

VILLAGE OF WARBURG
Consolidated Financial Statements
Year Ended December 31, 2021



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, 2021, 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Edmonton, Alberta
April 11, 2022





Chartered Professional Accountants

VILLAGE OF WARBURG
Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 1,106,192	\$ 864,571
Investments <i>(Note 3)</i>	1,937,378	1,702,031
Taxes and grants in lieu of taxes receivables <i>(Note 4)</i>	198,508	255,922
Trade and other receivables	405,975	183,701
	<u>3,648,053</u>	<u>3,006,225</u>
LIABILITIES		
Accounts payable and accrued liabilities	45,730	46,085
Unearned revenue <i>(Note 5)</i>	545,630	287,260
	<u>591,360</u>	<u>333,345</u>
NET FINANCIAL ASSETS	<u>3,056,693</u>	<u>2,672,880</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	8,761,033	9,147,818
ACCUMULATED SURPLUS <i>(Note 8)</i>	<u>\$ 11,817,726</u>	<u>\$ 11,820,698</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, 2021

	Budget 2021 <i>(Unaudited)</i>	2021	2020
REVENUE			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 704,636	\$ 702,700	\$ 687,134
Sales and user fees	299,950	327,019	299,033
Penalties and costs on taxes	85,000	59,223	113,258
Licenses and permits	8,800	11,964	8,819
Fines	6,500	12,551	11,370
Franchise and concession contracts	70,000	74,881	73,627
Insurance proceeds	-	12,781	-
Investment income	30,000	22,847	32,923
Rentals	18,225	25,768	26,239
Government transfers for operating <i>(Schedule 4)</i>	368,058	413,883	359,966
Other revenue	15,200	23,929	106,587
	<u>1,606,369</u>	<u>1,687,546</u>	<u>1,718,956</u>
EXPENSES			
General government			
Legislative	59,500	42,286	40,876
Administrative	436,950	347,033	419,710
Protective services			
Fire and disaster	86,200	62,313	74,411
Police	58,065	44,956	50,361
Transportation			
Roads, streets, walks, lighting	216,000	164,082	155,378
Environmental use and protection			
Water and wastewater	242,300	170,063	125,658
Waste management	51,000	40,029	50,947
Public health and welfare			
Family and community support services	69,500	37,062	40,356
Planning and development	62,138	34,734	32,219
Recreation and culture			
Recreation and parks	170,354	173,062	286,030
Culture	119,294	88,849	33,334
Amortization	-	486,049	481,870
	<u>1,571,301</u>	<u>1,690,518</u>	<u>1,791,150</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER	35,068	(2,972)	(72,194)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	239,470	-	381,114
EXCESS OF REVENUE OVER EXPENSES	274,538	(2,972)	308,920
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>11,820,698</u>	<u>11,820,698</u>	<u>11,511,778</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 12,095,236</u>	<u>\$ 11,817,726</u>	<u>\$ 11,820,698</u>

VILLAGE OF WARBURG
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2021

	Budget 2021 <i>(Unaudited)</i>	2021	2020
Excess of revenue over expenses	\$ 302,000	\$ (2,973)	\$ 308,920
Acquisition of tangible capital assets	-	(99,264)	(665,515)
Contributed tangible capital assets	-	-	-
Amortization of tangible capital assets	-	486,049	481,870
Proceeds on disposal of tangible capital assets	-	-	-
Gain on sale of tangible capital assets	-	-	-
	-	386,785	(183,645)
	302,000	383,812	125,275
Use of prepaid assets	-	-	907
INCREASE IN NET ASSETS	302,000	383,812	126,182
NET FINANCIAL ASSETS - BEGINNING OF YEAR	2,672,880	2,672,880	2,546,698
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,974,880	\$ 3,056,692	\$ 2,672,880

