

VILLAGE OF HEISLER
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 Heisler:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Village of Heisler (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 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 Heisler as at December 31, 2020, the results of its operations, change in its net financial assets 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

May 1, 2021



Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF HEISLER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	508,535	596,004
Taxes and grants in place of taxes (Note 3)	53,040	46,792
Trade and other receivables	20,526	20,494
Receivable from other governments	361,177	167,198
Inventory held for resale	14,072	14,072
	<u>957,350</u>	<u>844,560</u>
LIABILITIES		
Accounts payable and accrued liabilities	16,705	24,366
Deferred revenue (Note 4)	514,562	447,434
	<u>531,267</u>	<u>471,800</u>
NET FINANCIAL ASSETS	<u>426,083</u>	<u>372,760</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>2,194,227</u>	<u>2,183,535</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>2,620,310</u>	<u>2,556,295</u>

Commitments and contingencies - See Note 10

VILLAGE OF HEISLER

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

	Budget (unaudited)	2020	2019
REVENUE			
Net municipal property taxes (Schedule 3)	184,394	184,340	187,265
User fees and sales of goods	92,847	108,660	105,717
Penalties and costs on taxes	9,740	13,419	12,790
Licenses and permits	1,350	1,285	1,130
Franchise and concession contracts	10,260	12,366	12,552
Investment income	2,000	5,711	11,829
Rentals	2,600	2,749	2,749
Government transfers for operating	52,071	70,280	54,953
Other	4,900	7,891	2,582
	<u>360,162</u>	<u>406,701</u>	<u>391,567</u>
EXPENSES			
Legislative	8,250	5,274	7,239
Administration	95,051	89,124	95,418
Protective services	27,485	25,531	17,642
Transportation	113,919	108,802	129,291
Water supply and distribution	48,382	60,458	45,256
Wastewater treatment and disposal	20,632	27,911	33,844
Waste management	26,690	25,690	25,784
Public health and welfare	1,392	1,392	1,392
Planning and development	980	2,162	591
Recreation	7,632	8,237	10,711
Culture	7,649	13,968	3,920
Amortization	-	92,639	90,345
Loss (gain) on disposal of assets	-	-	(3,600)
	<u>358,062</u>	<u>461,188</u>	<u>457,833</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	2,100	(54,487)	(66,266)
OTHER			
Government transfers for capital (Schedule 4)	-	118,502	78,840
EXCESS OF REVENUE OVER EXPENSES	2,100	64,015	12,574
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,556,295</u>	<u>2,556,295</u>	<u>2,543,721</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>2,558,395</u></u>	<u><u>2,620,310</u></u>	<u><u>2,556,295</u></u>

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

	Budget (unaudited)	2020	2019
EXCESS OF REVENUE OVER EXPENSES	<u>2,100</u>	<u>64,015</u>	<u>12,574</u>
Acquisition of tangible capital assets	-	(103,331)	(72,521)
Proceeds on disposal of tangible capital assets	-	-	3,600
Amortization of tangible capital assets	-	92,639	90,345
Loss (gain) on sale of tangible capital assets	-	-	(3,600)
	<u>-</u>	<u>(10,692)</u>	<u>17,824</u>
INCREASE IN NET FINANCIAL ASSETS	2,100	53,323	30,398
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>372,760</u>	<u>372,760</u>	<u>342,362</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>374,860</u>	<u>426,083</u>	<u>372,760</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		
Excess of revenues over expenses	64,015	12,574
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	92,639	90,345
Loss on disposal of tangible capital assets	-	(3,600)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(6,248)	730
Decrease (increase) in trade and other receivables	(32)	1,095
Decrease (increase) in receivable from other governments	(193,979)	(141,432)
Increase (decrease) in accounts payable and accrued liabilities	(7,661)	(2,213)
Increase (decrease) in deferred revenue	67,128	145,042
	15,862	102,541
CAPITAL		
Acquisition of tangible capital assets	(103,331)	(72,521)
Sale of tangible capital assets	-	3,600
	(103,331)	(68,921)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	118,502	16,899
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	31,033	50,519
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	310,511	259,992
CASH AND CASH EQUIVALENTS, END OF YEAR	341,544	310,511
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	75	75
Cash in bank	400,174	399,929
Term deposits	108,286	196,000
Less: restricted portion of cash and temporary investments (Note 2)	(166,991)	(285,493)
	341,544	310,511

