt and its consolidated 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 Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Dissolution into County of Grande Prairie No. 1

Without modifying our opinion we draw attention to Note 24 to the financial statements, which indicates the Village of Hythe residents voted to amalgamate into the County of Grande Prairie No.1.

### Responsibilities of Management 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 misstatement, whether due to fraud or error.

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

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

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

Grande Prairie, Alberta

April 26, 2021

*MNP LLP*

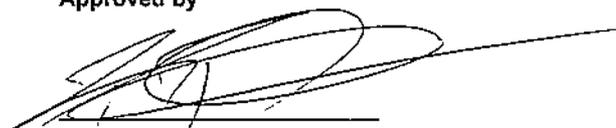
Chartered Professional Accountants

**MNP**

**Village of Hythe**  
**Consolidated Statement of Financial Position**  
As at December 31, 2020

	2020	2019
<b>Financial assets</b>		
Cash (Note 2)	1,179,453	294,192
Portfolio investments (Note 2)	424,815	687,657
Receivables		
Taxes and grants in lieu of taxes receivable (Note 3)	145,388	135,211
Trade and other accounts receivable (Note 4)	447,294	498,348
Investments (Note 5)	10	10
Funds held in trust (Note 6)	147,374	242,930
<b>Total financial assets</b>	<b>2,344,334</b>	<b>1,858,348</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	162,515	123,594
Landfill liability (Note 7)	54,419	41,936
Deferred revenue (Note 8)	237,670	568,468
Trust liabilities (Note 6)	150,009	242,930
Long-term debt (Note 10)	1,189,686	299,795
<b>Total financial liabilities</b>	<b>1,794,299</b>	<b>1,276,723</b>
<b>Net financial assets</b>	<b>550,035</b>	<b>581,625</b>
<b>Contingencies - Note 19</b>		
<b>Subsequent event - Note 24</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule II)	6,570,219	6,003,374
Prepaid expenses	336	336
<b>Total non-financial assets</b>	<b>6,570,555</b>	<b>6,003,710</b>
<b>Accumulated surplus (Note 13, Schedule I)</b>	<b>7,120,590</b>	<b>6,585,335</b>

Approved by

  
Mayor

  
Councillor

*The accompanying notes are an integral part of these financial statements.*

# Village of Hythe

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2020

	2020 <i>Budget</i>	2020	2019
<b>Revenue</b>			
Net municipal property taxes (Schedule III)	800,214	827,493	826,339
User fees and sales of goods	266,767	537,853	453,144
Government transfers for operating (Schedule IV)	332,875	440,310	384,073
Investment income	10,160	16,266	26,225
Penalties and costs on taxes	20,300	30,908	-
Franchise and concession contracts	97,520	112,492	97,159
Other	125,491	141,385	71,562
<b>Total revenue</b>	<b>1,653,327</b>	<b>2,106,707</b>	<b>1,858,502</b>
<b>Expenses</b>			
Administrative	268,004	396,535	490,035
Bylaw enforcement and fire department	167,789	150,325	164,421
Roads, streets, walk and lighting	374,791	563,845	559,550
Water and wastewater	324,116	355,049	317,861
Waste management	132,639	236,120	229,497
Family and community support	52,096	62,650	42,144
Parks and recreation	134,798	226,251	270,062
Community services	137,679	87,821	70,654
Other services	160,614	136,203	47,628
<b>Total expenses</b>	<b>1,752,526</b>	<b>2,214,799</b>	<b>2,191,852</b>
<b>Deficiency of revenue over expenses before other items</b>	<b>(99,199)</b>	<b>(108,092)</b>	<b>(333,350)</b>
<b>Other items</b>			
Gain (loss) on disposal of tangible capital assets	124,160	(84,907)	55,765
Government transfers for capital (Schedule IV)	-	728,254	580,566
	<b>124,160</b>	<b>643,347</b>	<b>636,331</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>24,961</b>	<b>535,255</b>	<b>302,981</b>
<b>Accumulated surplus, beginning of year</b>	<b>6,585,335</b>	<b>6,585,335</b>	<b>6,282,354</b>
<b>Accumulated surplus, end of year</b>	<b>6,610,296</b>	<b>7,120,590</b>	<b>6,585,335</b>

