

VILLAGE OF YOUNGSTOWN
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Youngstown

Opinion

I have audited the consolidated financial statements of the Village of Youngstown, which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Youngstown as at December 31, 2020, 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 Financial Statements*** section of my report. I am independent of the Village of Youngstown 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 those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to 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 Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 the financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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.

- 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 9.

Roxzana K. McNiven Professional Corporation

Chartered Professional Accountant

**Vauxhall, Alberta
??????????, 2021**

VILLAGE OF YOUNGSTOWN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 1,077,824	\$ 785,807
Receivables:		
Taxes and grants in lieu receivables (note 3)	18,778	27,216
Trade and other receivables (note 3)	25,441	10,342
Receivable from other governments	257,696	452,901
Loan receivable	2,000	2,000
	1,381,739	1,278,266
LIABILITIES		
Accounts payable and accrued liabilities	63,586	13,132
Payroll payable	2,363	428
Deposit liabilities	1,740	1,740
Deferred revenue (note 4)	735,521	731,840
	803,210	747,140
NET FINANCIAL ASSETS (DEBT)	578,529	531,126
NON-FINANCIAL ASSETS (DEBT)		
Tangible capital assets (Schedule 2)	2,752,675	2,665,948
Prepaid expenses	7,245	7,104
	2,759,920	2,673,052
ACCUMULATED SURPLUS (Schedule 1, note 6)	\$ 3,338,449	\$ 3,204,178

Contingencies - (note 10)

VILLAGE OF YOUNGSTOWN

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
REVENUE			
Net municipal property taxes (Schedule 3)	\$ 119,749	\$ 119,842	\$ 115,677
User fees and sales of goods	113,800	144,742	111,559
Rental revenue	5,897	6,088	6,088
By-laws, fees and fines	100	213	90
Penalties and costs on taxes	8,500	7,937	9,070
Franchise and concession contracts	2,200	2,183	911
Investment income	7,000	2,707	2,960
Government transfers (Schedule 4)	303,392	111,523	117,948
Other revenue from own sources	1,000	4,784	1,939
Gain on sale of tangible capital assets			3,000
	561,638	400,019	369,242
EXPENDITURES (Schedule 5)			
Legislative	19,000	16,823	19,984
Administration	99,319	93,313	142,565
Fire, Ambulance and Bylaws enforcement	8,305	11,993	8,174
Roads, streets, walks, lighting	137,772	59,364	83,570
Water	128,854	82,178	107,472
Wastewater	53,208	27,060	18,831
Waste management	36,768	34,458	30,673
Family and community support	6,265	6,265	6,265
Parks and recreation	73,000	54,175	60,136
Culture	3,501	3,501	5,891
Provision for allowances (recovered)		1,967	514
Amortization of tangible capital assets	118,411	123,272	118,411
	684,403	514,369	602,486
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER	(122,765)	(114,350)	(233,244)
OTHER			
Government transfers for capital (Schedule 4)	125,000	248,621	250,708
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,235	\$ 134,271	\$ 17,464
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,204,178	3,204,178	3,186,714
ACCUMULATED SURPLUS, END OF YEAR	\$ 3,206,413	\$ 3,338,449	\$ 3,204,178

VILLAGE OF YOUNGSTOWN

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,235	\$ 134,271	\$ 17,464
Acquisition of tangible capital assets		(209,999)	(121,561)
Proceeds on disposal of tangible capital assets			3,000
Amortization of tangible capital assets	118,411	123,272	118,411
(Gain) loss on sale of tangible capital assets			(3,000)
	118,411	(86,727)	(3,150)
Net (acquisition) use of prepaid assets		(141)	1
		(141)	1
(INCREASE) DECREASE IN NET DEBT	120,646	47,403	14,315
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	531,126	531,126	516,811
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 651,772	\$ 578,529	\$ 531,126

