

VILLAGE OF WARBURG
Consolidated Financial Statements
Year Ended December 31, 2019



Donnelly & Co. LLP
Chartered 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, 2019, 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, 2019, 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 can be found in Note 9.

Edmonton, Alberta
April 14, 2020


Chartered Accountants

VILLAGE OF WARBURG
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 414,458	\$ 294,900
Investments (Note 3)	1,858,801	2,096,513
Taxes and grants in lieu of taxes receivables (Note 4)	185,578	153,568
Trade and other receivables	447,913	169,554
	<u>2,906,750</u>	<u>2,714,535</u>
LIABILITIES		
Accounts payable and accrued liabilities	52,122	77,843
Unearned revenue (Note 5)	307,931	546,853
	<u>360,053</u>	<u>624,696</u>
NET FINANCIAL ASSETS	<u>2,546,697</u>	<u>2,089,839</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	8,964,173	6,350,810
Prepaid expenses	907	1,812
	<u>8,965,080</u>	<u>6,352,622</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 11,511,777</u>	<u>\$ 8,442,461</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, 2019

	Budget 2019 <i>(Unaudited)</i>	2019	2018
REVENUE			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 663,874	\$ 666,319	\$ 641,311
Sales and user fees	377,450	371,672	359,591
Penalties and costs on taxes	90,000	95,271	81,174
Licenses and permits	8,200	6,729	12,010
Fines	4,600	13,714	6,088
Franchise and concession contracts	65,000	72,620	69,098
Gain on sale of tangible capital assets	-	3,921	-
Investment income	30,000	57,212	37,929
Rentals	14,550	17,972	12,702
Government transfers for operating <i>(Schedule 4)</i>	362,299	546,070	441,201
Other revenue	189,500	101,198	101,934
	<u>1,805,473</u>	<u>1,952,698</u>	<u>1,763,038</u>
EXPENSES			
General government			
Legislative	58,500	44,689	46,193
Administrative	430,550	355,245	348,089
Protective services			
Fire and disaster	86,100	67,787	68,999
Police	64,500	42,694	37,156
Transportation			
Roads, streets, walks, lighting	234,000	201,305	155,057
Environmental use and protection			
Water and wastewater	152,800	93,535	103,128
Waste management	49,000	50,569	46,325
Public health and welfare			
Family and community support services	74,170	53,887	70,077
Planning and development	343,500	231,742	109,499
Recreation and culture			
Recreation and parks	381,800	223,727	715,138
Culture	58,644	30,241	29,318
Amortization	-	464,404	389,901
	<u>1,933,564</u>	<u>1,859,825</u>	<u>2,118,880</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>(128,091)</u>	<u>92,873</u>	<u>(355,842)</u>
OTHER			
Contributed tangible capital assets	-	2,672,136	-
Government transfers for capital <i>(Schedule 4)</i>	265,010	304,307	346,265
	<u>265,010</u>	<u>2,976,443</u>	<u>346,265</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	136,919	3,069,316	(9,577)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>8,442,461</u>	<u>8,442,461</u>	<u>8,452,038</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 8,579,380</u>	<u>\$ 11,511,777</u>	<u>\$ 8,442,461</u>

VILLAGE OF WARBURG
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	Budget 2019 <i>(Unaudited)</i>	2019	2018
Excess (deficiency) of revenue over expenses	\$ 136,919	\$ 3,069,316	\$ (9,577)
Acquisition of tangible capital assets	-	(410,710)	(369,445)
Contributed tangible capital assets	-	(2,672,136)	-
Amortization of tangible capital assets	-	464,404	389,901
Proceeds on disposal of tangible capital assets	-	9,000	-
Gain on sale of tangible capital assets	-	(3,921)	-
	-	(2,613,363)	20,456
	136,919	455,953	10,879
Acquisition of prepaid assets	-	(907)	(1,812)
Use of prepaid assets	-	1,812	2,716
	-	905	904
INCREASE IN NET ASSETS	136,919	456,858	11,783
NET FINANCIAL ASSETS - BEGINNING OF YEAR	2,089,839	2,089,839	2,078,056
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,226,758	\$ 2,546,697	\$ 2,089,839