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Consolidated Statement of Change in Net Financial Assets**  
For the year ended December 31, 2020

	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>Budget</i>		
<b>Excess (deficiency) of revenue over expenses</b>	<b>24,961</b>	<b>535,255</b>	302,981
Acquisition of tangible capital assets	(18,845)	(963,169)	(647,505)
Proceeds on disposal of tangible capital assets	-	21,729	99,360
Loss (gain) on sale of tangible capital assets	-	84,907	(55,765)
Amortization of tangible capital assets	-	289,598	252,173
	<b>(18,845)</b>	<b>(566,935)</b>	(351,737)
<b>Increase in net financial assets</b>	<b>6,116</b>	<b>(31,680)</b>	(48,756)
<b>Net financial assets, beginning of year</b>	<b>581,625</b>	<b>581,625</b>	630,381
<b>Net financial assets, end of year</b>	<b>587,741</b>	<b>550,035</b>	581,625

*The accompanying notes are an integral part of these financial statements.*

# Village of Hythe

## Consolidated Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	535,255	302,981
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	289,598	252,173
Loss (gain) on disposal of tangible capital assets	84,907	(55,765)
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(10,177)	(1,465)
Decrease (increase) in trade and other accounts receivable	51,054	(215,047)
Decrease (increase) in funds held in trust	95,556	(9,371)
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	38,921	(8,892)
Increase in landfill liability	12,483	34,666
Increase (decrease) in deferred revenue	(330,798)	(267,779)
Increase (decrease) in trust liabilities	(92,921)	9,371
<b>Cash provided by operating transactions</b>	<b>673,878</b>	<b>40,872</b>
<b>Capital activities</b>		
Proceeds on the sale of tangible capital assets	21,729	99,360
Acquisition of tangible capital assets	(963,169)	(647,505)
<b>Cash applied to capital transactions</b>	<b>(941,440)</b>	<b>(548,145)</b>
<b>Financing activities</b>		
Long term debt acquired	900,000	
Long-term debt repaid	(10,109)	(9,405)
<b>Cash received from (applied to) financing transactions</b>	<b>889,891</b>	<b>(9,405)</b>
<b>Increase (decrease) in cash and portfolio investments</b>	<b>622,329</b>	<b>(516,678)</b>
<b>Cash and portfolio investments, beginning of year</b>	<b>981,849</b>	<b>1,498,527</b>
<b>Cash and portfolio investments, end of year (Note 2)</b>	<b>1,604,268</b>	<b>981,849</b>

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Schedule I - Schedule of Changes in Accumulated Surplus**  
For the year ended December 31, 2020

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	<b>2020</b>	<i>2019</i>
<b>Balance, beginning of year</b>	<b>13,574</b>	<b>868,181</b>	<b>5,703,580</b>	<b>6,585,335</b>	6,282,354
Excess of revenues over expenses	535,255	-	-	<b>535,255</b>	302,981
Unrestricted funds designated for future use	(19,781)	19,781		-	-
Debenture advances	900,000		(900,000)		
Current year funds used for tangible capital assets	(954,706)	-	954,706	-	-
Annual amortization expense	289,598	-	(289,598)	-	-
Disposal of tangible capital assets	98,173	-	(98,173)	-	-
Capital long term debt repaid	(10,108)	-	10,108	-	-
<b>Change in accumulated surplus</b>	<b>838,431</b>	<b>19,781</b>	<b>(322,957)</b>	<b>535,255</b>	<b>302,981</b>
<b>Balance, end of year</b>	<b>852,096</b>	<b>887,962</b>	<b>5,380,532</b>	<b>7,120,590</b>	6,585,335

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Schedule II - Schedule of Tangible Capital Assets**  
For the year ended December 31, 2020

