

VILLAGE OF AMISK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Amisk:

Report on the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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


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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- **Debt Limit Regulation:**
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 5.
- **Supplementary Accounting Principles and Standards Regulation:**
In accordance with Alberta Regulation 313/2000, I 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.

M.D. of Wainwright
June 15, 2021


Brian King Professional Corporation
Chartered Professional Accountant

VILLAGE OF AMISK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	551,223	692,170
Taxes and grants in place of taxes (Note 3)	26,414	30,941
Trade and other receivables	20,840	29,468
Inventory held for resale	-	5,901
Receivable from other governments	124,313	11,421
Other financial assets	896	906
	<u>723,686</u>	<u>770,807</u>
LIABILITIES		
Accounts payable and accrued liabilities	23,884	21,531
Deposits held in trust	450	360
Deferred revenue (Note 4)	72,078	163,947
	<u>96,412</u>	<u>185,838</u>
NET FINANCIAL ASSETS	<u>627,274</u>	<u>584,969</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>2,652,268</u>	<u>2,366,967</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>3,279,542</u>	<u>2,951,936</u>

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (unaudited)	2020	2019
REVENUE			
Net municipal property taxes (Schedule 3)	154,979	154,979	151,453
User fees and sales of goods	89,140	97,124	96,187
Penalties and costs on taxes	-	6,210	6,714
Licenses and permits	35	10	-
Fines	300	252	266
Franchise and concession contracts	6,000	5,976	3,814
Investment income	5,000	5,646	10,794
Rentals	9,400	15,643	9,400
Government transfers for operating	41,720	58,881	51,083
Other	2,400	5,289	7,202
	308,974	350,010	336,913
EXPENSES			
Legislative	16,880	12,918	16,862
Administration	81,766	84,031	91,575
Protective services	12,944	10,218	9,251
Transportation	71,544	75,456	82,584
Water supply and distribution	51,122	50,860	56,345
Wastewater treatment and disposal	14,630	14,172	21,766
Waste management	22,376	22,892	21,905
Public health and welfare	7,750	7,935	7,722
Recreation	10,232	14,015	15,943
Culture	14,962	13,768	15,045
Amortization	85,634	100,480	93,674
	389,840	406,745	432,672
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(80,866)	(56,735)	(95,759)
OTHER			
Government transfers for capital (Schedule 4)	-	384,341	189,739
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(80,866)	327,606	93,980
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,951,936	2,951,936	2,857,956
ACCUMULATED SURPLUS, END OF YEAR	2,871,070	3,279,542	2,951,936

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (unaudited)	2020	2019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(80,866)</u>	<u>327,606</u>	<u>93,980</u>
Acquisition of tangible capital assets	-	(385,781)	(184,893)
Amortization of tangible capital assets	<u>85,634</u>	<u>100,480</u>	<u>93,674</u>
	<u>85,634</u>	<u>(285,301)</u>	<u>(91,219)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	4,768	42,305	2,761
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>584,969</u>	<u>584,969</u>	<u>582,208</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>589,737</u>	<u>627,274</u>	<u>584,969</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING	327,606	93,980
Excess of revenues over expenses		
Non-cash items included in excess of revenue over expenses:	100,480	93,674
Amortization of tangible capital assets		
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	4,527	(816)
Decrease (increase) in trade and other receivables	8,628	(517)
Decrease (increase) in inventory held for resale	5,901	(5,901)
Decrease (increase) in other financial assets	10	(107)
Decrease (increase) in receivable from other governments	(112,892)	235,788
Increase (decrease) in accounts payable and accrued liabilities	2,353	(4,169)
Increase (decrease) in deposits held in trust	90	-
Increase (decrease) in deferred revenue	(91,869)	36,951
	244,834	448,883
CAPITAL		
Acquisition of tangible capital assets	(385,781)	(184,893)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	88,148	(146,217)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(52,799)	117,773
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	535,291	417,518
CASH AND CASH EQUIVALENTS, END OF YEAR	482,492	535,291
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and temporary investments (Note 2)	344,170	490,640
Term deposits (Note 2)	207,053	201,530
Less: restricted portion of cash and temporary investments (Note 2)	(68,731)	(156,879)
	482,492	535,291

