

SUMMER VILLAGE OF SOUTH BAPTISTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the Summer Village of South Baptiste

Opinion

We have audited the accompanying financial statements of the Summer Village of South Baptiste (the Summer Village), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Summer Village as at December 31, 2020, and the results of its operations and, changes in net financial assets, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Summer Village in accordance with the ethical requirements that are relevant to our audit of the 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on May 8, 2020.

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

Management is responsible for the preparation and fair presentation of these 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 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 Summer Village'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 liquidate the Summer Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Summer Village's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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 Summer Village's internal control.
- Evaluate the appropriateness of accounting policies 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 Summer 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Summer Village 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.

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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 28, 2021

**MANAGEMENT'S RESPONSIBILITY FOR
FINANCIAL STATEMENTS**

Administration is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgemental is required.

In discharging its responsibility for the integrity and fairness of the financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Mayor and Council of the Summer Village of South Baptiste are composed entirely of individuals who are neither administration nor employees of the Summer Village. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Summer Village's external auditors.

METRIX Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and Administration to discuss their audit findings.



Ed Tomaszuk, Chief Administrative Officer



West Baptiste, Alberta
April 28, 2021

**SUMMER VILLAGE OF SOUTH BAPTISTE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash (Note 2) | \$ 185,360 | \$ 97,061 |
| Receivables | | |
| Taxes receivable (Note 3) | 9,054 | 12,213 |
| Government transfers receivable (Note 4) | 89,259 | 69,519 |
| Goods and services tax receivable | 21,296 | 17,310 |
| Trade and other receivables | 488 | 3,801 |
| Investments (Note 5) | <u>335,610</u> | <u>330,000</u> |
| | <u>641,067</u> | <u>529,904</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 6) | 11,310 | 11,538 |
| Prepaid taxes and deposits | - | 1,939 |
| Deferred revenue (Note 7) | <u>166,847</u> | <u>84,878</u> |
| | <u>178,157</u> | <u>98,355</u> |
| NET FINANCIAL ASSETS | <u>462,910</u> | <u>431,549</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 6) | 1,162,965 | 1,154,940 |
| ACCUMULATED SURPLUS (Note 10) | <u>\$ 1,625,875</u> | <u>\$ 1,586,489</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>2020</u> (Budget) (Note 13) | <u>2020</u> (Actual) | <u>2019</u> (Actual) |
|--|--------------------------------------|-------------------------|-------------------------|
| REVENUES | | | |
| Net municipal property taxes (Schedule 3) | \$ 77,733 | \$ 76,978 | \$ 77,541 |
| Government transfers for operating (Schedule 4) | 16,750 | 18,160 | 18,599 |
| Penalties and costs on taxes | - | - | 2,515 |
| Interest income | - | 4,361 | 5,281 |
| Licenses, permits & other | <u>16,777</u> | <u>7,929</u> | <u>3,989</u> |
| | <u>111,260</u> | <u>107,428</u> | <u>107,925</u> |
| EXPENSES | | | |
| Council and other legislative | 5,582 | 600 | 4,845 |
| Administration | 58,393 | 45,920 | 55,374 |
| Bylaws enforcement | 6,744 | 1,593 | 2,043 |
| Roads, streets, walks, and lighting | 28,651 | 33,421 | 29,399 |
| Waste management and recycle | <u>11,890</u> | <u>11,890</u> | <u>11,733</u> |
| | <u>111,260</u> | <u>93,424</u> | <u>103,394</u> |
| EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME | <u>-</u> | <u>14,004</u> | <u>4,531</u> |
| OTHER INCOME | | | |
| Government transfers for capital (Schedule 4) | <u>-</u> | <u>25,382</u> | <u>291,967</u> |
| | <u>-</u> | <u>25,382</u> | <u>291,967</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>-</u> | <u>39,386</u> | <u>296,498</u> |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>1,586,489</u> | <u>1,586,489</u> | <u>1,289,991</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 1,586,489</u> | <u>\$ 1,625,875</u> | <u>\$ 1,586,489</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>2020</u> (Budget) (Note 13) | <u>2020</u> (Actual) | <u>2019</u> (Actual) |
|---|--------------------------------------|----------------------------|-------------------------|
| EXCESS OF REVENUE OVER EXPENSES | \$ <u> -</u> | \$ <u> 39,386</u> | \$ <u> 296,498</u> |
| Acquisition of tangible capital assets | - | (25,382) | (291,967) |
| Amortization of tangible capital assets | <u> -</u> | <u> 17,357</u> | <u> 7,756</u> |
| | <u> -</u> | <u> (8,025)</u> | <u> (284,211)</u> |
| | <u> -</u> | <u> -</u> | <u> -</u> |
| INCREASE IN NET FINANCIAL ASSETS | - | 31,361 | 12,287 |
| NET FINANCIAL ASSET, BEGINNING OF YEAR | <u> 431,549</u> | <u> 431,549</u> | <u> 419,262</u> |
| NET FINANCIAL ASSETS, END OF YEAR | \$ <u> 431,549</u> | \$ <u> 462,910</u> | \$ <u> 431,549</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 39,386 | \$ 296,498 |
| Non-cash items included in annual surplus: | | |
| Amortization of tangible capital assets | 17,357 | 7,756 |
| Change in non-cash working capital balances: | | |
| Taxes receivable | 3,159 | (8,396) |
| Government transfers receivables | (19,740) | - |
| Goods and services tax receivable | (3,986) | (13,087) |
| Trade and other receivable | 3,313 | 255,418 |
| Accounts payable and accrued liabilities | (228) | 4,647 |
| Prepaid taxes | (1,939) | 1,939 |
| Deferred revenue | <u>81,969</u> | <u>(215,181)</u> |
| CASH FROM OPERATING ACTIVITIES | <u>119,291</u> | <u>329,594</u> |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (25,382) | (291,967) |
| Purchase of investments | <u>(5,610)</u> | <u>(21,582)</u> |
| CASH USED FOR INVESTING ACTIVITIES | <u>(30,992)</u> | <u>(313,549)</u> |
| INCREASE (DECREASE) IN CASH | 88,299 | 16,045 |
| CASH, BEGINNING OF YEAR | <u>97,061</u> | <u>81,016</u> |
| CASH, END OF YEAR | <u>\$ 185,360</u> | <u>\$ 97,061</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 1