	<i>Land</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery and Equipment</i>	<i>Vehicles</i>	<b>2020</b>	<b>2019</b>
<b>Cost:</b>							
Balance, beginning of year	418,337	883,443	7,305,736	919,645	453,405	<b>9,980,566</b>	9,397,057
Acquisition of tangible capital assets		43,741	919,428			<b>963,169</b>	647,505
Disposal of tangible capital assets	(13,821)	(36,651)	(61,519)	(65,812)	(7,500)	<b>(185,303)</b>	(63,996)
Balance, end of year	404,516	890,533	8,163,645	853,833	445,905	<b>10,758,432</b>	9,980,566
<b>Accumulated amortization:</b>							
Balance, beginning of year	-	388,891	2,810,468	580,624	197,209	<b>3,977,192</b>	3,745,420
Annual amortization	-	19,126	190,518	56,155	23,799	<b>289,598</b>	252,173
Accumulated amortization on disposals	-	(25,488)	(2,054)	(43,534)	(7,500)	<b>(78,576)</b>	(20,401)
Balance, end of year	-	382,529	2,998,932	593,245	213,508	<b>4,188,214</b>	3,977,192
<b>Net book value of tangible capital assets</b>	404,516	508,004	5,164,713	260,588	232,397	<b>6,570,219</b>	6,003,374
2019 Net book value of tangible capital assets	418,337	492,078	4,495,785	340,978	256,195	6,003,374	

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Schedule III - Schedule of Net Municipal Taxes**  
For the year ended December 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
<b>Taxation</b>			
Real property taxes	994,512	999,239	994,833
Linear property taxes	-	22,355	22,036
	<b>994,512</b>	<b>1,021,594</b>	1,016,869
<b>Requisitions</b>			
Alberta School Foundation Fund	191,173	190,976	187,530
Seniors foundation	3,125	3,125	3,000
	<b>194,298</b>	<b>194,101</b>	190,530
<b>Net municipal taxes</b>	<b>800,214</b>	<b>827,493</b>	826,339

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Schedule IV - Schedule of Government Transfers**

For the year ended December 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
<b>Transfers for operating:</b>			
Provincial Government	234,598	287,544	229,018
Other Local Governments	98,277	152,766	155,055
	<b>332,875</b>	<b>440,310</b>	384,073
<b>Transfers for capital:</b>			
Provincial Government	-	728,254	580,566
Federal Government	-	-	-
	-	<b>728,254</b>	580,566
<b>Total government transfers</b>	<b>332,875</b>	<b>1,168,564</b>	964,639

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Schedule V - Schedule of Consolidated Expenditures by Object**  
For the year ended December 31, 2020

	<i>2020</i> <i>Budget</i>	<i>2020</i>	<i>2019</i>
<b>Consolidated expenses by object</b>			
Salaries, wages and benefits	<b>578,494</b>	<b>667,088</b>	655,250
Contracted and general services	<b>668,852</b>	<b>788,951</b>	843,253
Materials, goods and utilities	<b>304,978</b>	<b>290,987</b>	311,841
Transfers to local boards and agencies	<b>61,085</b>	<b>17,748</b>	22,993
Bank charges and short-term interest	<b>2,500</b>	<b>2,901</b>	4,446
Interest on long-term debt	-	<b>12,247</b>	12,631
Amortization of tangible capital assets	-	<b>289,598</b>	252,173
Other	<b>136,617</b>	<b>145,279</b>	89,265
	<b>1,752,526</b>	<b>2,214,799</b>	2,191,852

