

VILLAGE OF HILL SPRING
Financial Statements
Year Ended December 31, 2020

VILLAGE OF HILL SPRING
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Year Ended December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Village of Hill Spring (the Village).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Shawn Cook Professional Corporation has full and free access to the Council.



Janet Edwards, Village Manager

Hill Spring, AB



INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Hill Spring

Opinion

We have audited the financial statements of Village of Hill Spring (the Village), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2020, and 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

(continues)

Independent Auditor's Report to the Members of Village of Hill Spring *(continued)*

- 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Shawn Cook
Professional Corporation

Lethbridge, Alberta
April 20, 2021

Chartered Professional Accountants



VILLAGE OF HILL SPRING
Consolidated Statement of Financial Position
December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 691,468	\$ 1,100,153
Taxes and grants in places of taxes <i>(Note 3)</i>	18,326	21,898
Trade and other receivable <i>(Note 3)</i>	174,532	24,477
Land held for resale	23,448	23,448
	<u>907,774</u>	<u>1,169,976</u>
LIABILITIES		
Accounts payable and accrued liabilities	39,518	37,475
Deferred revenue <i>(Note 4)</i>	35,329	208,995
	<u>74,847</u>	<u>246,470</u>
NET FINANCIAL ASSETS	<u>832,927</u>	<u>923,506</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	10,303	10,303
Tangible capital assets <i>(Schedule 2)</i>	3,940,363	3,419,046
	<u>3,950,666</u>	<u>3,429,349</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 7)</i>	<u>\$ 4,783,593</u>	<u>\$ 4,352,855</u>
COMMITMENTS AND CONTINGENCIES <i>(Note 10)</i>		

Approved on behalf of Council:


 _____ Councilor


 _____ Councilor

VILLAGE OF HILL SPRING
Consolidated Statement of Operations
Year Ended December 31, 2020

	Budget (Unaudited)	2020	2019
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 141,674	\$ 140,833	\$ 129,348
User fees and sales of goods	99,075	109,723	111,403
Government transfers for operating <i>(Schedule 4)</i>	34,716	28,362	36,840
Investment income	8,000	10,697	19,381
Penalties and costs of taxes	8,000	6,205	8,546
Franchise and concession contracts	7,000	7,218	6,930
Other revenue	4,000	37,099	6,894
	<u>302,465</u>	<u>340,137</u>	<u>319,342</u>
EXPENSES			
Legislative	14,000	13,332	14,086
Administration	118,740	141,655	107,493
Protective services	11,978	10,708	8,815
Public works	53,500	48,955	45,083
Wastewater treatment and disposal	35,400	37,803	13,159
Water supply and distribution	117,950	118,033	133,291
Waste management	4,200	6,991	6,151
Parks and recreation	21,662	20,194	30,222
Cemeteries and crematoriums	2,751	1,687	2,097
Land use planning and development	3,100	2,987	2,960
	<u>383,281</u>	<u>402,345</u>	<u>363,357</u>
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER	(80,816)	(62,208)	(44,015)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	632,000	492,946	12,759
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	551,184	430,738	(31,256)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,352,855	4,352,855	4,384,111
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 4,904,039</u>	<u>\$ 4,783,593</u>	<u>\$ 4,352,855</u>

VILLAGE OF HILL SPRING
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2020

	Budget (Unaudited)	2020	2019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 551,184	\$ 430,738	\$ (31,256)
Amortization of tangible capital assets	98,000	110,560	96,846
Acquisition of tangible capital assets	-	(631,877)	(5,813)
	98,000	(521,317)	91,033
Increase in inventory for consumption	-	-	(10,303)
	98,000	(521,317)	80,730
INCREASE IN NET FINANCIAL ASSETS	649,184	(90,579)	49,474
NET FINANCIAL ASSETS, BEGINNING OF YEAR	923,506	923,506	874,032
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,572,690	\$ 832,927	\$ 923,506

VILLAGE OF HILL SPRING
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING		
Excess (deficiency) of revenues over expenses	\$ 430,738	\$ (31,256)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	110,560	96,846
	<u>541,298</u>	<u>65,590</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes	3,572	23,107
Trade and other receivable	(150,055)	23,970
Accounts payable and accrued liabilities	2,043	(457)
Deferred revenue	(173,666)	131,321
Inventory for consumption	-	(10,303)
	<u>(318,106)</u>	<u>167,638</u>
	<u>223,192</u>	<u>233,228</u>
CAPITAL		
Purchase of tangible capital assets	(631,877)	(5,813)
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR		
	<u>(408,685)</u>	<u>227,415</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>1,100,153</u>	<u>872,738</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 691,468</u>	<u>\$ 1,100,153</u>

VILLAGE OF HILL SPRING
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2020

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF THE YEAR	\$ 220,881	\$ 712,928	\$ 3,419,046	\$ 4,352,855	\$ 4,384,111
Excess (deficiency) of revenues over expenses	430,738	-	-	430,738	(31,256)
Unrestricted funds designated for future use	(49,514)	49,514	-	-	-
Restricted funds used for tangible capital assets	-	(138,931)	138,931	-	-
Current year funds used for tangible capital assets	(492,946)	-	492,946	-	-
Annual amortization expense	110,560	-	(110,560)	-	-
Change in accumulated surplus	(1,162)	(89,417)	521,317	4,783,593	4,352,855
BALANCE, END OF THE YEAR	\$ 219,719	\$ 623,511	\$ 3,940,363	\$ 4,783,593	\$ 4,352,855

