

TOWN OF STAVELY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

TOWN OF STAVELY

DECEMBER 31, 2021

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SCASE & PARTNER

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL TOWN OF STAVELY

We have audited the consolidated financial statements of the Town of Stavely, which comprise the consolidated statement of financial position for the year ended December 31, 2021 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated statements present fairly, in all material respects the financial position of the Town of Stavely as at December 31, 2021, and its financial performance 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 Town of Stavely in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

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 organizations and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility 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 consolidated 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 consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Town's audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase

April 1, 2022
Calgary, Alberta



Chartered Professional Accountants

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,288,065	\$ 1,335,517
Receivables:		
Taxes and grants in lieu of receivable (Note 3)	32,317	67,480
Trade and other receivables (Note 3)	49,305	41,509
Due from other governments (Note 3)	606,610	366,732
Land held for resale (Note 4)	435,112	264,972
	<u>2,411,409</u>	<u>2,076,210</u>
LIABILITIES		
Accounts payable and accrued liabilities	26,410	55,486
Deferred revenue (Note 7)	1,007,240	917,596
Long term debt (Note 6)	279,415	153,116
	<u>1,313,065</u>	<u>1,126,198</u>
NET FINANCIAL ASSETS	<u>1,098,344</u>	<u>950,012</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	5,650,947	5,793,000
	<u>5,650,947</u>	<u>5,793,000</u>
ACCUMULATED SURPLUS (Schedule 1, Note 11)	<u>\$ 6,749,291</u>	<u>\$ 6,743,012</u>

APPROVED:

X _____ **Mayor**

X _____ **Councilor**

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2021

	BUDGET		
	(Unaudited)	2021	2020
REVENUE			
Net municipal taxes (Schedule 3)	\$ 430,000	\$ 428,491	\$ 404,403
User fees and sales	276,250	305,851	260,456
Government transfers (Schedule 4)	76,807	187,887	200,616
Investment income	7,400	6,336	9,494
Franchise and concession contracts	47,842	54,334	36,807
Penalties and costs of taxes	20,500	18,585	21,043
Rentals	10,950	11,818	11,803
Licences and permits	6,900	8,348	6,647
Fines	100	122	99
Other revenue	-	6,922	6,573
Net loss on sale of capital assets	-	-	(2,279)
	876,749	1,028,694	955,662
EXPENSES			
Legislative	19,430	18,945	15,296
Administration	229,015	206,569	241,068
Fire and disaster	24,642	48,241	40,314
Bylaws enforcement	22,039	16,037	5,564
Common service	97,313	109,851	100,361
Roads, streets, walks, lighting	65,500	205,707	201,228
Water supply and distribution	117,956	182,306	170,713
Wastewater treatment and disposal	24,320	57,395	43,754
Waste management	83,420	89,015	72,558
Family and community support	66,571	66,055	59,545
Cemeteries	750	750	750
Land use, planning, zoning and development	9,500	69,216	9,186
Subdivision land development	12,702	4,160	5,218
Parks and recreation	51,915	93,421	65,810
Culture	10,276	10,383	10,498
	835,349	1,178,051	1,041,863
(SHORTFALL) OF REVENUE OVER EXPENSES			
- BEFORE OTHER	41,400	(149,357)	(86,201)
Government transfers for capital (Schedule 4)	-	155,636	50,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	41,400	6,279	(36,201)
ACCUMULATED SURPLUS, beginning of year	6,743,012	6,743,012	6,779,213
ACCUMULATED SURPLUS, end of year	\$ 6,784,412	\$ 6,749,291	\$ 6,743,012

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2021

	BUDGET (Unaudited)	2021	2020
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ -	\$ 6,279	\$ (36,201)
Acquisition of tangible capital assets	(263,868)	(143,222)	(69,343)
Proceeds on disposal of tangible capital assets	-	-	482
Amortization of tangible capital assets	-	285,278	265,950
Loss on sale of tangible capital assets	-	(3)	2,281
	(263,868)	142,053	199,370
INCREASE IN NET ASSETS	(263,868)	148,332	163,169
NET FINANCIAL ASSETS, beginning of year	950,012	950,012	786,843
NET FINANCIAL ASSETS, end of year	\$ 686,144	\$ 1,098,344	\$ 950,012