VILLAGE OF WARBURG
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
Operating activities		
Cash receipts from taxes	\$ 892,262	\$ 893,781
Cash receipts from government	314,028	1,202,479
Cash receipts from others	599,582	574,259
Cash paid to suppliers and employees	(1,420,239)	(1,155,046)
Cash paid for requisitions	(162,682)	(162,574)
Investment income received	60,605	33,966
	<u>283,556</u>	<u>1,386,865</u>
Investing activity		
Decrease (increase) in investments, net	<u>237,712</u>	<u>(563,772)</u>
Capital activity		
Acquisition of tangible capital assets	(410,710)	(369,445)
Sale of tangible capital assets	9,000	-
	<u>(401,710)</u>	<u>(369,445)</u>
Increase in cash and cash equivalents	119,558	453,648
Cash and cash equivalents - beginning of year	<u>294,900</u>	<u>399,981</u>
Cash and cash equivalents - end of year (Note 3)	\$ 414,458	\$ 853,629

VILLAGE OF WARBURG

**Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2019**

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 1,960,516	\$ 131,135	\$ 6,350,810	\$ 8,442,461	\$ 8,452,038
Excess (deficiency) of revenue over expenses	3,069,316	-	-	3,069,316	(9,577)
Restricted funds used for operations	66,747	(66,747)	-	-	-
Unrestricted funds used for tangible capital assets	(410,710)	-	410,710	-	-
Contributed tangible capital assets	(2,672,136)	-	2,672,136	-	-
Disposal of tangible capital assets	5,079	-	(5,079)	-	-
Annual amortization expense	464,404	-	(464,404)	-	-
Change in accumulated surplus	522,700	(66,747)	2,613,363	3,069,316	(9,577)
BALANCE, END OF YEAR	\$ 2,483,216	\$ 64,388	\$ 8,964,173	\$ 11,511,777	\$ 8,442,461

VILLAGE OF WARBURG
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2019

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicle	2019	2018
COST								
BALANCE, BEGINNING OF YEAR	\$ 106,260	\$ 1,175,476	\$ 1,344,636	\$ 9,242,277	\$ 580,955	\$ 89,383	\$ 12,538,987	\$ 12,169,542
Acquisition of tangible capital assets	-	179,022	115,786	76,606	39,296	-	410,710	369,445
Contribution of tangible capital assets	-	137,674	2,534,462	-	-	-	2,672,136	-
Disposal of tangible capital assets	-	-	-	-	(20,263)	-	(20,263)	-
BALANCE, END OF YEAR	106,260	1,492,172	3,994,884	9,318,883	599,988	89,383	15,601,570	12,538,987
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	397,960	501,804	4,772,871	445,218	70,324	6,188,177	5,798,276
Annual amortization	-	71,244	79,618	270,149	40,621	2,772	464,404	389,901
Accumulated amortization on disposals	-	-	-	-	(15,184)	-	(15,184)	-
BALANCE, END OF YEAR	-	469,204	581,422	5,043,020	470,655	73,096	6,637,397	6,188,177
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 106,260	\$ 1,022,968	\$ 3,413,462	\$ 4,275,863	\$ 129,333	\$ 16,287	\$ 8,964,173	\$ 6,350,810
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 106,260	\$ 777,516	\$ 842,832	\$ 4,469,406	\$ 135,737	\$ 19,059	\$ 6,350,810	

VILLAGE OF WARBURG
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2019

(Schedule 3)

	Budget 2019 <i>(Unaudited)</i>	2019	2018
TAXATION	\$ 830,524	\$ 829,001	\$ 803,885
REQUISITIONS			
Alberta School Foundation Fund	165,000	160,990	161,461
Leduc Senior Lodge	1,650	1,692	1,113
	<u>166,650</u>	<u>162,682</u>	<u>162,574</u>
NET MUNICIPAL TAXES	<u>\$ 663,874</u>	<u>\$ 666,319</u>	<u>\$ 641,311</u>

**VILLAGE OF WARBURG
Consolidated Schedule of Government Transfers
Year Ended December 31, 2019**

(Schedule 4)

	Budget 2019 <i>(Unaudited)</i>	2019	2018
TRANSFERS FOR OPERATING			
Provincial Government	\$ 93,538	\$ 292,448	\$ 181,458
Other Local Government	268,761	253,622	259,743
	<u>362,299</u>	<u>546,070</u>	<u>441,201</u>
TRANSFERS FOR CAPITAL			
Provincial Government	265,010	304,307	346,265
TOTAL GOVERNMENT TRANSFERS	<u>\$ 627,309</u>	<u>\$ 850,377</u>	<u>\$ 787,466</u>