VILLAGE OF HILL SPRING
Schedule of Tangible Capital Assets
Year Ended December 31, 2020

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
COST								
BALANCE, BEGINNING OF YEAR	\$ 40,590	\$ 61,905	\$ 491,781	\$ 4,084,959	\$ 179,219	\$ 8,260	\$ 4,866,714	\$ 4,860,901
Acquisition of tangible capital assets	-	-	64,087	330,956	236,834	-	631,877	3,357
Construction in-progress	-	-	-	-	-	-	-	2,456
BALANCE, END OF YEAR	40,590	61,905	555,868	4,415,915	416,053	8,260	5,498,591	4,866,714
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	15,476	127,854	1,196,233	99,845	8,260	1,447,668	1,350,822
Annual amortization	-	3,095	10,408	82,321	14,736	-	110,560	96,846
BALANCE, END OF YEAR	-	18,571	138,262	1,278,554	114,581	8,260	1,558,228	1,447,668
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 40,590	\$ 43,334	\$ 417,606	\$ 3,137,361	\$ 301,472	\$ -	\$ 3,940,363	\$ 3,419,046
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 40,590	\$ 46,429	\$ 363,927	\$ 2,888,726	\$ 79,374	\$ -	\$ 3,419,046	

VILLAGE OF HILL SPRING
Schedule of Property and Other Taxes
Year Ended December 31, 2020

(Schedule 3)

	Budget (Unaudited)	2020	2019
TAXATION			
Real property taxes	\$ 175,293	\$ 174,106	\$ 163,429
Linear property taxes	7,590	7,937	10,365
	<u>182,883</u>	<u>182,043</u>	<u>173,794</u>
REQUISITIONS			
Alberta School Foundation Fund	38,114	38,115	41,096
Seniors Foundation	3,095	3,095	3,350
	<u>41,209</u>	<u>41,210</u>	<u>44,446</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 141,674</u>	<u>\$ 140,833</u>	<u>\$ 129,348</u>

VILLAGE OF HILL SPRING
Schedule of Government Transfers
Year Ended December 31, 2020

(Schedule 4)

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATING			
Provincial Government	\$ 34,716	\$ 28,362	\$ 26,840
Other Local Governments	-	-	10,000
	<u>34,716</u>	<u>28,362</u>	<u>36,840</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>632,000</u>	<u>492,946</u>	<u>12,759</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 666,716</u>	<u>\$ 521,308</u>	<u>\$ 49,599</u>

VILLAGE OF HILL SPRING
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2020

(Schedule 5)

	Budget (Unaudited)	2020	2019
CONSOLIDATED EXPENSES BY OBJECT			
Contracted and general services	\$ 149,029	\$ 142,160	\$ 141,972
Salaries, wages and benefits	60,540	65,814	55,266
Materials, goods and utilities	71,050	79,483	53,608
Transfers to local boards and agencies	3,162	3,148	13,122
Bank charges and short-term interest	1,500	1,180	2,543
Amortization of tangible capital assets	98,000	110,560	96,846
	<u>\$ 383,281</u>	<u>\$ 402,345</u>	<u>\$ 363,357</u>

VILLAGE OF HILL SPRING
Schedule of Segmented Disclosure
Year Ended December 31, 2020

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Planning and development	Recreation and culture	Total
REVENUE							
Net municipal taxes	\$ 140,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,833
User fees and sales of goods	93	190	-	107,085	955	1,400	109,723
Government transfers	183,756	-	44,200	293,352	-	-	521,308
Investment income	10,697	-	-	-	-	-	10,697
Other revenues	34,076	-	-	5,933	-	3,295	43,304
Franchise and concession contracts	7,218	-	-	-	-	-	7,218
	<u>376,673</u>	<u>190</u>	<u>44,200</u>	<u>406,370</u>	<u>955</u>	<u>4,695</u>	<u>833,083</u>
EXPENSES							
Contracted and general services	55,280	7,527	7,062	64,087	2,987	5,217	142,160
Salaries, wages and benefits	56,973	28	6,020	2,793	-	-	65,814
Materials, goods, supplies and utilities	39,769	2,785	11,356	23,381	-	2,192	79,483
Transfers to local boards	-	-	-	-	-	3,148	3,148
Bank charges and short-term interest	1,180	-	-	-	-	-	1,180
	<u>153,202</u>	<u>10,340</u>	<u>24,438</u>	<u>90,261</u>	<u>2,987</u>	<u>10,557</u>	<u>291,785</u>
NET REVENUE BEFORE AMORTIZATION	<u>223,471</u>	<u>(10,150)</u>	<u>19,762</u>	<u>316,109</u>	<u>(2,032)</u>	<u>(5,862)</u>	<u>541,298</u>
Amortization expense	1,785	368	24,517	72,566	-	11,324	110,560
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 221,686</u>	<u>\$ (10,518)</u>	<u>\$ (4,755)</u>	<u>\$ 243,543</u>	<u>\$ (2,032)</u>	<u>\$ (17,186)</u>	<u>\$ 430,738</u>

VILLAGE OF HILL SPRING
Notes to Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Hill Spring (the Village) 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the 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.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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.