*The accompanying notes are an integral part of these financial statements.*

**Village of Hythe**  
**Schedule VI - Schedule of Segmented Disclosure**

For the year ended December 31, 2020

	General Government	Protective Services	Transportation Services	Recreation & Culture	Environmental Services	Other	Total
<b>Revenue</b>							
Net municipal taxes	827,493	-	-	-	-	-	<b>827,493</b>
Government transfers	931,120	103,277	98,305	35,862	-	-	<b>1,168,564</b>
User fees and sales of goods	21,958	7,174	-	52,737	446,844	9,140	<b>537,853</b>
Investment income	-	-	-	-	-	16,266	<b>16,266</b>
Other revenue	58,492	-	-	10,320	-	131,066	<b>199,878</b>
	<b>1,839,063</b>	<b>110,451</b>	<b>98,305</b>	<b>98,919</b>	<b>446,844</b>	<b>156,472</b>	<b>2,750,054</b>
<b>Expenses</b>							
Contract & general services	141,788	60,660	172,592	98,119	307,638	8,154	<b>788,951</b>
Salaries & wages	181,687	-	144,200	184,348	78,583	78,270	<b>667,088</b>
Goods & supplies	37,203	59,232	117,410	18,796	53,915	4,432	<b>290,987</b>
Transfers to local boards	17,640	108	-	-	-	-	<b>17,748</b>
Long-term debt interest	-	-	-	-	12,247	-	<b>12,247</b>
Other expenses	7,201	50	-	793	14,567	125,569	<b>148,180</b>
	<b>385,519</b>	<b>120,050</b>	<b>434,202</b>	<b>302,056</b>	<b>466,950</b>	<b>216,425</b>	<b>1,925,201</b>
<b>Excess (deficiency) of revenue over expenses, before amortization</b>	<b>1,453,544</b>	<b>(9,599)</b>	<b>(335,897)</b>	<b>(203,137)</b>	<b>(20,106)</b>	<b>(59,953)</b>	<b>824,853</b>
Amortization expense	25,821	30,275	129,644	4,077	99,782	-	<b>289,598</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,427,723</b>	<b>(39,874)</b>	<b>(465,541)</b>	<b>(207,214)</b>	<b>(119,888)</b>	<b>(59,953)</b>	<b>535,255</b>

*The accompanying notes are an integral part of these financial statements.*

**1. Summary of significant accounting policies**

The consolidated financial statements of the Village of Hythe (the "Village") are the representations of management prepared in accordance with Canadian public sector accounting standards as 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 of Hythe are as follows:

***Reporting entity***

The consolidated financial statements reflect the assets, liabilities, revenue, and expenses and changes 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 Council for administration of their financial affairs and resources. They include the following:

West Grande Prairie County Solid Waste Management Authority - 15% (2019 - 15%)  
Hythe Municipal Library - 100% (2019 - 100%)

The schedule of taxes levied also includes requisitions for education, health, social and seniors foundations that are not part of the Village's reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

***Government partnership***

The Village has entered into an agreement with the Town's of Wembley, Beaverlodge, Sexsmith and the County of Grande Prairie No. 1 to construct, operate and maintain a regional collection, transfer and disposal of garbage facilities for the benefit of all participating municipalities under the name of West Grande Prairie County Solid Waste Management Authority. The government partnership is accounted for using proportionate consolidation. Under proportionate consolidation, only the Village's interest 15% (2019 - 15%) in the government partnership is included in the consolidated financial statements.

***Basis of Accounting***

The consolidated 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.

***Measurement uncertainty (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.

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**1. Summary of significant accounting policies (continued)**

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts as provided where necessary. Amortization is based on the estimated lives of tangible capital assets.

Expenses that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration. Annual provisions for these costs are amortized on a straight-line basis over 25 years.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

***Investments***

Investments are recorded at amortized cost, except investments in government business entities explained below. 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.

***Debt Charges Recoverable***

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

***Employee future benefits***

Selected employees of the Village are members of the Local Authority Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Village does not recognize its share of any plan surplus or deficit.

***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.

***Requisition Over-levy and Under-levy***

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the 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.

**1. Summary of significant accounting policies (continued)**

***Tax Revenue***

Tax revenue is 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.

***Landfill Closure and Post-Closure Liability***

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village 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 vision inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

***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 revenue 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:

	<u>YEARS</u>
Buildings	25-50
Land Improvements	15-25
Engineered structures	
Water and wastewater system	45-75
Other engineered structures	3-30
Machinery and equipment	3-20
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and none 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. Cultural and historical tangible capital assets***

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

***Financial Instruments***

The Village recognizes its financial instruments when the Village becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

**1. Summary of significant accounting policies** (continued)

At initial recognition, the Village may irrevocably elect to subsequently measure any financial instrument at fair value. The Village has not made such an election during the year.

The Village subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (loss). Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

***Impact on operations of COVID-19 (coronavirus)***

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Village's operations were impacted by COVID-19 due to closure of operations, cancellation of events, lay-off of staff, etc. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Village as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**2. Cash and portfolio investments**

	<b>2020</b>	<b>2019</b>
Cash	<b>1,179,453</b>	294,192
Portfolio investments	<b>424,815</b>	687,657
	<b>1,604,268</b>	981,849

Cash and portfolio investments in the amount of \$237,670 (2019 - \$362,061) are externally restricted for deferred revenue (Note 8), the remaining balance of \$nil (2019 - \$204,306) of deferred revenue is included in accounts receivable (Note 4).