| | <u>Unrestricted Surplus</u> | <u>Restricted Surplus</u> | <u>Equity in Tangible Capital Assets</u> | <u>2020 Total</u> | <u>2019 Total</u> |
|-------------------------------------|---------------------------------|-------------------------------|--|--------------------------------|-------------------------|
| Balance, Beginning of Year | \$ 345,049 | \$ 86,500 | \$ 1,154,940 | \$ 1,586,489 | \$ 1,289,991 |
| Excess of Revenue over Expenses | 39,386 | - | - | 39,386 | 296,498 |
| Purchase of tangible capital assets | (25,382) | - | 25,382 | - | - |
| Annual amortization expense | <u>17,357</u> | <u>-</u> | <u>(17,357)</u> | <u>-</u> | <u>-</u> |
| Balance, End of Year | <u>\$ 376,410</u> | <u>\$ 86,500</u> | <u>\$ 1,162,965</u> | <u>\$ 1,625,875</u> | <u>\$ 1,586,489</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 2

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| BALANCE, BEGINNING OF YEAR | \$ 1,154,940 | \$ 870,729 |
| Purchase of tangible capital assets | 25,382 | 291,967 |
| Cost of Tangible Capital Assets Disposed of | - | (1,136,500) |
| Accumulated Amortization of Tangible Capital Assets Disposed of | - | 1,136,500 |
| Amortization of Tangible Capital Assets | <u>(17,357)</u> | <u>(7,756)</u> |
| BALANCE, END OF YEAR | <u>\$ 1,162,965</u> | <u>\$ 1,154,940</u> |