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

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

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 6,279	\$ (36,201)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	285,278	265,950
loss on disposal of tangible capital assets	(3)	2,281
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	35,163	9,653
Decrease (increase) in trade and other receivables	(7,797)	5,954
Decrease (increase) in due from other governments	(239,878)	(170,200)
Decrease (increase) in land held for resale	(170,140)	-
Increase (decrease) in accounts payable and accrued liabilities	(29,077)	-
Increase (decrease) in deferred revenue	89,643	294,316
CASH PROVIDED BY OPERATING TRANSACTIONS	(30,532)	371,753
CAPITAL		
Acquisition of tangible capital assets	(143,222)	(69,343)
Sale of tangible capital assets	-	482
CASH APPLIED TO CAPITAL TRANSACTIONS	(143,222)	(68,861)
FINANCING		
Long-term debt issued	165,000	-
Long-term debt repaid	(38,701)	(27,700)
CASH APPLIED TO FINANCING TRANSACTIONS	126,299	(27,700)
CHANGE IN CASH AND CASH EQUIVALENTS	(47,455)	275,192
CASH AND CASH EQUIVALENTS, beginning of year	1,381,965	1,106,773
CASH AND CASH EQUIVALENTS, end of year	\$ 1,334,510	\$ 1,381,965
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ <u>1,288,065</u>	\$ <u>1,335,517</u>
INTEREST EARNED ON INVESTMENTS	\$ <u>6,336</u>	\$ <u>9,494</u>
INTEREST PAID ON LONG-TERM DEBT	\$ <u>4,160</u>	\$ <u>5,218</u>

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE , beginning of year	\$ 704,878	\$ 398,250	\$ 5,639,884	\$ 6,743,012	\$ 6,779,213
Excess (deficiency) of revenues over expenses	6,279	-	-	6,279	(36,201)
Unrestricted funds designated for future use	(59,400)	59,400	-	-	-
Restricted funds used for operations	4,457	(4,457)	-	-	-
Current year funds used for tangible capital assets	(143,222)	-	143,222	-	-
Annual amortization expense	285,278	-	(285,278)	-	-
Capital long term debt (decrease) increase	(27,701)	-	27,701	-	-
Change in accumulated surplus	65,691	54,943	(114,355)	6,279	(36,201)
BALANCE , end of year	\$ 770,569	\$ 453,193	\$ 5,525,529	\$ 6,749,291	\$ 6,743,012

TOWN OF STAVELY

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 2

ENGINEERED STRUCTURES

	LAND	LAND IMPROVEMENT	BUILDINGS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES	2021	2020
COST:										
BALANCE, beginning of year	\$ 980,579	\$ 44,705	\$ 1,482,914	\$ 4,815,576	\$ 3,493,829	\$ 812,200	\$ 416,420	\$ 191,444	\$ 12,237,667	\$ 12,198,555
Acquisition of tangible capital assets	-	-	24,758	8,142	43,817	66,505	-	-	143,222	69,343
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(30,233)
BALANCE, end of year	<u>980,579</u>	<u>44,705</u>	<u>1,507,672</u>	<u>4,823,718</u>	<u>3,537,646</u>	<u>878,705</u>	<u>416,420</u>	<u>191,444</u>	<u>12,380,889</u>	<u>12,237,665</u>
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	34,132	432,505	3,525,446	1,580,783	614,715	157,690	99,394	6,444,665	6,206,186
Annual amortization	-	1,626	26,343	141,718	66,204	11,331	21,160	16,896	285,278	265,950
Accum amortization on disposals	-	-	-	-	-	-	-	-	-	(27,471)
BALANCE, end of year	<u>-</u>	<u>35,758</u>	<u>458,848</u>	<u>3,667,164</u>	<u>1,646,987</u>	<u>626,046</u>	<u>178,850</u>	<u>116,290</u>	<u>6,729,943</u>	<u>6,444,665</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 980,579</u>	<u>\$ 8,947</u>	<u>\$ 1,048,824</u>	<u>\$ 1,156,554</u>	<u>\$ 1,890,659</u>	<u>\$ 252,659</u>	<u>\$ 237,570</u>	<u>\$ 75,154</u>	<u>\$ 5,650,946</u>	<u>\$ 5,793,000</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 980,579</u>	<u>\$ 10,573</u>	<u>\$ 1,050,409</u>	<u>\$ 1,290,130</u>	<u>\$ 1,913,045</u>	<u>\$ 197,484</u>	<u>\$ 258,730</u>	<u>\$ 92,050</u>	<u>\$ 5,793,000</u>	