Included in portfolio investments are \$387,737 (2019 - \$379,063), representing the Village's share of portfolio investments held in trust by the County of Grande Prairie No. 1 on behalf of West Grande Prairie County Solid Waste Management Authority (Note 17). Of these portfolio investments, \$54,419 (2019 - \$41,936) are internally restricted for landfill closure and post closure liability (Note 7), with the remaining balance of \$333,318 (2019 - \$337,127) designated towards reserves of \$423,416 (2019 - \$403,635) (Note 14).

The remaining cash and portfolio investment balance of \$828,545 (2019 - \$240,726) is internally designated towards reserves of \$464,546 (2019 - \$464,546) (Note 14).

**Village of Hythe**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2020

**2. Cash and portfolio investments (continued)**

Portfolio investments accrue interest monthly at 0.0067% to and are short-term deposits with maturity dates of December 31, 2021.

The Village has access to credit of \$650,000, of which \$nil was drawn at year end. advanced amounts bear interest at prime plus %1.00.

**3. Taxes and grants in lieu of taxes receivable**

	2020	2019
Current taxes and grants in lieu of taxes	90,026	70,441
Arrears taxes	55,362	64,770
	145,388	135,211

**4. Trade and other accounts receivable**

	2020	2019
Trade and other receivables	259,603	243,394
GST receivable	51,127	42,616
Receivable from other governments	173,309	214,695
Less: allowance for doubtful accounts	(36,745)	(2,356)
	447,294	498,349

**5. Investments**

	2020	2019
Alberta Municipal Finance Corporation - 1 share	10	10

**6. Trust Liabilities**

Trust liabilities include funds designated for the Village of Hythe Fire Department of \$147,374 (2019 - \$240,175) and the Hythe Figure Skating Club \$nil (2019 - \$2,755).

The designated fire department funds can be used at the discretion of the volunteer fire department and are recognized as revenue and expenses when a withdrawal from the cash balance is authorized by the volunteer fire department.

The Hythe Figure Skating Club disbanded during the 2013 year. The funds were transferred to the Village of Hythe, where they must remain for seven years. If after this time period, the organization has not re-established, the funds will be available for use for the Hythe Athletic Association.

**7. Landfill closure and post-closure liability**

Alberta environment law requires closure and post closure care of landfill sites, which also includes final covering and landscaping, pumping of the 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 West Grande Prairie County Solid Waste Management Authority landfill is estimated based on the sum of future cash flows for closure and post-closure activities for 25 years (2019 - 25 years) after closure using a discount rate of 2.41% (2019 - 2.71%) and assuming annual inflation of 2.00% (2019 - 2.10%).

**Village of Hythe**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2020

**7. Landfill closure and post-closure liability (continued)**

The accrued liability portion is based on the cumulative capacity used at year-end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 1,334,226 cubic meters. The estimated remaining capacity of the landfill site is 1,119,214 (2019 - 1,133,384) cubic meters. The existing landfill is expected to reach capacity in approximately the year 2116 (2019 - 2116).

	2020	2019
Estimated closure costs	204,598	171,246
Estimated post-closure costs	132,469	107,235
<b>Estimated total liability</b>	<b>337,067</b>	<b>278,481</b>
Estimated capacity remaining	83.9%	84.9%
Portion of total liability remaining to be recognized	282,665	236,560
Estimated capacity used	16.1%	15.1%
<b>Accrued liability portion</b>	<b>54,419</b>	<b>41,936</b>