VILLAGE OF YOUNGSTOWN

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenditures	\$ 134,271	\$ 17,464
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	123,272	118,411
(Gain) on disposal of tangible capital assets		(3,000)
Net change in non-cash operating working capital balances		
Decrease (increase) in taxes and grants in lieu receivables	8,438	(3,946)
Decrease (increase) in trade and other receivables	(15,099)	6,082
Decrease (increase) in receivable from other governments	195,205	(158,022)
Decrease (increase) in loans receivable		2,000
Decrease (increase) in prepaid expenses	(141)	1
Increase (decrease) in accounts payable and accrued liabilities	50,454	(5,570)
Increase (decrease) in payroll payable	1,935	
Increase (decrease) in deferred revenue	3,681	(25,481)
Cash provided by operating transactions	502,016	(52,061)
CAPITAL		
Acquisition of tangible capital assets	(209,999)	(121,561)
Sale of tangible capital assets		3,000
Cash applied to capital transactions	(209,999)	(118,561)
FINANCING ACTIVITIES		
Cash provided by (applied to) financing transactions		
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash or cash equivalents	(162,516)	146,808
Cash provided by (applied to) investing transactions	(162,516)	146,808
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	129,501	(23,814)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	460,214	484,028
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 589,715	\$ 460,214
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash and temporary investments (note 2)	\$ 1,077,824	\$ 785,807
Less: restricted portion of cash and temporary investments (note 2)	(488,109)	(325,593)
	\$ 589,715	\$ 460,214

VILLAGE OF YOUNGSTOWN

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2020

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
Balance, Beginning of Year	\$ 422,902	\$ 115,328	\$ 2,665,948	\$ 3,204,178	\$ 3,186,714
Excess (deficiency) of revenues over expenses	134,271			134,271	17,464
Unrestricted funds designated for future use	(1,000)	1,000			
Current year funds used for tangible capital assets	(209,999)		209,999		
Annual amortization expense	123,272		(123,272)		
Change in accumulated surplus	46,544	1,000	86,727	134,271	17,464
Balance, End of Year	\$ 469,446	\$ 116,328	\$ 2,752,675	\$ 3,338,449	\$ 3,204,178

VILLAGE OF YOUNGSTOWN

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
COST								
Balance, Beginning of year	\$ 105,038	\$ 3,443	\$3,127,400	\$2,814,634	\$ 260,835	\$ 51,010	\$6,362,360	\$6,275,799
Acquisition of tangible capital assets			8,733	140,302	60,964		209,999	121,561
Disposal of tangible capital assets								(35,000)
Balance, End of year	105,038	3,443	3,136,133	2,954,936	321,799	51,010	6,572,359	6,362,360
ACCUMULATED AMORTIZATION								
Balance, Beginning of year		3,443	1,844,140	1,694,687	145,286	8,856	3,696,412	3,613,001
Annual amortization			59,999	39,615	18,974	4,684	123,272	118,411
Accumulated amortization on disposal								(35,000)
Balance, End of year		3,443	1,904,139	1,734,302	164,260	13,540	3,819,684	3,696,412
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 105,038	\$	\$1,231,994	\$1,220,634	\$ 157,539	\$ 37,470	\$2,752,675	\$2,665,948
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 105,038	\$	\$1,283,260	\$1,119,947	\$ 115,549	\$ 42,154		\$ 2,665,948

VILLAGE OF YOUNGSTOWN

SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
TAXATION			
Real property taxes	\$ 140,972	\$ 140,969	\$ 137,137
Linear property taxes	6,327	6,327	6,722
Government grants in lieu of property taxes	507	507	498
	147,806	147,803	144,357
REQUISITIONS			
Alberta School Foundation Fund	25,066	24,970	26,048
Acadia Seniors Foundation	2,991	2,991	2,632
	28,057	27,961	28,680
NET MUNICIPAL TAXES	\$ 119,749	\$ 119,842	\$ 115,677

