

**VILLAGE OF WARBURG**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2020**



**Donnelly & Co. LLP**  
*Chartered Professional Accountants*



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council of Village of Warburg

#### Opinion

We have audited the consolidated financial statements of Village of Warburg (the Village), which comprise the consolidated statements of financial position as at December 31, 2020, consolidated statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material 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 relating 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:

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Independent Auditor's Report to the Members of Council of Village of Warburg *(continued)*

- 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.

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.

**Report on Other Legal and Regulatory Requirements**

- Debt Limit Regulation

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 6.

- Supplementary Accounting Principles and Standard Regulation

In accordance with Alberta Regulation 313/2000, we 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 9.

Edmonton, Alberta  
April 12, 2021


  
Chartered Professional Accountants

**VILLAGE OF WARBURG**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 864,571	\$ 414,458
Investments <i>(Note 3)</i>	1,702,031	1,858,801
Taxes and grants in lieu of taxes receivables <i>(Note 4)</i>	255,922	185,578
Trade and other receivables	183,701	447,914
	<u>3,006,225</u>	<u>2,906,751</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	46,085	52,122
Unearned revenue <i>(Note 5)</i>	287,260	307,931
	<u>333,345</u>	<u>360,053</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,672,880</u>	<u>2,546,698</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 2)</i>	9,147,818	8,964,173
Prepaid expenses	-	907
	<u>9,147,818</u>	<u>8,965,080</u>
<b>ACCUMULATED SURPLUS</b> <i>(Note 8)</i>	<u>\$ 11,820,698</u>	<u>\$ 11,511,778</u>

Commitments and contingencies - see Notes 11 and 12.

On behalf of the Members of Council

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Deputy Mayor

**VILLAGE OF WARBURG**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2020**

	Budget 2020 <i>(Unaudited)</i>	2020	2019
<b>REVENUE</b>			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 686,903	\$ 687,134	\$ 666,319
Sales and user fees	375,150	298,033	371,672
Penalties and costs on taxes	75,000	113,258	95,271
Licenses and permits	6,700	8,819	6,729
Fines	6,500	11,370	13,714
Franchise and concession contracts	70,000	73,627	72,620
Gain on sale of tangible capital assets	-	-	3,921
Investment income	40,000	32,923	57,212
Rentals	14,500	26,239	17,972
Government transfers for operating <i>(Schedule 4)</i>	368,058	359,966	546,070
Other revenue	142,000	107,587	101,198
	<u>1,784,811</u>	<u>1,718,956</u>	<u>1,952,698</u>
<b>EXPENSES</b>			
General government			
Legislative	58,500	40,876	44,689
Administrative	433,550	419,710	355,245
Protective services			
Fire and disaster	86,100	74,411	67,787
Police	55,300	50,361	42,694
Transportation			
Roads, streets, walks, lighting	181,000	155,378	201,305
Environmental use and protection			
Water and wastewater	180,300	125,658	93,535
Waste management	51,500	50,947	50,569
Public health and welfare			
Family and community support services	67,250	40,356	53,887
Planning and development	145,574	32,219	231,742
Recreation and culture			
Recreation and parks	394,200	286,030	223,727
Culture	62,494	33,334	30,241
Amortization	-	481,870	464,404
	<u>1,715,768</u>	<u>1,791,150</u>	<u>1,859,825</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u>69,043</u>	<u>(72,194)</u>	<u>92,873</u>
<b>OTHER</b>			
Contributed tangible capital assets	-	-	2,672,136
Government transfers for capital <i>(Schedule 4)</i>	239,470	381,114	304,307
	<u>239,470</u>	<u>381,114</u>	<u>2,976,443</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>308,513</u>	<u>308,920</u>	<u>3,069,316</u>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<u>11,511,778</u>	<u>11,511,778</u>	<u>8,442,462</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 11,820,291</u>	<u>\$ 11,820,698</u>	<u>\$ 11,511,778</u>