**8. Deferred revenue**

	2020	2019
<b>Municipal Sustainability Initiative - Capital</b>		
Balance beginning of year	238,256	544,051
Funding received / receivable	252,167	204,306
Interest adjustment	-	1,924
Funding recognized as spent	(490,423)	(512,025)
<b>Amount deferred</b>	<b>-</b>	<b>238,256</b>
<b>Federal Gas Tax Fund - Infrastructure</b>		
Balance beginning of year	230,712	199,076
Funding received	50,000	100,000
Interest adjustment	-	177
Funding recognized as spent	(137,635)	(68,541)
<b>Amount deferred</b>	<b>143,077</b>	<b>230,712</b>
<b>Alberta Community Partnership Grant</b>		
Balance beginning of year	38,500	93,120
Funding received	-	36,121
Funding recognized as spent	(20,396)	(90,741)
<b>Amount deferred</b>	<b>18,104</b>	<b>38,500</b>
<b>Development Project Grant</b>		
Balance beginning of year	20,000	-
Funding received	-	20,000
Funding recognized as spent	(12,500)	-
<b>Amount deferred</b>	<b>7,500</b>	<b>20,000</b>
<b>Emergency Measures Grant</b>		
Balance beginning of year	-	-
Funding received	80,437	-
Funding recognized as spent	(80,437)	-
<b>Amount deferred</b>	<b>-</b>	<b>-</b>

**Village of Hythe**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2020

**8. Deferred revenue (continued)**

	2020	2019
<b>MOST Grant</b>		
Balance beginning of year	-	-
Funding received	88,741	-
Funding recognized as spent	(25,000)	-
Amount deferred	63,741	-
<b>Provincial FCSS Grant</b>		
Balance beginning of year	-	-
Funding received	25,203	-
Funding recognized as spent	(23,255)	-
Amount deferred	1,948	-
<b>Mental Health Grant</b>		
Balance beginning of year	-	-
Funding received	5,300	-
Funding recognized as spent	(2,000)	-
Amount deferred	3,300	-
<b>Recreation Grant</b>		
Balance beginning of year	41,000	-
Funding received	10,000	50,000
Funding paid back	(14,295)	-
Funding recognized as spent	(36,705)	(9,000)
Amount deferred	-	41,000
	237,670	568,468

**9. Related Party Transactions**

Included in contracted and general service expense for the year is \$12,050 paid to a council member of the Village of Hythe for weed control and mowing services in the year. The transactions were made in the normal course of operations with standard trade terms and conditions and, as such, they are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in capital asset proceeds for the year is \$10,300 received from a council member of the Village of Hythe for the sale of land in the year.

**10. Long-term debt**

	2020	2019
Unsecured term loan bearing interest at 2.163%, repayable in blended semi annual instalments of \$10,234, due 2050	450,000	-
Unsecured term loan bearing interest at 2.414% , repayable in blended semi annual instalments of \$10,584, due 2050	450,000	-
Unsecured term loan bearing interest at 4.085% (2019 - 4.085%) per annum, repayable in blended annual instalments of \$10,108, due 2036	289,686	299,795
	1,189,686	299,795

**Village of Hythe**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2020

**10. Long-term debt (continued)**

Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	32,005	32,310	64,315
2022	33,263	31,381	64,644
2023	34,569	30,408	64,977
2024	35,924	29,392	65,316
2025	37,331	28,328	65,659
2026 and thereafter	1,016,594	312,759	1,329,353
	<b>1,189,686</b>	<b>464,578</b>	<b>1,654,264</b>

Interest on long-term debt amounted to \$12,247 (2019 - \$12,631), all of which was paid during the year.

**11. 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 Hythe be disclosed as follows:

	<b>2020</b>	<b>2019</b>
Total debt limit	<b>3,160,061</b>	2,787,753
Total debt	<b>1,189,686</b>	299,795
Amount of debt limit unused	<b>1,970,375</b>	2,487,958
Debt servicing limit	<b>526,677</b>	464,626
Debt servicing	<b>64,315</b>	22,355
Amount of debt servicing limit unused	<b>462,362</b>	442,271

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 which could be a 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.