TOWN OF STAVELY

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 3

	BUDGET (Unaudited)	2021	2020
TAXATION			
Real property taxes	\$ 622,316	\$ 607,265	\$ 565,596
Linear property taxes	-	8,966	7,443
Business taxes	-	4,576	4,408
	<hr/> 622,316	<hr/> 620,807	<hr/> 577,447
REQUISITIONS			
Alberta School Foundation Fund	175,922	175,922	157,257
Seniors Lodge	16,394	16,394	15,787
	<hr/> 192,316	<hr/> 192,316	<hr/> 173,044
NET MUNICIPAL TAXES	<hr/> \$ 430,000	<hr/> \$ 428,491	<hr/> \$ 404,403

TOWN OF STAVELY

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 4

	BUDGET (Unaudited)	2021	2020
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 71,807	\$ 177,187	\$ 195,616
Other Local Governments	5,000	10,700	5,000
	<u>76,807</u>	<u>187,887</u>	<u>200,616</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	-	155,636	50,000
	<u>-</u>	<u>155,636</u>	<u>50,000</u>
TOTAL GOVERNMENT TRANSFERS	\$ 76,807	343,523	250,616

TOWN OF STAVELY

SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 5

	BUDGET (Unaudited)	2021	2020
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 378,613	\$ 372,902	\$ 348,820
Amortization of tangible capital assets	-	285,278	265,950
Materials, goods and utilities	169,828	173,725	155,796
Contracted and general services	216,647	257,877	175,526
Interest on long-term debt	11,862	4,160	5,218
Transfers to local boards and agencies	22,706	60,723	66,138
Purchases from other governments	35,192	22,945	24,066
Bank charges and short-term interest	500	441	348
	\$ 835,348	1,178,051	\$ 1,041,862

TOWN OF STAVELY

SCHEDULE OF SEGMENTED DISCLOSURE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 428,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,490
Government transfers	111,786	-	8,142	59,908	35,952	127,736	-	343,524
User fees and sales	15,559	-	-	356	7,717	282,218	-	305,850
Investment income	6,336	-	-	-	-	-	-	6,336
Other revenues	77,419	4,002	-	12,861	4,238	1,610	-	100,130
	639,590	4,002	8,142	73,125	47,907	411,564	-	1,184,330
EXPENSES								
Contract & general services	66,173	21,492	21,390	69,216	445	79,163	-	257,879
Salaries and wages	195,306	2,355	59,556	-	28,480	87,203	-	372,900
Goods and supplies	27,809	4,702	75,679	-	11,797	53,737	-	173,724
Transfers to local boards	-	-	-	-	59,973	-	750	60,723
Long-term debt interest	-	-	-	4,160	-	-	-	4,160
Other expenses	442	4,991	-	-	-	17,954	-	23,387
	289,730	33,540	156,625	73,376	100,695	238,057	750	892,773
NET REVENUE BEFORE AMORTIZATION	349,860	(29,538)	(148,483)	(251)	(52,788)	173,507	(750)	291,557
Amortization	1,839	30,739	158,933	-	3,108	90,659	-	285,278
NET REVENUE	\$ 348,021	\$ (60,277)	\$ (307,416)	\$ (251)	\$ (55,896)	\$ 82,848	\$ (750)	\$ 6,279

TOWN OF STAVELY

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Stavelly are the representations of management prepared in accordance with Canadian public sector accounting standards 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 town are as follows:

(a) Reporting Entity

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

(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) 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.

TOWN OF STAVELY

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at 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) 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 assets. The cost, less residual value of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15-25 years
Buildings	25-50 years
Engineered Structures	
Water System	35-75 years
Wastewater system	35-75 years
Other engineered structures	15-40 years
Machinery and equipment	5-40 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets are 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. Inventories

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

TOWN OF STAVELY

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to repay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

(g) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the applicable fund.

(i) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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.

(j) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues

TOWN OF STAVELY

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Requisition Over-levies and Under-levies

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.

2. CASH AND BANK FACILITY

Cash and temporary investments

	<u>2021</u>	<u>2020</u>
Cash	\$ 833,924	\$ 937,951
Temporary investments	<u>454,141</u>	<u>397,566</u>
	1,288,065	1,335,517
Less restricted Restricted funds for other than current use	<u>(858,460)</u>	<u>(991,664)</u>
Unrestricted cash	<u>\$ 429,605</u>	<u>\$ 343,853</u>

Short-term notes and deposits have effective interest rates of 0.050% to 2.45% (Average - 1.43%) and mature in less than one year.