**VILLAGE OF WARBURG**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2020**

	Budget 2020 <i>(Unaudited)</i>	2020	2019
Excess of revenue over expenses	\$ 308,513	\$ 308,920	\$ 3,069,317
Acquisition of tangible capital assets	-	(665,515)	(410,710)
Contributed tangible capital assets	-	-	(2,672,136)
Amortization of tangible capital assets	-	481,870	464,404
Proceeds on disposal of tangible capital assets	-	-	9,000
Gain on sale of tangible capital assets	-	-	(3,921)
	-	(183,645)	(2,613,363)
	308,513	125,275	455,954
Acquisition of prepaid assets	-	-	(907)
Use of prepaid assets	-	907	1,811
	-	907	904
<b>INCREASE IN NET ASSETS</b>	308,513	126,182	456,858
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	2,546,698	2,546,698	2,089,840
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 2,855,211	\$ 2,672,880	\$ 2,546,698

**VILLAGE OF WARBURG**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>Operating activities</b>		
Cash receipts from taxes	\$ 893,555	\$ 892,262
Cash receipts from government	979,622	314,028
Cash receipts from others	530,674	599,582
Cash paid to suppliers and employees	(1,314,410)	(1,420,239)
Cash paid for requisitions	(163,507)	(162,682)
Investment income received	32,923	60,605
	<u>958,857</u>	<u>283,556</u>
<b>Investing activity</b>		
Decrease in investments, net	<u>156,770</u>	<u>237,712</u>
<b>Capital activity</b>		
Acquisition of tangible capital assets	(665,515)	(410,710)
Sale of tangible capital assets	-	9,000
	<u>(665,515)</u>	<u>(401,710)</u>
<b>Increase in cash and cash equivalents</b>	<b>450,112</b>	<b>119,558</b>
Cash and cash equivalents - beginning of year	<u>414,458</u>	<u>294,900</u>
<b>Cash and cash equivalents - end of year (Note 3)</b>	<b>\$ 864,570</b>	<b>\$ 414,458</b>

**VILLAGE OF WARBURG**

**Consolidated Schedule of Changes in Accumulated Surplus  
Year Ended December 31, 2020**

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,483,217	\$ 64,388	\$ 8,964,173	\$ 11,511,778	\$ 8,442,462
Excess revenue over expenses	308,920	-	-	308,920	3,069,316
Funds designated for future use	(687)	687	-	-	-
Unrestricted funds used for tangible capital assets	(665,515)	-	665,515	-	-
Annual amortization expense	481,870	-	(481,870)	-	-
Change in accumulated surplus	124,588	687	183,645	308,920	3,069,316
<b>BALANCE, END OF YEAR</b>	\$ 2,607,805	\$ 65,075	\$ 9,147,818	\$ 11,820,698	\$ 11,511,778



**VILLAGE OF WARBURG**

**Consolidated Schedule of Tangible Capital Assets  
Year Ended December 31, 2020**

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicle	2019	2019
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 106,260	\$ 1,492,172	\$ 3,994,884	\$ 9,318,883	\$ 599,988	\$ 89,383	\$ 15,601,570	\$ 12,538,987
Acquisition of tangible capital assets	-	-	1,371	655,986	8,158	-	665,515	410,710
Contribution of tangible capital assets	-	-	-	-	-	-	-	2,672,136
Disposal of tangible capital assets	-	-	-	-	-	-	-	(20,263)
<b>BALANCE, END OF YEAR</b>	<b>106,260</b>	<b>1,492,172</b>	<b>3,996,255</b>	<b>9,974,869</b>	<b>608,146</b>	<b>89,383</b>	<b>16,267,085</b>	<b>15,601,570</b>
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	469,204	581,422	5,043,020	470,655	73,096	6,637,397	6,188,177
Annual amortization	-	71,331	79,646	300,635	27,544	2,714	481,870	464,404
Accumulated amortization on disposals	-	-	-	-	-	-	-	(15,184)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>540,535</b>	<b>661,068</b>	<b>5,343,655</b>	<b>498,199</b>	<b>75,810</b>	<b>7,119,267</b>	<b>6,637,397</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 106,260</b>	<b>\$ 951,637</b>	<b>\$ 3,335,187</b>	<b>\$ 4,631,214</b>	<b>\$ 109,947</b>	<b>\$ 13,573</b>	<b>\$ 9,147,818</b>	<b>\$ 8,964,173</b>
<b>2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 106,260</b>	<b>\$ 1,022,968</b>	<b>\$ 3,413,462</b>	<b>\$ 4,275,863</b>	<b>\$ 129,333</b>	<b>\$ 16,287</b>	<b>\$ 8,964,173</b>	<b>\$ 8,964,173</b>