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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	165,884	206,876	2,183,535	2,556,295	2,543,721
Excess (deficiency) of revenues over expenses	64,015	-	-	64,015	12,574
Unrestricted funds designated for future use	(2,100)	2,100	-	-	-
Current year funds used for tangible capital assets	(103,331)	-	103,331	-	-
Annual amortization expense	92,639	-	(92,639)	-	-
Change in accumulated surplus	51,223	2,100	10,692	64,015	12,574
BALANCE, END OF YEAR	217,107	208,976	2,194,227	2,620,310	2,556,295

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

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2020	2019
COST:								
Balance - beginning of year	9,504	105,007	112,730	2,932,355	546,861	25,500	3,731,957	3,682,858
Acquisition of tangible capital assets	-	-	-	103,331	-	-	103,331	72,521
Disposal of tangible capital assets	-	-	-	-	-	-	-	23,422
Balance - end of year	9,504	105,007	112,730	3,035,686	546,861	25,500	3,835,288	3,731,957
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	47,407	86,797	1,178,393	226,718	9,107	1,548,422	1,481,499
Annual amortization	-	4,755	2,689	54,926	26,626	3,643	92,639	90,345
Accumulated amortization on disposals	-	-	-	-	-	-	-	23,422
Balance - end of year	-	52,162	89,486	1,233,319	253,344	12,750	1,641,061	1,548,422
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,504	52,845	23,244	1,802,367	293,517	12,750	2,194,227	2,183,535
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,504	57,600	25,933	1,753,962	320,143	16,393	2,183,535	

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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	197,250	196,401	198,320
Linear property taxes	11,456	11,456	12,947
	<u>208,706</u>	<u>207,857</u>	<u>211,267</u>
REQUISITIONS			
Alberta School Foundation	23,262	22,467	22,742
Flagstaff Regional Housing Group	1,050	1,050	1,260
	<u>24,312</u>	<u>23,517</u>	<u>24,002</u>
NET MUNICIPAL TAXES	<u>184,394</u>	<u>184,340</u>	<u>187,265</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	4,200	4,200	-
Provincial Government	30,851	52,052	37,200
Local Governments	17,020	14,028	17,753
	<u>52,071</u>	<u>70,280</u>	<u>54,953</u>
TRANSFERS FOR CAPITAL			
Provincial Government	-	118,502	78,840
	<u>-</u>	<u>118,502</u>	<u>78,840</u>
TOTAL GOVERNMENT TRANSFERS	<u>52,071</u>	<u>188,782</u>	<u>133,793</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	141,319	142,517	139,056
Contracted and general services	125,415	127,573	124,179
Purchases from other governments	1,000	869	333
Materials, goods and utilities	83,300	82,047	97,174
Provision for allowances	1,000	-	3,077
Transfers to local boards and agencies	5,360	15,360	5,312
Transfers to individuals and agencies	-	-	1,644
Bank charges and short term interest	250	-	171
Other expenditures	418	183	142
Amortization of tangible capital assets	-	92,639	90,345
Loss on disposal of tangible capital assets	-	-	(3,600)
	<u>358,062</u>	<u>461,188</u>	<u>457,833</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	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	184,340	-	-	-	-	-	-	184,340
User fees and sales of goods	327	5,968	60	99,405	-	-	2,900	108,660
Penalties and costs on taxes	13,419	-	-	-	-	-	-	13,419
Licenses and permits	-	595	-	-	-	690	-	1,285
Franchise and concession contracts	12,366	-	-	-	-	-	-	12,366
Investment income	5,711	-	-	-	-	-	-	5,711
Rentals	2,749	-	-	-	-	-	-	2,749
Government transfers	56,252	14,028	-	-	-	-	-	70,280
Other	2,244	5,000	147	-	-	-	500	7,891
	<u>277,408</u>	<u>25,591</u>	<u>207</u>	<u>99,405</u>	<u>-</u>	<u>690</u>	<u>3,400</u>	<u>406,701</u>
EXPENSES								
Salaries, wages and benefits	59,574	5,195	44,042	33,706	-	-	-	142,517
Contracted and general services	31,171	9,671	15,160	66,594	-	2,162	2,815	127,573
Purchases from other governments	-	-	-	869	-	-	-	869
Materials, goods and utilities	3,651	10,665	49,600	12,890	-	-	5,241	82,047
Transfers to local boards and agencies	-	-	-	-	1,392	-	13,968	15,360
Other expenditures	2	-	-	-	-	-	181	183
	<u>94,398</u>	<u>25,531</u>	<u>108,802</u>	<u>114,059</u>	<u>1,392</u>	<u>2,162</u>	<u>22,205</u>	<u>368,549</u>
NET REVENUE, BEFORE AMORTIZATION	<u>183,010</u>	<u>60</u>	<u>(108,595)</u>	<u>(14,654)</u>	<u>(1,392)</u>	<u>(1,472)</u>	<u>(18,805)</u>	<u>38,152</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	617	9,841	36,300	41,126	-	-	4,755	92,639
NET REVENUE	<u>182,393</u>	<u>(9,781)</u>	<u>(144,895)</u>	<u>(55,780)</u>	<u>(1,392)</u>	<u>(1,472)</u>	<u>(23,560)</u>	<u>(54,487)</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 Heisler 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 Professional 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	15-50
Engineered structures - other	25
Engineered structures - water system	45-75
Engineered structures - wastewater system	45-75
Land improvements	20-40
Machinery and equipment	10-15
Vehicles	6-25