Bank operating credit facility

The Town of Stavely has established a demand operating revolving credit facility to a maximum of \$100,000. Interest is charged on the outstanding balance at prime bank rate plus 1.00% and is payable on the last day of each month. Advances and repayments are in increments of \$10,000. Security for the operating facility is by way of a bylaw passed by the Town of Stavely and a general security agreement over the assets of the Town. The Town does not have an outstanding balance at year end.

The town has a ATB Mastercard with a limit of \$8,000. Outstanding balances will bear interest at prime plus 2.0% Security is the same as the operating credit facility.

TOWN OF STAVELY

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

3. RECEIVABLES

	<u>2021</u>	<u>2020</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 27,353	\$ 56,997
Arrears taxes	<u>4,964</u>	<u>10,484</u>
	32,317	67,481
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 32,317</u>	<u>\$ 67,481</u>
<u>Other</u>		
GST	\$ 4,637	\$ 4,889
Grants	601,973	361,843
Trade and other receivables	<u>49,305</u>	<u>41,509</u>
	655,915	408,241
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 655,915</u>	<u>\$ 408,241</u>
	<u>\$ 688,232</u>	<u>\$ 475,722</u>

4. INVENTORY

Land held for resale

Inventory is comprised of a parcels of land purchased by the Town in 2018 and in 2021 for future subdivision purposes. The land is recorded at the lower of cost or net realizable value. The cost includes the original purchase price and incidental costs expended by the Town during the balance of the year. 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. The land is recorded as a financial asset as it meets the requirements for such classification under the public sector standards.

5. TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
NET BOOK VALUE		
Land	\$ 980,579	\$ 980,579
Land Improvements	8,947	10,573
Buildings	1,048,824	1,050,409
Engineered Structures		
Roadway system	1,156,554	1,290,129
Water distribution system	1,890,659	1,913,046
Wastewater treatment system	252,659	197,485
Machinery, equipment and furnishings	237,571	258,730
Vehicles	<u>75,154</u>	<u>92,049</u>
	<u>\$ 5,650,947</u>	<u>\$ 5,793,000</u>

TOWN OF STAVELY

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

6. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>	
Tangible capital asset term loans			
1. ATB Financial term loan	\$ 46,915	\$ 58,916	
2. ATB Financial term loan	<u>78,500</u>	<u>94,200</u>	
	125,415	153,116	
Other term loans			
3. ATB Financial term loan	<u>154,000</u>	<u>-</u>	
	<u>\$ 279,415</u>	<u>\$ 153,116</u>	
Current Portion	<u>\$ 38,700</u>	<u>\$ 27,700</u>	
	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 38,700	\$ 7,684	\$ 46,384
2023	38,700	6,620	45,320
2024	38,700	5,555	44,255
2025	37,615	4,491	42,106
2026	26,700	3,457	30,157
Thereafter	<u>99,000</u>	<u>2,723</u>	<u>101,723</u>
	<u>\$ 279,415</u>	<u>\$ 30,530</u>	<u>\$ 309,945</u>

There were no Debenture debts outstanding as of December 31, 2021. Debenture debt is issued on the credit and security of the Town of Stavely at large.

1. ATB Financial term loan repayable annually with a principal payment of \$12,000 plus interest calculated at prime plus 0.30%. Amortization of the loan is over 25 years with a term of 10 years. The loan is issued on the credit and security of the Town of Stavely at large.
2. ATB Financial loan repayable annually with a principal payment of \$15,700 plus interest calculated at prime plus 0.30%. Amortization of the loan is over 10 years. The loan is issued on the credit and security of the Town of Stavely at large.
3. ATB Financial loan repayable annually with a principal payment of \$11,000 plus interest calculated at prime plus 0.30%. Amortization of the loan is over 15 years. The loan is issued on the credit and security of the Town of Stavely at large.

All ATB Financial loans are due on demand. ATB Financial has indicated however, that they will accept monthly payments on the term non revolving loans. All ATB Financial banking facilities are subject to annual review.

