

VILLAGE OF ROCKYFORD
Consolidated Financial Statements
For the year ended December 31, 2020

VILLAGE OF ROCKYFORD
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For the year ended December 31, 2020

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Village of Rockyford

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Rockyford 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

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 the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to note 20 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect to this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

INDEPENDENT AUDITOR'S REPORT, 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 company 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Village is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in note 13.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 14.

Lethbridge, Alberta

April 14, 2021



Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Village of Rockyford.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated 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 fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee of the whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

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

Elaine Macdonald

Village Administrator

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019 (Restated)
Revenue			
Net municipal property taxes (note 10)	\$ 359,288	\$ 358,177	\$ 375,944
User fees and sales of goods	584,609	554,859	553,375
Government transfers for operating (note 11)	32,000	83,540	39,794
Investment income	12,613	5,656	16,353
Penalties and costs of taxes	30,000	34,052	28,647
Licenses and permits	3,000	4,405	4,965
Franchise and concession contracts	42,000	50,917	43,423
Other	62,854	98,287	115,046
Gain on disposal of tangible capital assets	-	-	1,680
	<u>1,126,364</u>	<u>1,189,893</u>	<u>1,179,227</u>
Expenses (note 12)			
Legislative	28,500	21,552	28,088
Administration	211,418	185,896	187,511
Protective services	106,278	115,985	89,227
Common and equipment pool	66,775	56,560	64,569
Roads, streets, walks and lighting	137,295	112,254	109,969
Storm sewers and drainage	3,750	3,071	5,094
Water supply and distribution	1,312,942	1,286,953	1,199,523
Wastewater treatment and disposal	36,465	43,576	32,170
Waste management	35,266	44,334	34,890
Public health and welfare services	4,343	4,343	4,343
Planning and development	59,742	95,447	134,147
Parks and recreation	41,390	48,003	54,692
Culture - libraries, museums, halls	7,072	12,072	7,043
	<u>2,051,236</u>	<u>2,030,046</u>	<u>1,951,266</u>
Deficiency of revenue over expenses before other	<u>(924,872)</u>	<u>(840,153)</u>	<u>(772,039)</u>
Other			
Government transfers for capital (note 11)	102,000	3,441,480	551,131
(Deficiency) excess of revenue over expenses	<u>(822,872)</u>	<u>2,601,327</u>	<u>(220,908)</u>
Accumulated surplus, beginning of year			
As previously stated	34,503,410	34,503,410	34,724,318
Prior period adjustment (note 20)	-	(50,000)	(50,000)
As restated	<u>34,503,410</u>	<u>34,453,410</u>	<u>34,674,318</u>
Accumulated surplus, end of year	<u>\$ 33,680,538</u>	<u>\$ 37,054,737</u>	<u>\$ 34,453,410</u>

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019 (Restated)
(Deficiency) excess of revenue over expenses	\$ (822,872)	\$ 2,601,327	\$ (220,908)
Acquisition of tangible capital assets	(43,090)	(3,453,173)	(554,361)
Amortization of tangible capital assets	1,006,671	1,006,671	910,229
Gain on disposal of tangible capital assets	-	-	(1,680)
Proceeds on disposal of tangible capital assets	-	-	5,000
	963,581	(2,446,502)	359,188
Net change in prepaid expense	-	485	(4,796)
Increase in net financial assets (debt)	140,709	155,310	133,484
Net financial assets (debt), beginning of year			
As previously stated	82,799	132,799	(685)
Prior period adjustment (note 20)	-	(50,000)	(50,000)
As restated	34,453,410	82,799	(50,685)
Net financial assets, end of year	\$ 223,508	\$ 238,109	\$ 82,799

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2020

	2020	2019
Operating transactions		
Excess (deficiency) of revenue over expenses	\$ 2,601,327	\$ (220,908)
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	-	(1,680)
Amortization of tangible capital assets	1,006,671	910,229
	3,607,998	687,641
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(36,332)	33,656
Trade and other receivables	(64,659)	361,871
Prepaid expenses	485	(4,796)
Accounts payable and accrued liabilities	296,141	(2,895,416)
Deferred revenue	247,240	172,353
Other liabilities	(17,724)	9,148
	4,033,149	(1,635,543)
Capital transactions		
Proceeds on disposal of tangible capital assets	-	5,000
Acquisition of tangible capital assets	(3,453,173)	(554,361)
	(3,453,173)	(549,361)
Financing transactions		
Repayment of long-term debt	(43,091)	(41,177)
Increase (decrease) in cash and temporary investments	536,885	(2,226,081)
Cash and temporary investments, beginning of year	1,821,476	4,047,557
Cash and temporary investments, end of year	\$ 2,358,361	\$ 1,821,476

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies

The consolidated financial statements of the Village of Rockyford 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:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises 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. These financial statements include the proportionate ownership of the Wheatland Regional Corporation.

