

VILLAGE OF ELNORA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

VILLAGE OF ELNORA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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**MANAGEMENTS' RESPONSIBILITY FOR
FINANCIAL REPORTING**

Management of the Village of Elnora is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this financial report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to council with and without the presence of management. The Village Council has approved the financial statements.

The financial statements have been audited by Gitzel & Company, Chartered Professional Accountants, independent external auditors appointed by the village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the village's financial statements.

Chief Administrative Officer

Date



*Peggy Weinzierl, CPA, CA *Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
Village of Elnora

Opinion

We have audited the financial statements of the Village of Elnora, which comprise the statement of financial position as at December 31, 2021 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes and schedules 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, 2021, the results of its operations, change in its net financial assets (debt) and 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 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 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 ability of the village to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

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 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 controls.
- 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 purposes 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 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 the auditors' 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.

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

Stettler, Alberta
June 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF ELNORA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and short term investments (Note 3)	\$ 358,087	\$ 505,349
Taxes and grants in place of taxes receivable (Note 4)	89,454	107,545
Trade and other receivables (Note 5)	1,143,841	856,520
Long-term investments (Note 6)	<u>84,181</u>	<u>3,780</u>
	<u>1,675,563</u>	<u>1,473,194</u>
LIABILITIES		
Accounts payable and accrued liabilities	66,286	33,843
Deferred revenue (Note 7)	<u>1,260,550</u>	<u>1,112,450</u>
	<u>1,326,836</u>	<u>1,146,293</u>
NET FINANCIAL ASSETS (DEBT)	<u>348,727</u>	<u>326,901</u>
NON-FINANCIAL ASSETS		
Land held for resale	139,663	139,663
Prepaid expenses	-	280
Tangible capital assets (Schedule 2)	<u>2,396,957</u>	<u>2,411,086</u>
	<u>2,536,620</u>	<u>2,551,029</u>
ACCUMULATED SURPLUS (Schedule 1, Note 8)	\$ <u>2,885,347</u>	\$ <u>2,877,930</u>

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:

_____ Mayor

VILLAGE OF ELNORA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
REVENUES			
Net taxes (Schedule 3)	\$ 258,234	\$ 257,486	\$ 250,904
Government transfers (Schedule 4)	145,146	173,375	176,243
Sales and user fees	129,295	133,792	117,146
Franchise agreement	18,000	19,012	18,031
Penalties and costs of taxes	23,350	24,343	20,244
Rentals	9,790	11,104	9,212
Other	<u>16,986</u>	<u>16,535</u>	<u>27,873</u>
Total Revenue	<u>600,801</u>	<u>635,647</u>	<u>619,653</u>
EXPENSES (Schedule 5)			
Legislative	17,880	14,274	15,115
Administration	183,104	185,251	174,969
Protective services	18,371	24,183	12,490
Transportation services	145,302	149,347	128,879
Water and wastewater	74,000	88,293	77,931
Waste management	45,754	48,279	41,850
Family and community support services	75,926	79,446	101,567
Recreation and culture	40,464	41,383	52,982
Amortization (Note 16)	<u>-</u>	<u>112,461</u>	<u>111,926</u>
Total expenses	<u>600,801</u>	<u>742,917</u>	<u>717,709</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER			
	-	(107,270)	(98,056)
OTHER			
Government transfers for capital (Schedule 4)	<u>42,300</u>	<u>114,687</u>	<u>40,095</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	42,300	7,417	(57,961)
ACCUMULATED SURPLUS - BEGINNING OF YEAR			
	<u>2,877,930</u>	<u>2,877,930</u>	<u>2,935,891</u>
ACCUMULATED SURPLUS - END OF YEAR			
	<u>\$ 2,920,230</u>	<u>\$ 2,885,347</u>	<u>\$ 2,877,930</u>

VILLAGE OF ELNORA

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>42,300</u>	\$ <u>7,417</u>	\$ <u>(57,961)</u>
Acquisition of tangible capital assets	(92,300)	(172,662)	(98,636)
Proceeds on disposal of tangible capital assets	-	72,000	72,000
Amortization of tangible capital assets	-	112,461	111,926
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>2,330</u>	<u>(953)</u>
	<u>(92,300)</u>	<u>14,129</u>	<u>84,337</u>
Use of prepaid assets	-	280	1,042
Acquisition of prepaid assets	<u>-</u>	<u>-</u>	<u>(280)</u>
		280	762
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	(50,000)	21,826	27,138
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>326,901</u>	<u>326,901</u>	<u>299,763</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u><u>276,901</u></u>	\$ <u><u>348,727</u></u>	\$ <u><u>326,901</u></u>