(continues)

VILLAGE OF HILL SPRING
Notes to Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Non-Financial Assets

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

	<u>Years</u>
Land improvements	15 - 20
Buildings	25 - 50
Engineered structures	
Water system	35 - 75
Wastewater system	35 - 75
Other engineered structures	35 - 75
Machinery and equipment	5 - 20
Vehicles	5 - 20

A full year of 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.

iv. Inventories

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

VILLAGE OF HILL SPRING
Notes to Financial Statements
Year Ended December 31, 2020

2. CASH AND TEMPORARY INVESTMENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 454,408	\$ 901,345
Temporary investments	<u>237,060</u>	<u>198,808</u>
	<u>\$ 691,468</u>	<u>\$ 1,100,153</u>

Temporary investments are investments in guaranteed investment certificates with interest rates ranging from 0.92% to 2.23% (2019 - 2.25% to 2.61%) and maturity dates ranging from January 2021 to August 2021.

The Village has a demand line of credit with ATB Financial with an authorized limit of \$50,000 which bears interest at 2.20%, secured by a general security agreement. There is nil balance on the line of credit at year end (2019 - nil).

Included in cash and temporary investments is a restricted amount of \$35,329 (2019 - \$208,995) received from various grant programs which are held exclusively for approved projects (Note 4).

3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 12,883	\$ 14,282
Arrears taxes	<u>5,443</u>	<u>7,616</u>
	<u>18,326</u>	<u>21,898</u>
Trade and other receivables		
Federal Gas Tax Fund Grant	129,422	-
Goods and Services Tax (GST)	24,042	4,797
Utility receivable	17,683	16,244
Miscellaneous	2,181	3,436
Municipal Sustainability Initiative Grant	<u>1,204</u>	<u>-</u>
	<u>174,532</u>	<u>24,477</u>

4. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Alberta Community Partnership	\$ 18,671	\$ 18,578
Municipal Operating Support Transfer	16,658	-
Federal Gas Tax Fund	-	61,577
Municipal Sustainability Initiative - Capital	<u>-</u>	<u>128,840</u>
	<u>\$ 35,329</u>	<u>\$ 208,995</u>

VILLAGE OF HILL SPRING
Notes to Financial Statements
Year Ended December 31, 2020

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 be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 510,206	\$ 479,013
Total debt	-	-
Amount of debt limit unused	<u>510,206</u>	<u>479,013</u>
Debt servicing limit	85,034	79,836
Debt servicing	-	-
Amount of debt servicing limit unused	<u>85,034</u>	<u>79,836</u>

The debt limit is calculated at 1.5 times revenue of the 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 limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Village. 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)	\$ 5,498,591	\$ 4,866,714
Accumulated amortization (Schedule 2)	<u>(1,558,228)</u>	<u>(1,447,668)</u>
	<u>\$ 3,940,363</u>	<u>\$ 3,419,046</u>

VILLAGE OF HILL SPRING
Notes to Financial Statements
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	\$ 219,719	\$ 220,881
Restricted surplus		
General government	457,156	571,945
Bylaw enforcement	1,560	1,100
Public works	9,203	1,843
Wastewater treatment and disposal	41,096	38,130
Water supply and distribution	92,286	85,310
Parks and recreation	11,400	8,600
Cemeteries and crematoriums	10,810	6,000
Equity in tangible capital assets	<u>3,940,363</u>	<u>3,419,046</u>
	<u>\$ 4,783,593</u>	<u>\$ 4,352,855</u>

8. SEGMENTED DISCLOSURE

The 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 6).

VILLAGE OF HILL SPRING

Notes to Financial Statements

Year Ended December 31, 2020

9. SALARY AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits & Allowances (2)	2020	2019
Mayor Davis	\$ 5,500	\$ 206	\$ 5,706	\$ 5,090
Councilor Anderson	-	-	-	908
Councilor Christensen	1,150	29	1,179	1,231
Councilor French	1,100	4	1,104	1,780
Councilor Hegedus	1,300	7	1,307	1,053
Councilor Shideler	1,550	20	1,570	400
Chief Administration Officer Edwards	40,819	2,829	43,648	34,167
Designated Officer - 1 position	3,900	-	3,900	2,800

(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, if any.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, car and travel allowances, and memberships, if any.

10. COMMITMENTS AND 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 has an operating lease with respect to its office equipment. Future minimum lease payments as at year end are as follows:

2021	2,518
2022	2,518
2023	630

VILLAGE OF HILL SPRING

Notes to Financial Statements

Year Ended December 31, 2020

11. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, land for resale inventory, accounts payable and accrued liabilities. 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 and grants in place of taxes receivables 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 carrying value of the financial instruments approximates fair value.

12. SUBSEQUENT EVENTS

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Village.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.