Taxes levied also includes requisitions for educational, health care, 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.

(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 expense 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.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies, continued

(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) Land held for resale

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies, continued

(j) Non-financial assets

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

(i) Tangible capital assets

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

	Years
Buildings	50
Engineered structures	15-75
Machinery and equipment	10-25
Vehicles	10-25

A full year of amortization is charged in the year of acquisition and no amortization 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.

(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.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. Cash and temporary investments

	2020	2019
Cash	\$ 102,733	\$ 83,145
Temporary investments	2,255,628	1,738,331
	\$ 2,358,361	\$ 1,821,476

3. Taxes and grants in place of taxes receivables

	2020	2019
Taxes and grants in place of taxes receivable	\$ 26,399	\$ 22,139
Arrears	154,986	122,914
	\$ 181,385	\$ 145,053

4. Trade and other receivables

	2020	2019
Wheatland Regional Corporation	\$ 498,443	\$ 555,498
GST	173,898	(531)
Municipal Sustainable Initiative (MSI) grant	163,584	141,880
Alberta Transportation - Water for Life	143,103	171,540
Trade receivables	72,727	60,182
Wheatland County - Water for Life	46,881	19,060
Rockyford Rural Fire Association	35,965	22,313
Federal Gas Tax Fund	-	100,000
	\$ 1,134,601	\$ 1,069,942

5. Investments

	2020		2019	
	Cost	Market value	Cost	Market value
UFA - patronage reserves	\$ 1,481	\$ 1,481	\$ 1,481	\$ 1,481
Treasury Board and Finance	10	10	10	10
Alberta Association of Municipal Districts & Counties	30	30	30	30
	\$ 1,521	\$ 1,521	\$ 1,521	\$ 1,521

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

6. Deferred revenue

	2020	2019 (Restated)
Municipal Sustainability Initiative (MSI) - Capital	\$ 531,048	\$ 402,135
Wheatland County - Water for Life	429,377	205,591
Federal Gas Tax Fund	202,675	150,000
Wheatland County Infrastructure Services Program (CRISP)	185,556	114,486
Alberta Community Partnership Grant	20,000	20,000
Services not yet provided	3,159	1,950
Prepaid cemetery lots	1,925	1,925
Alberta Transportation - Water for Life	-	230,413
	<u>\$ 1,373,740</u>	<u>\$ 1,126,500</u>

7. Long-term debt

	2020	2019
Tax supported debentures - capital	\$ 511,949	\$ 546,439
Utility supported debenture - capital	9,129	17,730
	<u>\$ 521,078</u>	<u>\$ 564,169</u>
Current portion	<u>\$ 45,098</u>	<u>\$ 43,091</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 45,098	\$ 18,854	\$ 63,952
2022	37,514	16,750	54,264
2023	39,128	15,136	54,264
2024	40,813	13,451	54,264
2025	42,573	11,691	54,264
Thereafter	315,952	91,629	407,581
	<u>\$ 521,078</u>	<u>\$ 167,511</u>	<u>\$ 688,589</u>

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 3.192% to 6.125% per annum and matures in periods 2021 through 2042. The average annual interest rate is 4.69% for 2020 (4.69% for 2019).

Debenture debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to \$20,398 (2019 - \$22,313).

The Village's total cash payments for interest in 2020 were \$20,861 (2019 - \$22,775).

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

8. Accumulated surplus

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

	2020	2019 (Restated)
Unrestricted surplus	\$ 763,785	\$ 652,051
Internally restricted surplus (reserves)	-	-
Equity in tangible capital assets (note 9)	36,290,952	33,801,359
	\$ 37,054,737	\$ 34,453,410

9. Equity in tangible capital assets

	2020	2019
Tangible capital assets (schedule 2)	\$ 43,585,476	\$ 40,132,303
Accumulated amortization (schedule 2)	(6,773,446)	(5,766,775)
Long-term debt (note 7)	(521,078)	(564,169)
	\$ 36,290,952	\$ 33,801,359