VILLAGE OF ELNORA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ 7,417	\$ (57,961)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	112,461	111,926
(Gain) loss on disposal of tangible capital assets	2,330	(953)
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivables	18,091	(43,692)
Trade and other receivables	(287,321)	(143,937)
Prepaid expenses	280	762
Accounts payable and accrued liabilities	32,443	13,452
Deferred revenue	<u>148,100</u>	<u>225,001</u>
Net cash provided by (used in) operating activities	<u>33,801</u>	<u>104,598</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(172,662)	(98,636)
Proceeds on sale of tangible capital assets	<u>72,000</u>	<u>72,000</u>
Net cash provided by (used in) capital activities	<u>(100,662)</u>	<u>(26,636)</u>
INVESTING ACTIVITIES		
Change in long term investments	<u>(80,401)</u>	<u>(54)</u>
Net cash provided by (used in) investing activities	<u>(80,401)</u>	<u>(54)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(147,262)	77,908
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>505,349</u>	<u>427,441</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>358,087</u></u>	<u><u>505,349</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash	119,605	191,687
Short term investments	<u>238,482</u>	<u>313,662</u>
	\$ <u><u>358,087</u></u>	\$ <u><u>505,349</u></u>

VILLAGE OF ELNORA

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE - BEGINNING OF YEAR	\$ <u>257,428</u>	\$ <u>209,416</u>	\$ <u>2,411,086</u>	\$ <u>2,877,930</u>	\$ <u>2,935,891</u>
Excess (deficiency) of revenues over expenses	7,417	-	-	7,417	(57,961)
Disposal of tangible capital assets	74,330	-	(74,330)	-	-
Current year funds used for tangible capital assets	(172,662)	-	172,662	-	-
Annual amortization expense	<u>112,461</u>	-	<u>(112,461)</u>	-	-
Change in accumulated surplus	<u>21,546</u>	-	<u>(14,129)</u>	<u>7,417</u>	<u>(57,961)</u>
BALANCE - END OF YEAR	\$ <u><u>278,974</u></u>	\$ <u><u>209,416</u></u>	\$ <u><u>2,396,957</u></u>	\$ <u><u>2,885,347</u></u>	\$ <u><u>2,877,930</u></u>

VILLAGE OF ELNORA

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

		Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	
COST:	\$	\$	\$	\$	\$	\$	\$
BALANCE - BEGINNING OF YEAR	135,184	132,944	549,405	3,739,593	269,384	156,043	4,982,553
Acquisition of tangible capital assets	40,518	17,562	-	37,682	76,900	-	172,662
Disposal of tangible capital assets	-	-	-	-	(76,900)	-	(76,900)
BALANCE - END OF YEAR	<u>175,702</u>	<u>150,506</u>	<u>549,405</u>	<u>3,777,275</u>	<u>269,384</u>	<u>156,043</u>	<u>5,078,315</u>
ACCUMULATED AMORTIZATION:							
BALANCE - BEGINNING OF YEAR	-	125,792	113,602	2,128,936	91,411	111,726	2,571,467
Annual amortization	-	3,700	7,769	73,687	16,820	10,485	112,461
Accumulated amortization on disposal	-	-	-	-	(2,570)	-	(2,570)
BALANCE - END OF YEAR	<u>-</u>	<u>129,492</u>	<u>121,371</u>	<u>2,202,623</u>	<u>105,661</u>	<u>122,211</u>	<u>2,681,358</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 175,702</u>	<u>\$ 21,014</u>	<u>\$ 428,034</u>	<u>\$ 1,574,652</u>	<u>\$ 163,723</u>	<u>\$ 33,832</u>	<u>\$ 2,396,957</u>
							<u>\$ 2,411,086</u>

VILLAGE OF ELNORA

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
TAXATION			
Real property taxes	\$ 308,436	\$ 307,970	\$ 302,275
Linear property taxes	<u>7,938</u>	<u>7,987</u>	<u>9,420</u>
	<u>316,374</u>	<u>315,957</u>	<u>311,695</u>
REQUISITIONS			
Alberta School Foundation Fund	<u>58,140</u>	<u>58,471</u>	<u>60,791</u>
NET MUNICIPAL TAXES	<u>\$ 258,234</u>	<u>\$ 257,486</u>	<u>\$ 250,904</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
TRANSFER FOR OPERATING:			
Federal government	\$ 3,350	\$ 3,238	\$ 3,150
Provincial government	44,563	72,134	59,158
Other local government	<u>97,233</u>	<u>98,003</u>	<u>113,935</u>
	<u>145,146</u>	<u>173,375</u>	<u>176,243</u>
TRANSFERS FOR CAPITAL			
Federal government	4,500	4,900	4,900
Provincial government	<u>37,800</u>	<u>109,787</u>	<u>35,195</u>
	<u>42,300</u>	<u>114,687</u>	<u>40,095</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 187,446</u>	<u>\$ 288,062</u>	<u>\$ 216,338</u>