**VILLAGE OF WARBURG**  
**Consolidated Schedule of Property and Other Taxes**  
**Year Ended December 31, 2020**

(Schedule 3)

	Budget 2020 <i>(Unaudited)</i>	2020	2019
<b>TAXATION</b>	\$ 850,505	\$ 850,641	\$ 829,001
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	161,952	161,952	160,990
Leduc Senior Lodge	1,650	1,555	1,692
	<u>163,602</u>	<u>163,507</u>	<u>162,682</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 686,903</u>	<u>\$ 687,134</u>	<u>\$ 666,319</u>

**VILLAGE OF WARBURG**  
**Consolidated Schedule of Government Transfers**  
**Year Ended December 31, 2020**

(Schedule 4)

	Budget 2020 <i>(Unaudited)</i>	2020	2019
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 90,530	\$ 119,967	\$ 292,448
Other Local Government	277,528	239,999	253,622
	<u>368,058</u>	<u>359,966</u>	<u>546,070</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	239,470	381,114	304,307
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 607,528</u>	<u>\$ 741,080</u>	<u>\$ 850,377</u>

**VILLAGE OF WARBURG**  
**Consolidated Schedule of Consolidated Expenses by Object**  
**Year Ended December 31, 2020**  
*(Schedule 5)*

	Budget 2020 <i>(Unaudited)</i>	2020	2019
Amortization	\$ -	\$ 481,870	\$ 464,404
Salaries, wages and benefits	502,500	446,082	445,570
Materials, goods and utilities	412,150	315,522	273,572
Contracted and general services	427,524	263,206	472,205
Transfers to local boards and agencies	303,594	212,758	137,357
Drawn from tax allowance	60,000	61,000	56,000
Transfers to other governments	10,000	10,712	10,717
	<b>\$ 1,715,768</b>	<b>\$ 1,791,150</b>	<b>\$ 1,859,825</b>

**VILLAGE OF WARBURG**  
 Consolidated Schedule of Segmented Disclosure  
 Year Ended December 31, 2020

(Schedule 6)

	General Government	Protective Services	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	2020 Total
<b>REVENUE</b>								
Net municipal taxes	\$ 687,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687,134
Government transfers	471,645	79,902	-	-	31,657	29,579	128,297	741,080
Sales and user fees	11,140	-	-	269,711	16,186	-	1,996	299,033
Investment income	32,923	-	-	-	-	-	-	32,923
Other revenues	238,670	-	-	-	-	500	100,730	339,900
	<u>1,441,512</u>	<u>79,902</u>	<u>-</u>	<u>269,711</u>	<u>47,843</u>	<u>30,079</u>	<u>231,023</u>	<u>2,100,070</u>
<b>EXPENSES</b>								
Contract and general services	33,966	31,368	11,830	114,466	1,500	32,219	37,857	263,206
Salaries and wages	268,500	68,677	28,401	21,285	24,085	-	35,134	446,082
Goods and supplies	97,121	14,015	115,147	40,853	14,771	-	33,615	315,522
Transfers to other governments and organizations	-	10,712	-	-	-	-	-	10,712
Provision for allowances	61,000	-	-	-	-	-	212,758	212,758
	<u>460,587</u>	<u>124,772</u>	<u>155,378</u>	<u>176,604</u>	<u>40,356</u>	<u>32,219</u>	<u>319,364</u>	<u>1,309,280</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	980,925	(44,870)	(155,378)	93,107	7,487	(2,140)	(88,341)	790,790
Amortization expense	22,817	2,311	302,100	50,147	-	-	104,495	481,870
<b>NET REVENUE</b>	<u>\$ 958,108</u>	<u>\$ (47,181)</u>	<u>\$ (457,478)</u>	<u>\$ 42,960</u>	<u>\$ 7,487</u>	<u>\$ (2,140)</u>	<u>\$ (192,836)</u>	<u>\$ 308,920</u>

**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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**1. Summary of significant accounting policies**

The consolidated financial statements of the Village of Warburg 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 Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village are as follows:

**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 and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Village of Warburg Fire Department

Village of Warburg Water and Wastewater System

Village of Warburg Waste Management

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 organization transactions and balances are eliminated.