VILLAGE OF WARBURG
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
Operating activities		
Cash receipts from taxes	\$ 978,191	\$ 893,555
Cash receipts from government	453,264	314,028
Cash receipts from others	484,659	530,674
Cash paid to suppliers and employees	(1,204,823)	(1,314,409)
Cash paid for requisitions	(158,855)	(163,507)
Investment income received	23,796	32,923
	<u>576,232</u>	<u>293,264</u>
Investing activity		
Decrease (increase) in investments, net	<u>(235,347)</u>	237,712
Capital activity		
Acquisition of tangible capital assets	(99,264)	(410,710)
Sale of tangible capital assets	-	9,000
	<u>(99,264)</u>	<u>(401,710)</u>
Increase in cash and cash equivalents	241,621	129,266
Cash and cash equivalents - beginning of year	<u>864,571</u>	<u>186,901</u>
Cash and cash equivalents - end of year (Note 3)	\$ 1,106,192	\$ 316,167

VILLAGE OF WARBURG

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2021

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 2,607,805	\$ 65,075	\$ 9,147,818	\$ 11,820,698	\$ 11,511,778
Excess (deficiency) revenue over expenses	(2,972)	-	-	(2,972)	308,920
Funds designated for future use	(36,171)	36,171	-	-	-
Unrestricted funds used for tangible capital assets	(99,264)	-	99,264	-	-
Annual amortization expense	486,049	-	(486,049)	-	-
Change in accumulated surplus	347,642	36,171	(386,785)	(2,972)	308,920
BALANCE, END OF YEAR	\$ 2,955,447	\$ 101,246	\$ 8,761,033	\$ 11,817,726	\$ 11,820,698

VILLAGE OF WARBURG

Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2021

(Schedule 2)

	Land		Land Improvements		Buildings	Engineered Structures	Machinery and Equipment		Vehicle	2021	2020				
COST															
BALANCE, BEGINNING OF YEAR	\$ 106,260	\$	1,492,172	\$	3,996,255	\$	9,974,869	\$	608,146	\$	89,383	\$	16,267,085	\$	15,601,570
Acquisition of tangible capital assets	-		62,157		-		9,975		27,132		-		99,264		665,515
Contribution of tangible capital assets	-		-		-		-		-		-		-		-
Disposal of tangible capital assets	-		-		-		-		-		-		-		-
BALANCE, END OF YEAR	106,260		1,554,329		3,996,255		9,984,844		635,278		89,383		16,366,349		16,267,085
ACCUMULATED AMORTIZATION															
BALANCE, BEGINNING OF YEAR	-		540,535		661,068		5,343,655		498,199		75,810		7,119,267		6,637,397
Annual amortization	-		76,535		79,646		298,007		29,147		2,714		486,049		481,870
Accumulated amortization on disposals	-		-		-		-		-		-		-		-
BALANCE, END OF YEAR	-		617,070		740,714		5,641,662		527,346		78,524		7,605,316		7,119,267
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 106,260	\$	937,259	\$	3,255,541	\$	4,343,182	\$	107,932	\$	10,859	\$	8,761,033	\$	9,147,818
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 106,260	\$	951,637	\$	3,335,187	\$	4,631,214	\$	109,947	\$	13,573	\$	9,147,818		

VILLAGE OF WARBURG
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2021

(Schedule 3)

	Budget 2021 <i>(Unaudited)</i>	2021	2020
TAXATION	\$ 863,656	\$ 861,555	\$ 850,641
REQUISITIONS			
Alberta School Foundation Fund	157,370	157,370	161,952
Leduc Senior Lodge	1,650	1,485	1,555
	159,020	158,855	163,507
NET MUNICIPAL TAXES	\$ 704,636	\$ 702,700	\$ 687,134

VILLAGE OF WARBURG
Consolidated Schedule of Government Transfers
Year Ended December 31, 2021

(Schedule 4)