VILLAGE OF ELNORA
SCHEDULE 5 –EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
EXPENSES			
Salaries, wages, and benefits	\$ 280,763	\$ 286,301	\$ 271,301
Contracted and general services	185,801	205,365	175,370
Materials, goods, supplies and utilities	102,114	102,090	125,609
Transfers to other governments	10,473	13,346	12,615
Transfers to individuals and organizations	21,150	20,500	20,500
Loss on sale of tangible capital assets	-	2,330	-
Other	500	524	388
Amortization (Note 16)	<u>-</u>	<u>112,461</u>	<u>111,926</u>
	<u>\$ 600,801</u>	<u>\$ 742,917</u>	<u>\$ 717,709</u>

VILLAGE OF ELNORA

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protective Services	Transportation Services	Environmental Services	Family & Community Support Services	Recreation & Culture	Total
REVENUE							
Net municipal taxes	\$ 257,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,486
Government transfers	72,134	-	76,757	40,518	66,223	32,430	288,062
Sales and user fees	503	-	651	123,029	-	9,609	133,792
Investment income	2,493	-	-	-	-	-	2,493
Penalties and costs of taxes	24,343	-	-	-	-	-	24,343
Franchise agreement	19,012	-	-	-	-	-	19,012
Rentals	11,103	-	-	-	-	-	11,103
Other revenues	<u>11,663</u>	<u>1,446</u>	<u>934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,043</u>
	<u>398,737</u>	<u>1,446</u>	<u>78,342</u>	<u>163,547</u>	<u>66,223</u>	<u>42,039</u>	<u>750,334</u>
EXPENSES							
Contracted and general services	68,603	20,083	37,764	62,691	9,244	6,980	205,365
Salaries, wages and benefits	120,790	-	71,692	40,202	50,751	2,866	286,301
Materials, goods, supplies and utilities	9,608	4,099	37,560	33,680	6,106	11,037	102,090
Transfers to governments and organizations	-	-	-	-	13,346	20,500	33,846
Other expenses	<u>524</u>	<u>-</u>	<u>2,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,854</u>
	<u>199,525</u>	<u>24,182</u>	<u>149,346</u>	<u>136,573</u>	<u>79,447</u>	<u>41,383</u>	<u>630,456</u>
NET REVENUE, BEFORE AMORTIZATION	<u>199,212</u>	<u>(22,736)</u>	<u>(71,004)</u>	<u>26,974</u>	<u>(13,224)</u>	<u>656</u>	<u>119,878</u>
Amortization expense	<u>(7,697)</u>	<u>(6,397)</u>	<u>(61,948)</u>	<u>(32,180)</u>	<u>-</u>	<u>(4,239)</u>	<u>(112,461)</u>
NET REVENUE	<u>\$ 191,515</u>	<u>\$ (29,133)</u>	<u>\$ (132,952)</u>	<u>\$ (5,206)</u>	<u>\$ (13,224)</u>	<u>\$ (3,583)</u>	<u>\$ 7,417</u>
2020 NET REVENUE	<u>\$ 134,720</u>	<u>\$ (15,054)</u>	<u>\$ (156,330)</u>	<u>\$ 676</u>	<u>\$ (13,867)</u>	<u>\$ (8,106)</u>	<u>\$ (57,961)</u>

VILLAGE OF ELNORA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all 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 operating requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred with the exception of pension expenditures as disclosed in Note 1.h.

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 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 measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

VILLAGE OF ELNORA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates - Continued

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

(d) 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.

(e) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(f) 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.

(g) 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

VILLAGE OF ELNORA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Pension Expenditure

The Village participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

(i) Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(j) Investments

Investments are recorded at the lower of cost or market value. 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.

(k) 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 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.

(l) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short term investments.

(m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The Village's financial instruments consist of cash and short term investments, receivables, long-term investments, 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 statements. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values. The cash, short term and long term investments are classified as Held-to-maturity.

(n) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as revenue in the operating fund.