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATIONS			
Federal Government	\$	\$ 3,735	\$
Provincial Government	225,392	35,311	39,678
Local Governments	78,000	72,477	78,270
	303,392	111,523	117,948
TRANSFERS FOR CAPITAL			
Provincial Government	125,000	248,621	250,708
	125,000	248,621	250,708
TOTAL GOVERNMENT TRANSFERS	\$ 428,392	\$ 360,144	\$ 368,656

VILLAGE OF YOUNGSTOWN

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages, and benefits	\$ 90,923	\$ 99,845	\$ 115,426
Contracted and general services	278,109	99,190	182,806
Purchases from other governments	81,677	76,073	74,796
Materials, goods, supplies, and utilities	68,517	56,643	51,963
Provision for doubtful accounts (recovered)		1,967	514
Grants to individuals and organizations	46,766	57,379	58,570
Amortization of tangible capital assets	118,411	123,272	118,411
TOTAL EXPENDITURES	\$ 684,403	\$ 514,369	\$ 602,486

VILLAGE OF YOUNGSTOWN

SCHEDULE 6 - SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2020

	General Government	Transportation Services	Environmental Services	Recreation and Culture	Other	2020	2019
REVENUE							
Net municipal property taxes	\$ 119,842	\$	\$	\$	\$	\$ 119,842	\$ 115,677
User fees and sales of goods	250		144,492			144,742	111,559
Investment income					2,707	2,707	2,960
Government transfers	25,490	71,760	141,092	116,791	5,011	360,144	368,656
Other revenues	12,774		1,495		6,936	21,205	21,098
	158,356	71,760	287,079	116,791	14,654	648,640	619,950
EXPENSES							
Salaries, wages and benefits	58,747	10,207	24,740		6,151	99,845	115,426
Contracted and general services	43,605	27,492	22,129	5,562	402	99,190	182,806
Purchase from other government			76,073			76,073	74,796
Materials, goods, supplies and utilities	7,786	21,664	20,753	1,000	5,440	56,643	51,963
Grants to individuals and organizations				51,114	6,265	57,379	58,570
Other expenses					1,967	1,967	514
	110,138	59,363	143,695	57,676	20,225	391,097	484,075
NET REVENUE BEFORE AMORTIZATION	48,218	12,397	143,384	59,115	(5,571)	257,543	135,875
Less Amortization	5,990	36,661	24,014	56,607		123,272	118,411
NET REVENUE	\$ 42,228	\$ (24,264)	\$ 119,370	\$ 2,508	\$ (5,571)	\$ 134,271	\$ 17,464

VILLAGE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Youngstown are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village of Youngstown are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the municipality and are therefore, accountable to the Council for the administration of their financial affairs and resources. There are no controlled organizations by the Village.

The schedule of taxes levied also includes requisitions for educational, 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.

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. Accounts subject to measurement uncertainty include tangible capital assets and deferred revenue.

d) 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.

e) 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.

VILLAGE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (cont).

f) 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.

g) Non-Financial Assets

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

i) Tangible Capital Assets

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

Land Improvements	20 years
Buildings	50 years
Engineered structures	25 to 75 years
Machinery and equipment	10 to 15 years
Vehicles	10 to 25 years

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 are also recorded as revenue.

2. CASH AND TEMPORARY INVESTMENTS

Cash and cash equivalents consist of cash on hand, bank balances and investments in short term deposits. Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	<u>2020</u>	<u>2019</u>
Cash	\$ 383,404	\$ 96,114
Temporary investments	<u>694,420</u>	<u>689,693</u>
	<u>\$ 1,077,824</u>	<u>\$ 785,807</u>

Temporary investments are short term deposits with original maturities in less than one year. Included in cash and temporary investments are restricted amounts of \$488,109 (2019 - \$325,593), held exclusively for approved projects, received from the:

Municipal Sustainability Initiative - \$442,476 (2019 - \$309,745)

Federal Gas Tax Fund - \$31,346 (2019 - \$0)

Municipal Operating Support Transfer \$14,287 (2019 - \$0)