	Budget 2021 <i>(Unaudited)</i>	2021	2020
TRANSFERS FOR OPERATING			
Provincial Government	\$ 90,530	\$ 203,762	\$ 119,967
Other Local Government	277,528	210,121	239,999
	<u>368,058</u>	413,883	<u>359,966</u>
TRANSFERS FOR CAPITAL			
Provincial Government	239,470	-	381,114
TOTAL GOVERNMENT TRANSFERS	<u>\$ 607,528</u>	\$ 413,883	<u>\$ 741,080</u>

VILLAGE OF WARBURG
Consolidated Schedule of Consolidated Expenses by Object
Year Ended December 31, 2021

(Schedule 5)

	Budget 2021 <i>(Unaudited)</i>	2021	2020
Amortization	\$ -	\$ 486,049	\$ 481,870
Salaries, wages and benefits	479,415	424,008	446,082
Materials, goods and utilities	420,200	293,440	315,522
Contracted and general services	437,738	291,651	263,206
Transfers to local boards and agencies	154,948	159,614	212,758
Drawn from tax allowance	65,000	24,185	61,000
Transfers to other governments	10,000	11,571	10,712
	\$ 1,567,301	\$ 1,690,518	\$ 1,791,150

VILLAGE OF WARBURG
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2021

(Schedule 6)

	General Government	Protective Services	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	2021 Total
REVENUE								
Net municipal taxes	\$ 702,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,700
Government transfers	120,146	53,848	-	-	25,141	33,675	181,073	413,883
Sales and user fees	8,973	-	-	264,876	14,051	35,557	3,562	327,019
Investment income	22,847	-	-	-	-	-	-	22,847
Other revenues	182,040	-	12,781	-	-	500	25,776	221,097
	<u>1,036,706</u>	<u>53,848</u>	<u>12,781</u>	<u>264,876</u>	<u>39,192</u>	<u>69,732</u>	<u>210,411</u>	<u>1,687,546</u>
EXPENSES								
Contract and general services	22,765	27,643	19,031	148,469	1,500	34,734	37,509	291,651
Salaries and wages	264,078	61,332	27,085	21,791	21,498	-	28,224	424,008
Goods and supplies	78,290	6,723	117,966	39,832	14,064	-	36,565	293,440
Transfers to other governments and organizations	-	11,571	-	-	-	-	-	11,571
Provision for allowances	24,185	-	-	-	-	-	159,614	159,614
	<u>389,318</u>	<u>107,269</u>	<u>164,082</u>	<u>210,092</u>	<u>37,062</u>	<u>34,734</u>	<u>261,912</u>	<u>1,204,469</u>
NET REVENUE, BEFORE AMORTIZATION	<u>647,388</u>	<u>(53,421)</u>	<u>(151,301)</u>	<u>54,784</u>	<u>2,130</u>	<u>34,998</u>	<u>(51,501)</u>	<u>483,077</u>
Amortization expense	9,008	2,311	314,952	50,047	-	-	109,731	486,049
NET REVENUE	<u>\$ 638,380</u>	<u>\$ (55,732)</u>	<u>\$ (466,253)</u>	<u>\$ 4,737</u>	<u>\$ 2,130</u>	<u>\$ 34,998</u>	<u>\$ (161,232)</u>	<u>\$ (2,972)</u>

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

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, 2021

1. Summary of significant accounting policies (continued)

Valuation of Financial Assets and Liabilities

The Village's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Investments	Amortized cost
Taxes, trade and other receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

Cash and cash equivalents

Cash and cash equivalents are comprised of cash.

Investments

Investments in interest bearing securities 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.

Revenue recognition

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.

User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

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, 2021

1. Summary of significant accounting policies (continued)

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.

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.