**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 and 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, regulations 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.

**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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures 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.

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**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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

**Cash and cash equivalents**

Cash and cash equivalents are comprised of cash and short term investments with original maturities of three months or less.

**Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value 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.

**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.

**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.

**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.

**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:

Land improvements	10 - 30 years
Buildings	50 years
Engineering structures	5 - 75 years
Machinery and equipment	5 - 20 years
Vehicles	10 years

Annual amortization is charged in the year of acquisition and no amortization is recorded in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also recorded as revenue.

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**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

**2. Financial instruments**

The Village's financial instruments consist of cash and cash equivalents, investments, accounts receivables, accounts payable and accrued liabilities, and long term debt. It is management's opinion that the Village is not exposed to significant interest and currency risks arising from these financial instruments.

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

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

**3. Cash and cash equivalents and investments**

	<u>2020</u>	<u>2019</u>
Cash in bank	\$ 864,571	\$ 414,458
Non-redeemable Guaranteed Investment Certificates and short term investment certificates maturing January 2021 to August 2021, interest ranging from 0.83% to 2.5% per annum (2019 - January 2020 to May 2021, interest ranging from 2.19% to 2.5% per annum)	<u>1,702,031</u>	<u>1,858,801</u>
	<b>2,566,602</b>	2,391,413
Externally restricted	<b>(352,335)</b>	(372,319)
Internally restricted	<u><b>(1,181,399)</b></u>	<u>(1,078,648)</u>
Unrestricted	<u><b>\$ 1,032,868</b></u>	<u>\$ 940,446</u>

Amounts externally restricted - cost sharing projects:

39/20 Alliance - alliance formed with the Town of Calmar, Villages of Thorsby and Breton to promote municipal cooperation in delivery of services to residents	\$ 78,945	\$ 79,087
RCMP Officer - funds received in advance from neighbouring communities to fund the position of a RCMP officer	72,114	54,554
Spray park - donations received on behalf of the Pioneer Agricultural Society to fund the construction of a spray park	-	91,216
	<u>151,059</u>	<u>224,857</u>

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**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

**3. Cash and cash equivalents and investments (continued)**

Amounts externally restricted - other:

Alberta Government (Municipal Operating Support Transfer) - to fund incremental costs and reduced revenue associated with the pandemic and actions taken in response to it	\$ 82,564	\$ -
Tax recovery - to be held for a minimum of 10 years or until funds are paid out to the previous owner	65,075	64,388
Alberta Economic Development and Trade Grant - to develop and establish supports that enable community transition planning towards long term economic sustainability	<u>53,637</u>	<u>83,074</u>
	<u>201,276</u>	<u>147,462</u>
	<u>\$ 352,335</u>	<u>\$ 372,319</u>

All externally restricted funds and any interest earned thereon are to be held in trust until applied to eligible expenditures.

Amounts internally restricted:

Designated by Council for capital projects and equipment replacement	\$ 1,150,376	\$ 1,129,839
Accumulated surplus for the purpose of helping needy families in the community	<u>31,023</u>	<u>23,601</u>
	<u>\$ 1,181,399</u>	<u>\$ 1,153,440</u>

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

	<u>2020</u>	<u>2019</u>
Current taxes and grants in lieu	\$ 276,690	\$ 213,589
Tax arrears	436,232	367,989
Less: allowance for doubtful accounts	<u>(457,000)</u>	<u>(396,000)</u>
	<u>\$ 255,922</u>	<u>\$ 185,578</u>

**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

**5. Unearned revenue**

	<u>2020</u>	<u>2019</u>
Alberta Government - Municipal Operating Support Transfer	\$ 82,564	\$ -
39/20 Alliance	78,945	79,087
RCMP Officer	72,114	54,554
Alberta Economic Development and Trade grant	53,637	83,074
Spray Park contributions	-	91,216
	<u>\$ 287,260</u>	<u>\$ 307,931</u>

Unearned revenue is supported by cash and cash equivalents and investments (see Note 3).