10. Net municipal property taxes

	Budget (Unaudited)	2020	2019
Taxation			
Real property taxes	\$ 434,773	\$ 436,622	\$ 452,705
Linear property taxes	9,175	7,544	7,647
	443,948	444,166	460,352
Requisitions			
Alberta School Foundation Fund	82,500	83,829	82,203
Wheatland Housing Management Body	2,160	2,160	2,205
	84,660	85,989	84,408
	\$ 359,288	\$ 358,177	\$ 375,944

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

11. Government transfers

	Budget (Unaudited)	2020	2019
Transfers for operating:			
Provincial government	\$ 32,000	\$ 72,866	\$ 39,794
Other local government	-	10,674	-
	32,000	83,540	39,794
Transfers for capital:			
Other local government	80,000	3,279,607	189,106
Provincial government	22,000	161,873	362,025
	102,000	3,441,480	551,131
	\$ 134,000	\$ 3,525,020	\$ 590,925

12. Expenses by object

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 280,121	\$ 276,191	\$ 286,988
Contracted and general services	489,475	470,520	414,359
Materials, goods, supplies and utilities	190,041	183,745	274,998
Transfers to organizations and others	58,966	70,537	33,339
Interest on long term debt	20,862	20,399	22,313
Bank charges and short term interest	600	1,002	714
Other expenditures	4,500	981	8,326
Amortization of tangible capital assets	1,006,671	1,006,671	910,229
	\$ 2,051,236	\$ 2,030,046	\$ 1,951,266

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

13. 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:

	2020	2019
Total debt limit	\$ 1,784,840	\$ 1,768,839
Total debt	521,078	564,169
	\$ 1,263,762	\$ 1,204,670
Debt servicing limit	\$ 297,473	\$ 294,807
Debt servicing	63,952	63,952
	\$ 233,521	\$ 230,855

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.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

14. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2020	2019
Council				
Burke, Darcy	\$ 8,375	-	\$ 8,375	\$ 7,912
Smith, Leah	2,588	-	2,588	4,362
Cheshire, Dalia	2,187	-	2,187	3,061
Goodfellow, William	987	-	987	2,313
Geeraert, April	764	-	764	1,456
Macdonald, Elaine	\$ 68,850	\$ 5,250	\$ 74,100	\$ 71,177

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

15. 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 3).

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

16. Budget amounts

The 2020 budget for the Village was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

The approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount.

Budgeted deficit per financial statements	\$ (822,872)
Less: Long-term debt repayments	(43,090)
Capital expenditures	(108,700)
Capital equipment reserve	(3,125)
Add: Amortization	1,006,670
Appropriated surplus for capital	6,700
<hr/>	
Equals: Surplus budget	<u>\$ 35,583</u>

17. Commitment

The Village of Rockyford is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of 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.

18. 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 ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

19. Financial instruments

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

20. Prior period adjustment

The comparative figures have been restated to record the change in funding for the 2nd Ave engineered structure capital project in the 2018 fiscal year. The effects of these adjustments are as follows:

- a decrease in unrestricted net assets of \$50,000 as of December 31, 2018
- an increase in deferred revenue of \$50,000 as of December 31, 2018

21. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

22. Investment in government partnership

The Village purchased 25 class B common shares in Wheatland Regional Corporation (WRC) for 25% ownership in the amount of \$2.50.

WRC was formed in partnership with the Village of Rockyford, Village of Hussar, Village of Standard, and the Wheatland County. WRC is responsible for distribution of water to its partnering municipalities.

WRC is accounted for using the proportionate consolidation method. Below is a financial summary of the Corporation's financial statements as at December 31, 2020 and for the year then ended as follows:

	2020 Total	2020 75% share	2020 25% share	2019 25% share
Financial assets	402,523	301,892	100,631	106,913
Liabilities	780,962	585,721	195,241	235,040
Net financial debt	(378,439)	(283,829)	(94,610)	(128,127)
Non-financial assets	110,412	82,809	27,603	31,659
Accumulated surplus	(268,027)	(201,020)	(67,007)	(96,468)
Total revenue	1,098,136	823,602	274,534	285,921
Total expenses	980,290	735,218	245,072	275,103
(Deficiency) excess of revenue over expenses	117,846	88,384	29,462	10,818

The following amounts pertain to transactions and balances between the Village and WRC. They have been adjusted using the proportionate consolidation method.

- Revenues \$233,706 (2019 - \$210,624)
- Expenses \$25,116 (2019 - \$23,023)
- Due to shareholders \$664,591 (2019 - \$745,960)
- Accounts payable \$21,057 (2019 - \$15,888)
- Share capital \$2.50 (2019 - \$2.50)

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

23. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Village's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Village has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Village. Cost saving measures have been instituted where appropriate. The Village continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Village due to the pandemic.