VILLAGE OF ELNORA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

(p) 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 (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:

	YEARS
Buildings	60
Engineered structures	
Roadway systems	15
Water system	5 - 75
Wastewater system	10 - 75
Land improvements	15
Machinery and equipment	10 - 25
Vehicles	10 - 20

The annual amortization charge in the year of acquisition and in the year of disposal is pro-rated based on the number of days that the asset was owned during the year. Assets under construction are not amortized until the asset is available for productive use.

Included in Engineered Structures are \$9,758 of costs related to construction in progress which are not currently being amortized.

(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.

VILLAGE OF ELNORA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

- (a) Section PS 1201 - Financial Statement Presentation
This section provides guidance on general reporting principles and disclosure of information in financial statements. Effective for the fiscal years beginning on or after April 1, 2022.
- (b) Section PS 2601 - Foreign Currency Translation
This section establishes standards on how to account for and report transactions that are denominated in foreign currency. Effective for the fiscal years beginning on or after April 1, 2022.
- (c) Section PS 3041 - Portfolio Investments
This section establishes standards on how to account for and report portfolio investments in government financial statements. Effective for the fiscal years beginning on or after April 1, 2022.
- (d) Section PS 3050 – Loans Receivable
This section establishes standards on how to account for and report loans receivable in government financial statements. The standards apply to loans to borrowers outside of the government reporting entity. Effective for the fiscal years beginning on or after April 1, 2022.
- (e) Section PS 3160 – Public Private Partnerships
This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.
- (f) Section PS 3450 – Financial Instruments
This section establishes guidance on the recognition, measurement and disclosure requirements for financial instruments. Effective for the fiscal years beginning on or after April 1, 2022.
- (g) Section PS 3280 – Asset Retirement Obligations
This section establishes standards on how to account for a liability for retirement of a tangible capital asset. Effective for the fiscal years beginning on or after April 1, 2022.
- (h) Section PS 3400 – Revenue
This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.
- (i) Section PSG – 8 – Purchased Intangibles
This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

VILLAGE OF ELNORA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. CASH AND SHORT TERM INVESTMENTS

	2021	2020
Cash	\$ 119,605	\$ 191,687
Short term investment	<u>238,482</u>	<u>313,662</u>
	<u>\$ 358,087</u>	<u>\$ 505,349</u>

The village's bank account pays interest at prime minus 2.5%.

Council has designated funds of \$209,416 (2020 - \$209,416) included in the above amounts for restricted surplus.

Included in the above are the restricted amounts of \$216,145 (2020 - \$331,908) of deferred grant funding and \$9,820 (2020 - \$7,216) of donations.

The short term investment is valued at cost and are earning interest at 0.25% and has a maturity date of April 2022.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place of taxes	\$ 47,907	\$ 59,400
Arrears of taxes	<u>41,547</u>	<u>48,145</u>
	<u>\$ 89,454</u>	<u>\$ 107,545</u>

5. TRADE AND OTHER RECEIVABLES

	2021	2020
Federal Gas Tax grant	\$ 300,000	\$ 200,000
GST	6,783	9,885
Insurance proceeds	11,213	-
Municipal sustainability grant-capital	816,983	644,689
Other	2,462	1,946
Rent	4,400	-
Senate election grant	<u>2,000</u>	<u>-</u>
	<u>\$ 1,143,841</u>	<u>\$ 856,520</u>

6. LONG TERM INVESTMENTS

	2021	2020
Equity in co-operatives	\$ 3,916	\$ 3,780
Guaranteed investment certificate, interest at 0.80%, maturing January 2023	<u>80,265</u>	<u>-</u>
	<u>\$ 84,181</u>	<u>\$ 3,780</u>

VILLAGE OF ELNORA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

7. DEFERRED REVENUE

	2021	2020
Donations	\$ 9,820	\$ 7,216
Economic development funds	2,348	2,348
Federal Gas Tax grant	221,387	126,288
Government of Alberta local land user planner grant	-	10,000
Miscellaneous	856	-
Municipal Operating Support transfer grant	-	20,560
Municipal Stimulus Program grant	-	35,000
Municipal Sustainability Initiatives grants	<u>1,026,139</u>	<u>911,038</u>
	<u>\$ 1,260,550</u>	<u>\$ 1,112,450</u>

8. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	\$ 278,974	\$ 257,428
Equity in tangible capital assets (Note 9)	2,396,957	2,411,086
Restricted surplus (Note 10)	<u>209,416</u>	<u>209,416</u>
	<u>\$ 2,885,347</u>	<u>\$ 2,877,930</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 2)	\$ 5,078,315	\$ 4,982,553
Accumulated amortization (Schedule 2)	<u>(2,681,358)</u>	<u>(2,571,467)</u>
	<u>\$ 2,396,957</u>	<u>\$ 2,411,086</u>