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 4)		
Municipal Sustainability Initiative - capital	166,421	256,031
Basic Municipal Transportation Grant	570	29,462
	<u>166,991</u>	<u>285,493</u>
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 7)		
	<u>208,976</u>	<u>206,876</u>
Total restricted cash and term deposits	<u>375,967</u>	<u>492,369</u>
Total un-restricted cash and term deposits	<u>132,568</u>	<u>103,635</u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	29,408	27,885
Arrears taxes	32,373	27,648
Less: allowance for doubtful accounts	(8,741)	(8,741)
	<u>53,040</u>	<u>46,792</u>

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

4. DEFERRED INCOME

Deferred income consists of the following:	<u>2020</u>	<u>2019</u>
Federal Gas Tax	150,000	100,000
Municipal Sustainability Initiative - capital	363,992	317,972
Basic Municipal Transportation Grant	570	29,462
	<u>514,562</u>	<u>447,434</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 Heisler be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	610,052	587,351
Total debt	-	-
Surplus debt limit	<u>610,052</u>	<u>587,351</u>
Debt servicing limit	101,675	97,892
Debt servicing	-	-
Surplus debt servicing	<u>101,675</u>	<u>97,892</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)	3,835,288	3,731,957
Accumulated amortization (Schedule 2)	<u>(1,641,061)</u>	<u>(1,548,422)</u>
	<u>2,194,227</u>	<u>2,183,535</u>

VILLAGE OF HEISLER

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>217,107</u>	<u>165,884</u>
Restricted surplus		
Administration	13,000	13,000
Community land	1,032	1,032
Fire department	41,383	41,383
General	100,305	100,305
General contingency	13,634	13,634
Public works	14,593	14,593
Recreation and culture	3,427	3,427
Sewer	4,800	4,800
Water	2,100	-
Waste disposal	<u>14,702</u>	<u>14,702</u>
	<u>208,976</u>	<u>206,876</u>
Equity in tangible capital assets	<u>2,194,227</u>	<u>2,183,535</u>
	<u>2,620,310</u>	<u>2,556,295</u>

8. SEGMENTED DISCLOSURE

The Village of Heisler 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 HEISLER

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
Martz	1,280	-	1,280	2,080
Williams	1,440	-	1,440	1,520
Wood	2,000	-	2,000	2,000
CAO	44,369	6,588	50,957	48,511
Designated Officer (1)	3,840	-	3,840	3,840

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. 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 Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the town could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

11. 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 HEISLER

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

12. 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.

13. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The village has prepared its budget according to the former accounting standards that were in place prior to 2009 which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2020	2019
Excess of revenue over expenditures, per financial statements	2,100	64,015	12,574
Adjustments			
Amortization expense	-	92,639	90,345
Loss (gain) on disposal of tangible capital assets	-	-	(3,600)
Acquisition of tangible capital assets	-	(103,331)	(72,521)
Proceeds on disposition of tangible capital assets	-	-	3,600
Results of operations - previous methods	2,100	53,323	30,398
Net transfers (to) from reserves	(2,100)	(2,100)	-
Increase (decrease) in unrestricted surplus	-	51,223	30,398

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.