Equity in Tangible Capital Assets is Comprised of the Following:

| | | |
|--|---------------------|---------------------|
| Tangible capital assets (net book value) | <u>\$ 1,162,965</u> | <u>\$ 1,154,940</u> |
| | <u>\$ 1,162,965</u> | <u>\$ 1,154,940</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 3

| | <u>2020</u> (Budget) (Note 13) | <u>2020</u> (Actual) | <u>2019</u> |
|--------------------------------|--------------------------------------|--------------------------------|-------------------------|
| TAXATION | | | |
| Real property taxes | \$ 130,595 | \$ 126,212 | \$ 130,695 |
| Linear property taxes | <u>-</u> | <u>9</u> | <u>1,964</u> |
| | <u>130,595</u> | <u>126,221</u> | <u>132,659</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 50,883 | 47,264 | 50,883 |
| Greater North Foundation | <u>1,979</u> | <u>1,979</u> | <u>4,235</u> |
| | <u>52,862</u> | <u>49,243</u> | <u>55,118</u> |
| NET MUNICIPAL TAXES | <u>\$ <u>77,733</u></u> | <u>\$ <u>76,978</u></u> | <u>\$ <u>77,541</u></u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 4

| | <u>2020</u> (Budget) (Note 13) | <u>2020</u> (Actual) | <u>2019</u> (Actual) |
|-----------------------------------|--------------------------------------|-------------------------|-------------------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial government | \$ <u>16,750</u> | \$ <u>18,160</u> | \$ <u>18,599</u> |
| | <u>16,750</u> | <u>18,160</u> | <u>18,599</u> |
| TRANSFERS FOR CAPITAL | | | |
| Federal government | <u>-</u> | <u>25,382</u> | <u>291,967</u> |
| | <u>-</u> | <u>25,382</u> | <u>291,967</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>\$ 16,750</u> | <u>\$ 43,542</u> | <u>\$ 310,566</u> |

**SUMMER VILLAGE OF SOUTH BAPTISTE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 5

| | <u>Legislative</u> | <u>Administration</u> | <u>Fire & Bylaw</u> | <u>Transportation</u> | <u>Waste Management</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|-----------------------|-------------------------|-----------------------|-------------------------|------------------|-------------------|
| REVENUE | | | | | | | |
| Taxation | \$ 1,800 | \$ 28,274 | \$ 1,593 | \$ 33,421 | \$ 11,890 | \$ 76,978 | \$ 77,541 |
| Penalties and costs of taxes | - | - | - | - | - | - | 2,515 |
| Government transfers | - | 18,160 | - | - | - | 18,160 | 18,599 |
| Interest on investments | - | 4,361 | - | - | - | 4,361 | 5,281 |
| Licenses, permits & other | - | 7,929 | - | - | - | 7,929 | 3,989 |
| | <u>1,800</u> | <u>58,724</u> | <u>1,593</u> | <u>33,421</u> | <u>11,890</u> | <u>107,428</u> | <u>107,925</u> |
| EXPENSES | | | | | | | |
| Contracted and general services | - | 44,370 | 1,593 | 15,008 | 11,890 | 72,861 | 79,362 |
| Salaries, wages, and benefits | 600 | - | - | - | - | 600 | 2,700 |
| Materials goods and utilities | - | - | - | 1,056 | - | 1,056 | 1,948 |
| Bank and interest charges | - | 101 | - | - | - | 101 | 246 |
| Insurance | - | 1,449 | - | - | - | 1,449 | 1,382 |
| Transfers to individuals & organizations | - | - | - | - | - | - | 10,000 |
| Amortization | - | - | - | 17,357 | - | 17,357 | 7,756 |
| | <u>600</u> | <u>45,920</u> | <u>1,593</u> | <u>33,421</u> | <u>11,890</u> | <u>93,424</u> | <u>103,394</u> |
| Revenue (deficit) before amortization & government transfers for capital | <u>1,200</u> | <u>12,804</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,004</u> | <u>4,531</u> |
| Government transfers - capital | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,382</u> | <u>-</u> | <u>25,382</u> | <u>291,967</u> |
| NET REVENUE (DEFICIT) | <u>\$ 1,200</u> | <u>\$ 12,804</u> | <u>\$ -</u> | <u>\$ 25,382</u> | <u>\$ -</u> | <u>\$ 39,386</u> | <u>\$ 296,498</u> |

The accompanying notes are an integral part of the financial statements.