The situation is continually changing and the future impact on the Village is not readily determinable at this time.

24. Approval of financial statements

These financial statements were approved by Council and Management.

VILLAGE OF ROCKYFORD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of changes in accumulated surplus	Schedule 1			
	Unrestricted	Equity in tangible capital assets	2020	2019 (Restated)
Balance, beginning of year				
As previously stated	\$ 702,051	\$ 33,801,359	\$ 34,503,410	\$ 34,724,318
Prior period adjustment (note 20)	(50,000)	-	(50,000)	(50,000)
As restated	652,051	33,801,359	34,453,410	34,674,318
Excess (deficiency) of revenue over expenses	2,601,327	-	2,601,327	(220,908)
Current year funds used for tangible capital assets	(3,453,173)	3,453,173	-	-
Amortization of tangible capital assets	1,006,671	(1,006,671)	-	-
Proceeds of long-term debt	(43,091)	43,091	-	-
Change in accumulated surplus	111,734	2,489,593	2,601,327	(220,908)
Balance, end of year	\$ 763,785	\$ 36,290,952	\$ 37,054,737	\$ 34,453,410

VILLAGE OF ROCKYFORD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of tangible capital assets

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
Cost:								
Balance, beginning of year	\$ 80,696	\$ 689,275	\$ 36,719,687	\$ 798,529	\$ 964,102	\$ 880,014	\$ 40,132,303	\$ 39,589,242
Acquisitions	-	-	3,391,834	5,368	18,000	37,971	3,453,173	554,361
Transfers	-	-	880,014	-	-	(880,014)	-	-
Disposals	-	-	-	-	-	-	-	(11,300)
Balance, end of year	80,696	689,275	40,991,535	803,897	982,102	37,971	43,585,476	40,132,303
Accumulated amortization:								
Balance, beginning of year	-	226,570	4,458,216	531,369	550,621	-	5,766,775	4,864,526
Annual amortization	-	18,572	921,988	25,174	40,937	-	1,006,671	910,229
Disposals	-	-	-	-	-	-	-	(7,980)
Balance, end of year	-	245,142	5,380,204	556,543	591,558	-	6,773,446	5,766,775
Net book value	\$ 80,696	\$ 444,133	\$ 35,611,331	\$ 247,354	\$ 390,544	\$ 37,971	\$ 36,812,030	\$ 34,365,528
2019 net book value	\$ 80,696	\$ 462,705	\$ 32,261,471	\$ 267,160	\$ 413,481	\$ 880,014	\$ 34,365,528	

VILLAGE OF ROCKYFORD
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 358,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 358,177
User fees and sales of goods	1,280	-	-	517,214	-	-	36,365	554,859
Government transfers for operating	68,666	10,674	-	-	-	-	4,200	83,540
Investment income	5,656	-	-	-	-	-	-	5,656
Penalties and costs of taxes	34,052	-	-	-	-	-	-	34,052
Licenses and permits	-	3,255	-	-	-	1,150	-	4,405
Franchise and concession contracts	50,917	-	-	-	-	-	-	50,917
Other	22,255	35,965	240	-	-	39,632	195	98,287
	541,003	49,894	240	517,214	-	40,782	40,760	1,189,893
Expenses								
Salaries, wages and benefits	116,803	1,300	47,919	100,563	-	-	9,606	276,191
Contracted and general services	71,791	53,696	13,710	288,980	-	41,948	395	470,520
Materials, goods, supplies and utilities	5,854	16,956	33,667	74,255	-	32,849	20,164	183,745
Bank charges and short term interest	-	-	-	1,002	-	-	-	1,002
Interest on long term debt	-	-	7,631	12,768	-	-	-	20,399
Other expenditures	-	331	-	-	-	650	-	981
Transfers to organizations and others	-	2,528	-	23,867	4,343	20,000	19,799	70,537
Amortization of tangible capital assets	13,001	41,174	68,958	873,428	-	-	10,110	1,006,671
	207,449	115,985	171,885	1,374,863	4,343	95,447	60,074	2,030,046
Excess (deficiency) of revenue over expenses before other	333,554	(66,091)	(171,645)	(857,649)	(4,343)	(54,665)	(19,314)	(840,153)
Other								
Government transfers for capital	-	-	49,646	3,391,834	-	-	-	3,441,480
Excess (deficiency) of revenue over expenses	\$ 333,554	\$ (66,091)	\$ (121,999)	\$ 2,534,185	\$ (4,343)	\$ (54,665)	\$ (19,314)	\$ 2,601,327