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	485,939	99,030	2,366,967	2,951,936	2,857,956
Excess (deficiency) of revenues over expenses	327,606	-	-	327,606	93,980
Unrestricted funds designated for future use	(9,660)	9,660	-	-	-
Current year funds used for tangible capital assets	(385,781)	-	385,781	-	-
Annual amortization expense	100,480	-	(100,480)	-	-
Change in accumulated surplus	32,645	9,660	285,301	327,606	93,980
BALANCE, END OF YEAR	518,584	108,690	2,652,268	3,279,542	2,951,936

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 2)

	LAND	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2020	2019
COST:							
Balance - beginning of year	12,240	309,243	3,383,592	149,848	64,772	3,919,695	3,734,802
Acquisition of tangible capital assets	5,901	-	239,759	140,121	-	385,781	184,893
Balance - end of year	18,141	309,243	3,623,351	289,969	64,772	4,305,476	3,919,695
ACCUMULATED AMORTIZATION							
Balance - beginning of year	-	111,197	1,300,580	105,846	35,105	1,552,728	1,459,054
Annual amortization	-	6,898	79,366	11,414	2,802	100,480	93,674
Balance - end of year	-	118,095	1,379,946	117,260	37,907	1,653,208	1,552,728
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,141	191,148	2,243,405	172,709	26,865	2,652,268	2,366,967
PRIOR YEAR NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	12,240	198,046	2,083,012	44,002	29,667	2,366,967	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 3)

	Budget (Unaudited)	2020	2019
TAXATION			
Real property taxes	187,404	187,336	184,047
Linear property taxes	5,122	5,122	5,007
	<u>192,526</u>	<u>192,458</u>	<u>189,054</u>
REQUISITIONS			
Alberta School Foundation	34,678	34,610	34,707
Hillcrest Lodge	2,869	2,869	2,894
	<u>37,547</u>	<u>37,479</u>	<u>37,601</u>
NET MUNICIPAL TAXES	<u>154,979</u>	<u>154,979</u>	<u>151,453</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 4)

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATING			
Federal Government	-	3,150	-
Provincial Government	41,720	55,731	51,083
	<u>41,720</u>	<u>58,881</u>	<u>51,083</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	167,074	7,590
Provincial Government	-	217,267	182,149
	<u>-</u>	<u>384,341</u>	<u>189,739</u>
TOTAL GOVERNMENT TRANSFERS	<u>41,720</u>	<u>443,222</u>	<u>240,822</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 5)

	Budget (Unaudited)	2020	2019
Expenditures			
Salaries, wages and benefits	108,713	122,567	107,100
Contracted and general services	121,675	96,534	139,234
Materials, goods and utilities	44,521	55,953	58,087
Provision for allowances	-	678	-
Transfers to other governments	5,100	5,100	5,100
Transfers to local boards and agencies	23,382	22,803	25,684
Bank charges and short term interest	815	517	816
Other expenditures	-	2,113	2,977
Amortization of tangible capital assets	85,634	100,480	93,674
	<u>389,840</u>	<u>406,745</u>	<u>432,672</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2020 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Recreation & Culture	Total
REVENUE							
Net municipal property taxes (Schedule 2)	154,979	-	-	-	-	-	154,979
User fees and sales of goods	10	-	-	97,114	-	-	97,124
Penalties and costs on taxes	6,070	-	-	140	-	-	6,210
Fines	252	-	-	-	-	-	252
Franchise and concession contracts	5,976	-	-	-	-	-	5,976
Investment income	5,646	-	-	-	-	-	5,646
Rentals	6,243	-	-	-	-	9,400	15,643
Government transfers	48,654	-	3,150	-	7,077	-	58,881
Other	4,249	-	1,040	-	-	-	5,289
	<u>232,089</u>	<u>-</u>	<u>4,190</u>	<u>97,254</u>	<u>7,077</u>	<u>9,400</u>	<u>350,010</u>
EXPENSES							
Salaries, wages and benefits	50,898	-	30,226	31,508	-	9,935	122,567
Contracted and general services	33,986	3,158	17,220	40,170	2,000	-	96,534
Materials, goods and utilities	8,757	1,960	28,010	16,246	-	980	55,953
Provision for allowances	678	-	-	-	-	-	678
Transfers to other governments	-	5,100	-	-	-	-	5,100
Transfers to local boards and agencies	-	-	-	-	5,935	16,868	22,803
Bank charges and short term interest	517	-	-	-	-	-	517
Other expenditures	2,113	-	-	-	-	-	2,113
	<u>96,949</u>	<u>10,218</u>	<u>75,456</u>	<u>87,924</u>	<u>7,935</u>	<u>27,783</u>	<u>306,265</u>
NET REVENUE, BEFORE AMORTIZATION	<u>135,140</u>	<u>(10,218)</u>	<u>(71,266)</u>	<u>9,330</u>	<u>(858)</u>	<u>(18,383)</u>	<u>43,745</u>
AMORTIZATION AND DISPOSAL OF ASSETS							
Amortization of tangible capital assets	1,421	3,892	44,043	50,167	-	957	100,480
NET REVENUE	<u>133,719</u>	<u>(14,110)</u>	<u>(115,309)</u>	<u>(40,837)</u>	<u>(858)</u>	<u>(19,340)</u>	<u>(56,735)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Amisk 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:

a) 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 are, therefore accountable to the Council for the administration of their financial affairs and resources.

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 organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

e) Requisition Over-levy and Under-levy

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

g) 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.

h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

j) 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.

k) Non-Financial Assets

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

i. Tangible Capital Assets

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

	YEARS
Buildings	50
Engineered structures - other	25
Engineered structures - water	45-75
Engineered structures - wastewater system	45-50
Machinery and equipment	10-20
Vehicles	10-20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

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

2. CASH AND TERM DEPOSITS

	<u>2020</u>	<u>2019</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 5)		
Alberta Community Partnership	-	3,533
Federal Gas Tax	-	92,410
Municipal Sustainability Initiative - capital	-	57,936
Municipal Operating Support Transfer	15,731	-
Municipal Stimulus Program	50,000	-
Other deferred revenue	3,000	3,000
	<u>68,731</u>	<u>156,879</u>
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	<u>108,690</u>	<u>99,030</u>
Total restricted cash and term deposits	<u>246,152</u>	<u>412,788</u>
Total unrestricted cash and term deposits	<u>305,071</u>	<u>279,382</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	14,489	16,988
Arrears taxes	11,925	13,953
	<u>26,414</u>	<u>30,941</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

4. DEFERRED INCOME

	<u>2020</u>	<u>2019</u>
Deferred income consists of the following:		
Alberta Community Partnership	-	3,533
Federal Gas Tax	-	92,410
Municipal Sustainability Initiative - capital	-	57,936
Municipal Operating Support Transfer	15,731	-
Municipal Stimulus Program	50,000	-
Other deferred revenue	3,000	3,000
Prepaid property taxes	3,347	7,068
	<u>72,078</u>	<u>163,947</u>

5. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Amisk be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	525,015	505,370
Total debt	-	-
Surplus debt limit	<u>525,015</u>	<u>505,370</u>
Debt servicing limit	87,503	84,228
Debt servicing	-	-
Surplus debt servicing	<u>87,503</u>	<u>84,228</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, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	4,305,476	3,919,695
Accumulated amortization (Schedule 2)	(1,653,208)	(1,552,728)
	<u>2,652,268</u>	<u>2,366,967</u>

VILLAGE OF AMISK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

7. 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	<u>518,584</u>	<u>485,939</u>
Restricted surplus		
Public works	60,000	60,000
Water system	24,345	19,515
Wastewater system	24,345	19,515
	<u>108,690</u>	<u>99,030</u>
Equity in tangible capital assets	<u>2,652,268</u>	<u>2,366,967</u>
	<u>3,279,542</u>	<u>2,951,936</u>

8. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (schedule 6)

VILLAGE OF AMISK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

9. SALARY AND BENEFITS DISCLOSURE

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

	2020			2019
	Salary	Benefits & Allowances	Total	Total
Adams	4,010	-	4,010	4,050
Hill	2,630	-	2,630	2,280
Rock	3,570	-	3,570	4,150
CAO	47,739	5,838	53,577	53,539
Designated Officer (1)	4,512	-	4,512	4,512

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

10. RELATED PARTY TRANSACTIONS

During the year, a business owned and operated by a councillor was paid for services provided to the village in the amount of \$0 (2019 - \$8,589). These transactions are in the normal course of business and are measured at fair market value.

11. CONTINGENCIES

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The village is a member of the M.D. #52 Waste Management Authority. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the authority. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

12. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2020 (2019 – nil) as a result of this standard.

VILLAGE OF AMISK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the village is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the fair value of these financial instruments approximates their fair value.

14. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.