VILLAGE OF WARBURG
Consolidated Schedule of Consolidated Expenses by Object
Year Ended December 31, 2019

(Schedule 5)

	Budget 2019 <i>(Unaudited)</i>	2019	2018
Contracted and general services	\$ 651,550	\$ 472,205	\$ 316,861
Salaries, wages and benefits	510,000	445,570	420,862
Amortization	-	464,404	389,901
Materials, goods and utilities	400,650	273,572	305,908
Transfers to local boards and agencies	290,744	137,357	631,728
Drawn from tax allowance	65,000	56,000	48,000
Transfers to other governments	10,000	10,717	-
Transfers to individuals and organizations	5,620	-	5,620
	\$ 1,933,564	\$ 1,859,825	\$ 2,118,880

VILLAGE OF WARBURG
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2019

(Schedule 6)

	General Government	Protective Services	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	2019 Total
REVENUE								
Net municipal taxes	\$ 666,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,319
Government transfers	392,286	68,662	-	-	25,141	225,368	138,920	850,377
Sales and user fees	18,314	-	-	326,802	21,176	-	5,380	371,672
Investment income	57,212	-	-	-	-	-	-	57,212
Other revenues	267,117	-	3,921	-	-	850	2,711,673	2,983,561
	<u>1,401,248</u>	<u>68,662</u>	<u>3,921</u>	<u>326,802</u>	<u>46,317</u>	<u>226,218</u>	<u>2,855,973</u>	<u>4,929,141</u>
EXPENSES								
Contract and general services	36,863	22,259	65,760	79,254	1,500	231,742	34,827	472,205
Salaries and wages	252,782	68,573	34,099	20,039	26,712	-	43,365	445,570
Goods and supplies	54,289	8,932	101,446	44,811	25,675	-	38,419	273,572
Transfers to other governments and organizations	-	10,717	-	-	-	-	-	10,717
Provision for allowances	56,000	-	-	-	-	-	137,357	137,357
Other expenses	-	-	-	-	-	-	-	56,000
	<u>399,934</u>	<u>110,481</u>	<u>201,305</u>	<u>144,104</u>	<u>53,887</u>	<u>231,742</u>	<u>253,968</u>	<u>1,395,421</u>
NET REVENUE, BEFORE AMORTIZATION	<u>1,001,314</u>	<u>(41,819)</u>	<u>(197,384)</u>	<u>182,698</u>	<u>(7,570)</u>	<u>(5,524)</u>	<u>2,602,005</u>	<u>3,533,720</u>
Amortization expense	23,169	2,311	267,997	66,763	-	-	104,164	464,404
NET REVENUE	<u>\$ 978,145</u>	<u>\$ (44,130)</u>	<u>\$ (465,381)</u>	<u>\$ 115,935</u>	<u>\$ (7,570)</u>	<u>\$ (5,524)</u>	<u>\$ 2,497,841</u>	<u>\$ 3,069,316</u>

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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, 2019

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.

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VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are stated 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.

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.

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

3. Cash and cash equivalents and investments

	<u>2019</u>	<u>2018</u>
Cash in bank	\$ 414,458	\$ 294,900
Non-redeemable Guaranteed Investment Certificates and short term investment certificates maturing June 2020 to May 2021, interest ranging from 2.19% to 2.5% per annum (2018 - January 2019 to December 2019, interest ranging from 2.2% to 2.7% per annum)	<u>1,858,801</u>	<u>2,096,513</u>
	2,273,259	2,391,413
Externally restricted	(372,319)	(677,987)
Internally restricted	<u>(1,153,440)</u>	<u>(1,078,648)</u>
Unrestricted	<u>\$ 747,500</u>	<u>\$ 634,778</u>

Amounts externally restricted - cost sharing projects:

Spray park - funds received on behalf of the Pioneer Agricultural Society to fund the construction of a spray park	\$ 91,216	\$ 126,093
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	<u>79,087</u>	<u>89,485</u>
RCMP Officer - funds received in advance from neighbouring communities to fund the position of a RCMP officer	<u>54,554</u>	<u>44,130</u>
	<u>224,857</u>	<u>259,708</u>