**SUMMER VILLAGE OF SOUTH BAPTISTE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 6

| | <u>Land</u> | <u>Engineered Structures</u> | <u>Machinery & Equipment</u> | <u>2020</u> | <u>2019</u> |
|----------------------------------|--------------------------|----------------------------------|--------------------------------------|----------------------------|----------------------------|
| COST: | | | | | |
| Balance, Beginning of Year | \$ 861,810 | \$ 280,467 | \$ 20,646 | \$ 1,162,923 | \$ 2,007,456 |
| Additions | - | 25,382 | - | 25,382 | 291,967 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,136,500)</u> |
| Balance, End of Year | <u>861,810</u> | <u>305,849</u> | <u>20,646</u> | <u>1,188,305</u> | <u>1,162,923</u> |
| ACCUMULATED AMORTIZATION: | | | | | |
| Balance, Beginning of Year | - | 7,756 | 227 | 7,983 | 1,136,727 |
| Amortization expense | - | 15,292 | 2,065 | 17,357 | 7,756 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,136,500)</u> |
| Balance, End of Year | <u>-</u> | <u>23,048</u> | <u>2,292</u> | <u>25,340</u> | <u>7,983</u> |
| NET BOOK VALUE | <u>\$ 861,810</u> | <u>\$ 282,801</u> | <u>\$ 18,354</u> | <u>\$ 1,162,965</u> | <u>\$ 1,154,940</u> |

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of South Baptiste (the "Summer Village") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountant of Canada. Significant aspects of the accounting policies adopted by the Summer Village are as follows:

(a) Reporting entity

The financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Summer Village and are, therefore, accountable to 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 Summer Village's reporting entity.

(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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. 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, regular 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 fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(c) 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 change in net financial assets for the year.

(CONT'D)

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(e) Cash and Temporary Investments

Cash and cash equivalents consists of cash on hand, cash in banks and deposits with an original maturity date of purchase of three months or less. Due to the short term maturity of these investments, their carrying value approximates fair value.

(f) 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 investment. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

(g) Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the *Municipal Government Act*, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

(h) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(i) 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 leveling 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 their respective function.

(CONT'D)

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Tax Revenue

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Summer Village. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(k) 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 are 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.

(l) Equity in tangible capital assets

Equity in tangible capital assets represents the Summer Village's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capital leases or other capital liabilities.

(m) 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.

(CONT'D)

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | <u>Years</u> |
|-------------------------|--------------|
| Engineered structures | 20 |
| Machinery and equipment | 20 |

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

Leases

Leases are classified as capital or operating. 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

Inventory

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
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2. CASH

| | <u>2020</u> | <u>2019</u> |
|----------------|-------------|-------------|
| Operating Cash | \$ 185,360 | \$ 97,061 |

Cash includes temporary investments with original maturities of three months or less. The cost of the temporary investment approximates the market value.

3. TAXES RECEIVABLES

| | <u>2020</u> | <u>2019</u> |
|---------------|-----------------|------------------|
| Current taxes | \$ 7,081 | \$ 11,536 |
| Tax arrears | 1,973 | 677 |
| | <u>\$ 9,054</u> | <u>\$ 12,213</u> |

4. GOVERNMENT TRANSFERS RECEIVABLE

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|------------------|------------------|
| Municipal Sustainability Initiative | 77,576 | 69,519 |
| Municipal Stimulus Program | <u>11,683</u> | <u>-</u> |
| | <u>\$ 89,259</u> | <u>\$ 69,519</u> |

5. INVESTMENTS

| | <u>2020</u> | | <u>2019</u> | |
|-------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | <u>Amortized Cost</u> | <u>Market Value</u> | <u>Amortized Cost</u> | <u>Market Value</u> |
| Short-term notes and deposits | \$ <u>335,610</u> | \$ <u>335,610</u> | \$ <u>330,000</u> | \$ <u>330,000</u> |

Short-term deposits have effective interest rates of 1.30% (2019 - 1.70%) and mature in less than one year.