**12. Equity in tangible capital assets**

	<b>2020</b>	<b>2019</b>
Tangible capital assets (Schedule II)	<b>10,758,432</b>	9,980,566
Accumulated amortization (Schedule II)	<b>(4,188,214)</b>	(3,977,192)
Long-term debt (Note 10)	<b>(1,189,686)</b>	(299,795)
	<b>5,380,532</b>	5,703,580

**13. Accumulated surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<i>2020</i>	<i>2019</i>
Unrestricted surplus	<b>852,096</b>	13,574
Equity in tangible capital assets (Note 12)	<b>5,380,532</b>	5,703,580
Restricted surplus (Note 14)	<b>887,962</b>	868,181
	<b>7,120,590</b>	6,585,335

**14. Reserves**

Reserves consist of operating & capital amounts as follows:

	<i>2020</i>	<i>2019</i>
Restricted surplus		
Cemetery	<b>6,550</b>	6,550
Ice plant	<b>10,610</b>	10,610
Land	<b>95,000</b>	95,000
Landfill	<b>423,416</b>	403,635
Operating contingency	<b>352,386</b>	352,386
	<b>887,962</b>	868,181

**15. Segmented disclosure**

The Village of Hythe provides a range of services to its ratepayers. For each reported segment, revenue 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 VI).

Included in the General Government segment is Administration. Included in the Protective Services segment is Bylaw Enforcement. Included in the Transportation Services segment is Roads, Streets, Walk and Lighting. Included in the Environmental Services segment is Water and Waste Management. Included in the Other segment is Family and Community Support as well as Other Services.

**16. Local Authorities Pension Plan**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 275,000 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 contributions are recorded as expenditures in the year in which they become due.

The Village is required to make contributions for current service 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.

**Village of Hythe**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2020

**16. Local Authorities Pension Plan (continued)**

Total current service contributions by the Village to the LAPP in 2020 were \$26,263 (2019 - \$20,984). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2020 were \$23,803 (2019 - \$19,006).

At December 31, 2019, the LAPP disclosed a surplus of \$7.9 billion (2018 - surplus of \$3.5 billion). The 2020 LAPP annual report was not available at the date of these financial statements.

**17. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	<b>2020</b>	<b>2019</b>
<b>Councillors:</b>				
S. Miller	1,710		<b>1,710</b>	1,710
E. Smith	1,140	-	<b>1,140</b>	1,140
B. Guise	1,800	-	<b>1,800</b>	1,800
C. Hewitt	2,070	-	<b>2,070</b>	2,070
B. Peterson	1,980		<b>1,980</b>	1,980
<b>C.A.O.</b>				
G. Gayton	-	-	-	41,860
L. Hanson	104,958	26,799	<b>131,757</b>	99,738

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

2 Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance and long and short-term disability plans.

**18. Government partnership**

The consolidated financial statements include the accounts of the Village and its proportionate share of its government partnership. The Village entered into a government partnership to provide landfill disposal services to the Village and surrounding area. The Village holds a 15% interest in the West Grande Prairie County Solid Waste Management Authority, which is accounted for using the proportionate consolidation method.

**Village of Hythe**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2020

**18. Government partnership (continued)**

The following is a summary of condensed supplementary information related to the Village's proportionate share in West Grande Prairie County Solid Waste Management Authority for the year ended December 31, 2020:

	<b>2020</b>	2019
<b>Financial Position:</b>		
Financial assets	<b>495,524</b>	456,155
Physical assets	<b>312,881</b>	345,240
<b>Total assets</b>	<b>808,405</b>	801,395
Financial liabilities	<b>67,010</b>	47,184
<b>Accumulated surplus</b>	<b>741,395</b>	754,211
<b>Results of Operations:</b>		
Total revenue	<b>125,453</b>	149,803
Total expenses	<b>138,268</b>	120,905
<b>Excess (Deficit) of revenue over expenses</b>	<b>(12,815)</b>	28,898

**19. Contingencies**

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village 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.

**20. Financial Instruments**

The Village's financial instruments consist of cash and portfolio investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, 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 and grants in place of taxes receivables and trade and other accounts 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.

**21. Commitments**

The Village entered into a new commitment agreement in the year for equipment rental. Future payments are as follows:

2021	\$14,203
2022	\$14,203
2023	\$2,367

**22. Approval of financial statements**

Council and Management have approved these financial statements.

**23. Budget information**

The disclosed budget information was approved by council on April 14, 2020.

**24. Subsequent events**

Subsequent to year end, the Village of Hythe residents voted to amalgamate into the County of Grande Prairie No. 1.