**6. Debt Limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Village be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 2,578,434	\$ 2,644,557
Debt servicing limit	\$ 429,739	\$ 440,760

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**7. Equity in tangible capital assets**

	<u>2020</u>	<u>2019</u>
Tangible capital assets ( <i>Schedule 2</i> )	\$ 16,251,538	\$ 15,601,570
Accumulated amortization ( <i>Schedule 2</i> )	(7,103,720)	(6,637,397)
	<u>\$ 9,147,818</u>	<u>\$ 8,964,173</u>

**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

**8. Accumulated surplus**

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

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 2,607,805	\$ 2,483,217
Restricted surplus		
Tax recovery	65,075	64,388
Equity in tangible capital assets	<u>9,147,818</u>	<u>8,964,173</u>
	<u>\$ 11,820,698</u>	<u>\$ 11,511,778</u>

**9. Salaries and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	<u>Salary (1)</u>	<u>Benefits and allowances (2)</u>	<u>2020</u>	<u>2019</u>
Mayor	\$ 15,300	\$ 1,113	\$ 16,413	\$ 12,828
Councillors				
D. Mayr	7,050	444	7,494	6,520
T. Smith	5,150	140	5,290	6,077
I. Laing	4,100	22	4,122	5,771
S. Swartz	3,325	-	3,325	3,410
Chief Administrative Officer	<u>84,086</u>	<u>12,467</u>	<u>96,553</u>	<u>93,618</u>
	<u>\$ 119,011</u>	<u>\$ 14,186</u>	<u>\$ 133,197</u>	<u>\$ 128,224</u>

1. Salary includes regular base pay, lump sum payments and gross honoraria.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees and expense allowances for vehicle.

**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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**10. 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 is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current services 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 were \$24,272 (2019 – \$23,949). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan were \$21,725 (2019 - \$21,493).

At December 31, 2019, the LAPP disclosed a surplus of \$7.91 billion.

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**11. Contingent liability**

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

The Village is cleaning up the contamination of the soil on the Village's shop site. Since 2014, remediation work has included monitoring of groundwater. The cost of the remediation is covered by a grant from Municipal Affairs and invoices are paid directly by Municipal Affairs. The Village is only responsible for the Goods and Services Tax charged on the invoices, which is fully recoverable as Input Tax Credits on the Goods and Services Tax return. Remediation work is expected to be completed when the grant is depleted.

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**VILLAGE OF WARBURG**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

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**12. Commitments**

The Village has entered into the following agreements:

- (a) Cost sharing agreement for fire and rescue services with Leduc County – the Village pays 25% and the County pays 75% of the total annual operating costs. Capital equipment purchased by either the Village or the County shall remain the property of the purchaser. All capital acquisitions are agreed jointly between the parties.
  - (b) Cost sharing agreement for recreation cost sharing with Leduc County – the Village pays 26% and the County pays 74% of the total annual operating costs.
  - (c) Multi-Municipal Family and Community Support Services ("FCSS") with Leduc County and two other municipalities commencing May 31, 2017 to provide services in a borderless model where residents of the Village can access FCSS services from Leduc County and other municipalities and vice versa.
  - (d) Treated wastewater use agreement for three years commencing August 1, 2018. The Village will receive an annual payment of \$10,000 plus \$1 per cubic meter for all treated wastewater diverted from the lagoon.
  - (e) Waste disposal service – sixty month contract commencing from October 1, 2020 to September 30, 2025 priced as follows:
    - Waste collection at a rate of \$9.89 per unit per month for weekly collection.
    - Recycling collection at a rate of \$3.03 per unit per month for a bi-weekly collection.
  - (f) Office equipment lease for 60 months with quarterly payments of \$8510.51 plus Goods and Services Tax.
  - (g) Computer and server management agreement for five years commencing November 1, 2019 with monthly payment of \$762 plus Goods and Services Tax.
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**13. Other**

Since March 2020, the COVID-19 pandemic has caused governments throughout the world to restrict their population's mobility which is having a profound impact on the local, national and international economies. These restrictions will have a prolonged impact. Management will continue to monitor its impact including the risks identified in Note 2.

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**14. Approval of financial statements**

Council and management have approved these financial statements.

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