TOWN OF STAVELY

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

7. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Unearned income		
AB Community Partnership	\$ -	\$ 42,960
MSI grant capital	797,026	632,088
CCBF	178,569	112,340
Other	7,954	107,388
Fire grant	<u>-</u>	<u>800</u>
	983,549	895,576
Prepaid income	<u>23,692</u>	<u>22,020</u>
	<u>\$ 1,007,241</u>	<u>\$ 917,596</u>

8. 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:

	<u>2021</u>		<u>2020</u>
	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total</u>
			<u>Total</u>
<u>Councillors:</u>			
J. Binmore	2,495	-	2,495
D. Gugala	2,060	-	2,060
G. Hall	2,610	-	2,610
T. Martin	1,665	-	1,665
D. Norby	1,910	-	1,910
M. Varey	2,245	-	2,245
R. Whittingham	1,960	-	1,960
Chief Administrative Officer	70,298	13,328	83,626
Designated officers	15,311	-	15,311

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

TOWN OF STAVELY

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

9. 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 Town of Stavely be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 1,543,041	\$ 1,404,478
Total debt	<u>(279,415)</u>	<u>(153,116)</u>
Amount of debt limit available (exceeded).	<u>\$ 1,263,626</u>	<u>\$ 1,251,362</u>
	<u>2021</u>	<u>2020</u>
Debt servicing limit	\$ 257,174	\$ 234,080
Debt servicing	<u>(46,384)</u>	<u>(31,911)</u>
Amount of debt servicing limit available (exceeded).	<u>\$ 210,790</u>	<u>\$ 202,169</u>

The debt limit is calculated as 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 2)	\$12,380,889	\$12,237,665
Accumulated amortization (Schedule 2)	<u>(6,729,943)</u>	<u>(6,444,665)</u>
Net book value	5,650,946	5,793,000
Long-term debt (Note 6)	<u>(125,415)</u>	<u>(153,116)</u>
	<u>\$ 5,525,531</u>	<u>\$ 5,639,884</u>

TOWN OF STAVELY

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

11. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ <u>770,569</u>	\$ <u>704,878</u>
Restricted surplus		
Water reserve	27,897	22,897
FCSS reserve	3,505	962
Joint facility reserve	95,586	95,586
Park reserve	22,467	11,067
Contingency reserve	189,401	161,901
Operating reserve	8,024	8,024
Capital reserve	33,414	33,414
Lagoon reserve	38,900	36,400
Office equipment	4,400	4,400
Fire department	5,100	1,600
Recycling	<u>24,499</u>	<u>22,000</u>
Total restricted surplus	<u>453,193</u>	<u>398,251</u>
Equity in tangible capital assets	<u>5,525,529</u>	<u>5,639,884</u>
	<u>\$ 6,749,291</u>	<u>\$ 6,743,013</u>

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2021 were \$20,494 (2020 - \$19,496). Total current service contributions by the employees of the Town to the LAPP in 2021 were \$18,352.68 (2020 - \$17,459).

At December 31, 2020, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of \$4.9 billion.

13. COMMITMENTS

The Town purchased new financial inhouse operating software. The cost of the software, annual support and ongoing training as necessary has been termed out over a three year period beginning September 2019 and ending August 2022.

The commitment of this costs is as follows:

2022	\$ 36,322
2023	\$ 9,077

TOWN OF STAVELY

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

14. CONTINGENCIES

The Town has an Alberta Business Master Card with a limit of \$8,000. The interest on an outstanding balance is calculated a prime bank rate plus 2% per annum. Security is provided for by the Town through its borrowing bylaw and a general security agreement over the assets of the Town.

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable, deposit liabilities, accrued liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from these financial instruments. Financial instruments that are traded on an exchange are reported at fair market value at the reporting date. The adjustment to fair value at the reporting period is reported as an unrealized gain or loss in the statement of operations. All other financial instruments are reported at amortized cost unless there is a permanent decline in value at which time the adjustment to fair value is recorded as an unrealized loss in the statement of operations.

The Town 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 town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimize the credit risk.

Unless otherwise noted, the stated of these financial instruments approximate fair value.

16. SEGMENTED DISCLOSURE

The Town of Stavely 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.

17. COMPARATIVE INFORMATION

Certain 2020 comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

18. ROUNDING

Certain schedule balances may not add due to formula rounding

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2021 are the responsibility of the management of the Town of Stavely.

Management has prepared these consolidated financial statements. 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 financial statements are presented fairly, in all material respects.

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

The Town of Stavely 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 Town of Stavely's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Stavely is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets regularly with management 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. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

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

X

Mayor

X

Date