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

3. Cash and cash equivalents and investments

	2021	2020
Cash in bank	\$ 1,106,192	\$ 864,571
Short term investment certificates, maturing within 31 days to 90 days, interest ranging from 0.6% to 0.8% per annum (2020 - non-redeemable Guaranteed Investment Certificates and short term investments certificate maturing January 2021 to August 2021, interest ranging from 0.83% to 2.5% per annum)	1,937,378	1,702,031
	3,043,570	2,391,413
Externally restricted	(373,610)	(352,335)
Internally restricted	(1,395,521)	(1,078,648)
Unrestricted	\$ 1,274,439	\$ 960,430

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	\$ 73,886	\$ 78,945
RCMP Officer - funds received in advance from neighbouring communities to fund the position of a RCMP officer	73,456	72,114
	147,342	151,059

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VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

3. Cash and cash equivalents and investments (continued)

Amounts externally restricted - other:

Tax recovery - to be held for a minimum of 10 years or until funds are paid out to the previous owner	101,246	65,075
The Canada Community-Building Fund (formerly the Gas Tax Fund) - to support local infrastructure priorities	100,000	-
Alberta Economic Development and Trade Grant - to develop and establish supports that enable community transition planning towards long term economic sustainability	25,022	53,637
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
	226,268	201,276
	\$ 373,610	\$ 352,335

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	\$ 1,358,729	\$ 1,150,376
Accumulated surplus for the purpose of helping needy families in the community	36,792	31,023
	\$ 1,395,521	\$ 1,181,399

4. Taxes and grants in lieu of taxes receivable

	2021	2020
Current taxes and grants in lieu	\$ 66,405	\$ 276,690
Tax arrears	132,103	436,232
Less: allowance for doubtful accounts	-	(457,000)
	\$ 198,508	\$ 255,922

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

5. Unearned revenue

	2021	2020
Alberta Government - Capital transfers	\$ 373,266	\$ -
39/20 Alliance	73,886	78,945
RCMP Officer	73,456	72,114
Alberta Economic Development and Trade grant	25,022	53,637
Alberta Government - Municipal Operating Support Transfer	-	82,564
	\$ 545,630	\$ 287,260

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:

	2021	2020
Total debt limit	\$ 2,531,319	\$ 2,578,434
Debt servicing limit	\$ 421,887	\$ 429,739

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

	2021	2020
Tangible capital assets (<i>Schedule 2</i>)	\$ 16,350,802	\$ 16,251,538
Accumulated amortization (<i>Schedule 2</i>)	(7,589,769)	(7,103,720)
	\$ 8,761,033	\$ 9,147,818

VILLAGE OF WARBURG
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

8. Accumulated surplus

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

	2021	2020
Unrestricted surplus	\$ 2,955,447	\$ 2,607,805
Restricted surplus		
Tax recovery	101,246	65,075
Equity in tangible capital assets	8,761,033	9,147,818
	\$ 11,817,726	\$ 11,820,698

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)	2021	2020
Mayor	\$ 8,100	\$ 247	\$ 8,347	\$ 7,494
Councillors				
R. Hart	2,050	22	2,072	-
C. Henderson	1,000	-	1,000	-
I. Laing	3,600	88	3,688	4,122
S. Swartz	4,200	277	4,477	3,325
Former Mayor	11,450	672	12,122	16,413
Former Councillors				
T. Smith	3,200	-	3,200	5,290
Chief Administrative Officer	80,460	13,676	94,136	96,553
	\$ 114,060	\$ 14,982	\$ 129,042	\$ 133,197

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 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 \$22,523 (2020 – \$24,272). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan were \$20,220 (2020 - \$21,725).

At December 31, 2020, the LAPP disclosed a surplus of \$4.96 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 responsible for the clean up of the contaminated soil on the Village's shop site. Remediation work has been completed since 2014. The Village continues to monitor groundwater contamination.

VILLAGE OF WARBURG
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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) 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.
- (e) Office equipment lease for 60 months with quarterly payments of \$850.51 plus Goods and Services Tax.
- (f) Computer and server management agreement for five years commencing November 1, 2019 with monthly payment of \$762 plus Goods and Services Tax.

13. Segmented disclosure

The Village provides a range of services to its ratepayers. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements disclosed in Note 1. Schedule of Segmented Disclosure are included as Schedule 6 as part of the financial statements.

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation included roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls.

14. Approval of financial statements

Council and management have approved these financial statements.