10. RESTRICTED SURPLUS

	2020	Increases	Decreases	2021
Administration	\$ 5,724	\$ -	\$ -	\$ 5,724
Protective services	83,877	-	-	83,877
Water	20,000	-	-	20,000
Wastewater	20,815	-	-	20,815
Garbage	21,500	-	-	21,500
Subdivision	<u>57,500</u>	-	-	<u>57,500</u>
Total	<u>\$ 209,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,416</u>

VILLAGE OF ELNORA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

11. 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:

	2021			2020
	Salary(1)	Benefits & Allowances(2)	Total	Total
S. Wesgate, C.A.O	\$ 56,803	\$ 2,681	\$ 59,484	\$ 59,119
J. Bissell (Mayor)	900	-	900	-
R. Duft (Councillor)	465	-	465	-
L. Ferguson (Councillor)	525	-	525	-
R. Aellen, Councillor (former)	2,170	-	2,170	2,960
L. Nelson, Mayor (former)	4,507	-	4,507	5,897
K. Mose, Councillor (former)	3,515	-	3,515	4,072
Designated Officers	\$ 6,175	\$ -	\$ 6,175	\$ 5,882

- (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.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Elnora participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The plan serves about 275,863 people and 433 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Village of Elnora is required to make current service contributions to the Plan of 9.39% of pensionable earnings up to the CPP maximum pensionable earnings and 13.84% of any excess earnings. Employees of the Village of Elnora are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current and past service contributions by the Village of Elnora to the Local Authorities Pension Plan in 2021 were \$5,972 (2020 - \$7,844). Total current and past service contributions by the employees of the Village of Elnora to the Local Authorities Pension Plan in 2021 were \$5,338 (2020 - \$7,022).

At December 31, 2020, the Plan disclosed an actuarial surplus of \$5.0 billion.

VILLAGE OF ELNORA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 municipality be disclosed as follows:

	2021	2020
Total debt limit	\$ 953,470	\$ 929,478
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit (exceeded) available	<u>953,470</u>	<u>929,478</u>
Debt servicing limit	158,912	154,913
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit (exceeded) available	\$ <u>158,912</u>	\$ <u>154,913</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that 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.

14. FINANCIAL INSTRUMENTS

The village is exposed to various risks through its financial instruments. The following analysis provides a measure of the village's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the village is not exposed to significant currency or other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The village has fixed rate investments which are subject to fair value risk, as the value will fluctuate as a result of changes in market rates.

VILLAGE OF ELNORA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

14. FINANCIAL INSTRUMENTS - Continued

Operating Lines of Credit

At December 31, 2021, the village had short-term bank lines of credit aggregating \$50,000 (2020 - \$50,000) of which \$NIL (2020 - \$NIL) had been drawn down. Lines of credit are revolving operating and term facilities that bear interest at prime plus 0.25%. They are reviewed annually and secured by a general security agreement.

At December 31, 2021, the village had short term credit card lines of credit aggregating \$30,000 (2020 - \$30,000) of which \$NIL (2020 - \$NIL) had been drawn down.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The carrying value of accounts receivable reflects management's assessment of credit risk.

15. CONTINGENCIES

The Village of Elnora is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Elnora 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.

16. AMORTIZATION

Amortization is a non-cash expense and has been allocated to the different functions as follows:

	Budget (Unaudited)	2021	2020
Administration	\$ -	\$ 7,697	\$ 7,803
Protective services	-	6,397	6,397
Transportation services	-	61,948	61,036
Water and wastewater	-	29,388	29,218
Waste management	-	2,792	2,792
Recreation and parks	-	4,239	4,680
	\$ -	\$ 112,461	\$ 111,926

VILLAGE OF ELNORA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

17. SEGMENTED DISCLOSURE

The Village of Elnora 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.

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks, lighting and airport. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls.

Refer to the Schedule 6 – Segmented Disclosure.

18. COMMITMENTS

The Village of Elnora has entered into an agreement to allow individuals residing in a neighboring municipality access to its cultural facilities and programs without paying any charge or levy. In exchange for this access, the neighboring municipality will provide the Village of Elnora with a grant to be used for the operation and maintenance of these facilities or programs. This agreement is effective for 5 years, expiring December 31, 2022. The amount of \$31,780 was received in 2021 and the amount of \$31,780 will be received 2022.

The village entered into an agreement with a contractor for waste collection services. The agreement expires January 31, 2023 and requires monthly payments. Pricing is \$7.70 per residential home.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.