Amounts externally restricted - other:

Alberta Economic Development and Trade Grant - to develop and establish supports that enable community transition planning towards long term economic sustainability	\$ 83,074	\$ 287,144
Tax recovery - to be held for a minimum of 10 years or until funds are paid out to the previous owner	<u>64,388</u>	<u>62,853</u>
Alberta Government - to fund eligible capital projects, as approved under the funding agreement	<u>-</u>	<u>68,282</u>
	<u>147,462</u>	<u>418,279</u>
	<u>\$ 372,319</u>	<u>\$ 677,987</u>

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

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VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

3. Cash and cash equivalents and investments (continued)

Amounts internally restricted:

Designated by Council for capital projects and equipment replacement	\$ 1,129,839	\$ 1,056,932
Accumulated surplus for the purpose of helping needy families in the community	<u>23,601</u>	<u>21,716</u>
	\$ 1,153,440	\$ 1,078,648

4. Taxes and grants in lieu of taxes receivable

	<u>2019</u>	<u>2018</u>
Current taxes and grants in lieu	\$ 213,589	\$ 199,476
Tax arrears	367,989	294,092
Less: allowance for doubtful accounts	<u>(396,000)</u>	<u>(340,000)</u>
	\$ 185,578	\$ 153,568

5. Unearned revenue

	<u>2019</u>	<u>2018</u>
Spray Park contributions	\$ 91,216	\$ 126,093
Alberta Economic Development and Trade grant	83,074	287,144
39/20 Alliance	79,087	89,485
RCMP Officer	<u>54,554</u>	<u>44,131</u>
	\$ 307,931	\$ 546,853

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>2019</u>	<u>2018</u>
Total debt limit	\$ 2,929,047	\$ 2,644,557
Debt servicing limit	<u>\$ 488,175</u>	<u>\$ 440,760</u>

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.

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

7. Equity in tangible capital assets

	2019	2018
Tangible capital assets (<i>Schedule 2</i>)	\$ 15,601,570	\$ 12,538,987
Accumulated amortization (<i>Schedule 2</i>)	(6,637,397)	(6,188,177)
	<u>\$ 8,964,173</u>	<u>\$ 6,350,810</u>

8. Accumulated surplus

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

	2019	2018
Unrestricted surplus	\$ 2,483,216	\$ 1,960,518
Restricted surplus		
Tax recovery	64,388	62,853
Capital grants	-	68,282
Equity in tangible capital assets	<u>8,964,173</u>	<u>6,350,810</u>
	<u>\$ 11,511,777</u>	<u>\$ 8,442,463</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:

	Salary (1)	Benefits and allowances (2)	2019	2018
Mayor	\$ 10,625	\$ 2,203	\$ 12,828	\$ 12,632
Councillors				
D. Mayr	5,975	545	6,520	9,268
T. Smith	5,650	427	6,077	6,394
I. Laing	5,125	646	5,771	4,224
S. Swartz	3,250	160	3,410	3,325
Chief Administrative Officer	<u>81,515</u>	<u>12,103</u>	<u>93,618</u>	<u>92,390</u>
	<u>\$ 112,140</u>	<u>\$ 16,084</u>	<u>\$ 128,224</u>	<u>\$ 128,233</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
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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 serves about 238,000 people and 423 employers. 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 \$23,949 (2018 – \$20,442). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan were \$21,493 (2018 - \$18,786).

At December 31, 2018, the LAPP disclosed a surplus of \$3.47 billion.

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.

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

12. Commitments

The Village has entered into the following agreements:

1. 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.
 2. 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.
 3. 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.
 4. 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.
 5. Waste disposal service – sixty month contract commencing from October 1, 2015 to September 30, 2020 priced as follows:
 - a) Residential: weekly solid waste and waste disposal pick up at monthly rate of \$2,117.21; biweekly blue bag recycling pick up services at a monthly rate of \$488.59.
 - b) Commercial - \$132.62 for weekly collection and \$34.35/month in container rental fees.
 6. Office equipment lease for 63 months with quarterly payments of \$875.67 plus Goods and Services Tax.
 7. 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. Subsequent event

Subsequent to the year end 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.

14. Approval of financial statements

Council and management have approved these financial statements.