Alberta Economic Development and Trade - \$0 (2019 - \$15,848)

VILLAGE OF YOUNGSTOWN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Property Taxes:		
Current taxes and grants in lieu	\$ 14,958	\$ 15,790
Tax arrears and grants in lieu	6,301	11,941
Property acquired	<u>5,372</u>	<u>5,372</u>
	26,631	33,103
Less allowance for doubtful accounts	<u>(7,853)</u>	<u>(5,887)</u>
	<u>\$ 18,778</u>	<u>\$ 27,216</u>
Other:		
Trade accounts receivable	\$ 25,441	\$ 10,342
Less allowance for doubtful accounts		
	<u>\$ 25,441</u>	<u>\$ 10,342</u>

4. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Federal Gas Tax Fund	\$ 31,346	\$
Municipal Operating Support Transfer	14,287	
Municipal Sustainability Initiative	639,888	715,992
Municipal Stimulus Program	50,000	
Alberta Economic Development and Trade		15,848
	<u>\$ 735,521</u>	<u>\$ 731,840</u>

Unexpended funds related to the advance are supported by temporary investments of \$488,109 held exclusively for these projects (refer to note 2)

5. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	\$ 6,572,359	\$ 6,362,360
Accumulated amortization (Schedule 2)	<u>(3,819,684)</u>	<u>(3,696,412)</u>
	<u>\$ 2,752,675</u>	<u>\$ 2,665,948</u>

6. 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 (deficit)	\$ 469,446	\$ 422,902
Restricted surplus:		
Recreation	116,328	115,328
Equity in tangible capital assets	<u>2,752,675</u>	<u>2,665,948</u>
	<u>\$ 3,338,449</u>	<u>\$ 3,204,178</u>

VILLAGE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. SALARY & BENEFITS

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(1)	Benefits & Allowances (2) (3)	<u>2020</u> Total	<u>2019</u> Total
Mayor				
Robert Blagen	6,100	66	6,166	7,497
Councilors				
Kenneth Johnson	3,850		3,850	3,982
Debra Laughlin	6,400	66	6,466	8,076
Municipal Administrator	36,283	1,077	37,360	34,972
Designated Officers (2 positions)	14,227		14,227	13,888

(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, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

8. 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 Public Sector Pension Plans Act. At December 31, 2019, LAPP serves about 274,151 employees and about 420 employers. The LAPP is financed by employer, employee and Government of Alberta contributions and 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 \$2,012 (2019 - \$3,983). Total current service contributions by the employees of the Village to the LAPP in 2020 were \$1,798 (2019 - \$3,560). At December 31, 2019 the LAPP disclosed an actuarial surplus of \$7.9 billion.

VILLAGE OF YOUNGSTOWN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by regulation for the Village be disclosed as follows:

Total debt limit	\$ 600,029	\$ 553,863
Total debt		
Amount total debt limit unused (exceeded)	<u>\$ 600,029</u>	<u>\$ 553,863</u>
Debt servicing limit	\$ 100,005	\$ 92,311
Debt servicing		
Amount debt servicing limit unused (exceeded)	<u>\$ 100,005</u>	<u>\$ 92,311</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 375/94) 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 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.

10. CONTINGENCIES

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

11. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivables, accounts payable and accrued liabilities and deposit liabilities. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial statements.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers and customers minimizes the credit risk.

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

12. RELATED PARTY TRANSACTIONS

The Youngstown Public Library, which is owned by the Village of Youngstown, is leased and managed by the Youngstown Library Board. The board is comprised of 5 members. All board members are appointed through resolution of Council. The Youngstown Public Library funds its operation through provincial, municipal, regional operating grants and other incidentals such as membership and book fines. Funding provided through the Village of Youngstown has been recorded as library requisitions.

13. BUDGET AMOUNTS

The 2020 budget for the Village was approved by Council June 2, 2020, and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed or otherwise verified.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.