Included in investments are restricted amounts of \$77,588 (2019 - \$15,539) received from the Municipal Sustainability Initiative and are held exclusively for capital approved projects (Note 7).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2020</u> | <u>2019</u> |
|--------------------|------------------|------------------|
| Trade payables | \$ 7,691 | \$ 11,538 |
| Over-levy of taxes | <u>3,619</u> | <u>-</u> |
| | <u>\$ 11,310</u> | <u>\$ 11,538</u> |

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
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7. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

| | <u>2019</u> | <u>Additions</u> | <u>Revenue Recognized</u> | <u>2020</u> |
|--|------------------|-------------------|-------------------------------|-------------------|
| Municipal Sustainability Grant - Capital | \$ 77,611 | \$ 77,576 | \$ (25,382) | \$ 129,805 |
| Federal Gas Tax Fund | 7,267 | 8,775 | - | 16,042 |
| Municipal Stimulus Program | - | 6,000 | - | 6,000 |
| Alberta Community Partnership | - | 15,000 | - | 15,000 |
| Municipal Sustainability Grant - Operating | - | 6,477 | (6,477) | - |
| Municipal Operating Support Transfer | - | 11,683 | (11,683) | - |
| | <u>\$ 84,878</u> | <u>\$ 125,511</u> | <u>\$ (43,542)</u> | <u>\$ 166,847</u> |

8. 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 Summer Village be disclosed as follows:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Total debt limit | \$ 161,142 | \$ 161,888 |
| Total debt | <u>-</u> | <u>-</u> |
| Amount of debt limit unused | <u>\$ 161,142</u> | <u>\$ 161,888</u> |
| Service on debt limit | \$ 26,857 | \$ 26,981 |
| Service on debt (Note) | <u>-</u> | <u>-</u> |
| Amount of service on debt limit unused | <u>\$ 26,857</u> | <u>\$ 26,981</u> |

The debt limit is calculated at 1.5 times revenue of the Summer Village (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits 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 Summer Village. Rather, the financial statements must be interpreted as a whole.

**SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. SALARY AND BENEFITS DISCLOSURE

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

| | <u>Salary</u> | <u>Total 2020</u> | <u>Total 2019</u> |
|------------------------------|---------------|-----------------------|-----------------------|
| Councillors: | | | |
| Blaine Page | \$ 1,200 | \$ 1,200 | \$ 1,595 |
| Wendy Appleby | 1,200 | 1,200 | 1,655 |
| Reg Stapley | <u>1,200</u> | <u>1,200</u> | <u>1,595</u> |
| | \$ 3,600 | \$ 3,600 | \$ 4,845 |
| Chief Administrative Officer | \$ 31,500 | \$ 31,500 | \$ 30,000 |
| Assessor | <u>2,984</u> | <u>2,984</u> | <u>2,781</u> |
| | \$ 34,484 | \$ 34,484 | \$ 32,781 |

Salary includes regular base pay, bonuses, lump sum payments, honoraria, and any other direct cash remuneration.

10. 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 | \$ 376,410 | \$ 345,050 |
| Restricted surplus | 86,500 | 86,500 |
| Equity in tangible capital assets | <u>1,162,965</u> | <u>1,154,939</u> |
| | <u>\$ 1,625,875</u> | <u>\$ 1,586,489</u> |

SUMMER VILLAGE OF SOUTH BAPTISTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

11. FINANCIAL INSTRUMENTS

(a) Credit risk

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

(b) Fair value

The Summer Village's carrying value of cash, taxes receivable, trade and other receivables, investments, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term maturity of these instruments.

(c) Currency risk

Currency risk is the risk to the Summer Village's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Summer Village is not exposed to significant interest or currency risk arising from these financial instruments.

12. SEGMENTED INFORMATION

The Summer Village 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 5).

13. BUDGET DATA

The budget data presented in these financial statements is based on the 2020 operating and capital budgets approved by Council on April 14, 2020. The budgeted figures have been presented for information purposes and are unaudited.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

15. IMPACT OF GLOBAL PANDEMIC

On March 2020, the Government of Alberta declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") outbreak. The measures implemented by governments, businesses, and other organizations to safeguard against COVID-19 may have a significant effect on the Summer Village's future operations. Given the daily evolution of the pandemic and the government responses to stop the spread, an estimate of the effect, if any, of these events on its results of operations and cash flows cannot be made at this time.