

Special Meeting of the Village of Alix Council, to be held on  
Wednesday, April 27, 2022 at 6:00 P.M. in Council Chambers.

**AGENDA**

1. Call to Order
2. Agenda: Amendments and Adoption
3. Delegation: a) Gitzel & Company – Scott St. Arnaud, CPA, CA: Presentation of the 2021 audited Financial Statements
4. New Business: a) Approval of the Village of Alix Financial Statements for the year ended December 31, 2021  
b) Financial Comparison – Request for Decision 22-18  
c) Reserve Transfers – Request for Decision 22-19
5. Adjournment

**VILLAGE OF ALIX**  
**MISSION STATEMENT**

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Through Village Council policies and leadership, we foster an open, cooperative government, that encourages public participation and ensures levels of services our citizens expect and deserve.

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# ADMINISTRATION REPORT

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**Date:** April 22, 2022                      RFD 22-18  
**Memo To:** Village Council  
**From:** Michelle White  
**Subject:** Financial Comparison

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1. **PURPOSE** – To highlight changes in the Village Financial Statements between 2017 and 2021.
2. **BACKGROUND** – The Village of Alix has seen many changes over the years. Some of those changes have resulted from difficult decisions by Council and staff. By doing a high level overview of the financials over a longer period of time, the impact of those changes is easier to see.
3. **OPTIONS** – 1. Accept this report as information
4. **DISCUSSION** – Information on the attached chart compares selected line items of the Village Financial Statements from 2017 and 2021.
  - ~ About \$54,000 less in outstanding property taxes
  - ~ Roughly \$2 million more in capital assets despite annual depreciation
  - ~ Sale of goods and user fees is mainly utility billing. It has remained stable and even decreased slightly
  - ~ Rental revenue is up by almost \$38,000 due to full occupancy of Railway House
  - ~ Water/sewer expenses are down by \$173,000 due mainly to finding and fixing water leaks and properly estimating annual water use
  - ~ Recreation & Parks expenses are down by \$195,500 – some of these costs have shifted to other departments since the Village stopped running a recreation department and focused more on protective services and economic development
  - ~ Wages have decreased by roughly \$50,000 and specifically CAO & Council combined wages have decreased by \$84,000. This means that Council and CAO are taking a lower wage, but other municipal staff have been retained and are able to have cost of living increases etc. as necessary
  - ~ Contracted services are down by \$215,000 because we are doing more things “in house”
  - ~ Accumulated Surplus is the Village Reserve accounts. We have reserves in 10 different departments (Fire, Water, Sewer, Arena, Parks etc.) Council has been adding to those reserves for the past 5 years and had a total increase of about \$577,000. Approximately \$385,000 of reserves were used to complete various capital projects in 2021 which drew the reserve totals back down a bit.

~ The Revenue over Expenses line on the attached chart shows a \$200,000 deficit at the end of 2017 and a significant surplus for 2021. We budgeted for some of this surplus so reserves could be topped back up. Some of the surplus came from selling Village owned land and buildings etc.

5. **FINANCIAL IMPLICATIONS** – It is worth noting that there has been a \$34,406 decrease in municipal property taxes over the last 5 years and a \$117,136 decrease in franchise fee revenue.
6. **LEGAL** – Each year a Council must adopt an operating and capital budget (MGA s. 242(1) & s. 245). Also, MGA s. 244(1) says “If the accumulated surplus, net of equity in tangible capital assets, is less than zero, the municipality must include a budget expenditure in the next calendar year that is sufficient to recover the shortfall.”
7. **POLITICAL/PUBLIC IMPLICATIONS** – Strategic Planning by Council is very helpful to set the direction for staff to follow. By having a plan to follow and goals to work toward, we have been able to make significant savings while still providing high levels of service to the residents.
8. **OTHER COMMENTS** –
9. **RECOMMENDATIONS** – Option #1. I recommend the following resolution:

“that the Village of Alix Council hereby accepts Request for Decision 22-18; Financial Comparison as information.”



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Author

## Comparison of Village of Alix Financial Statements 2017 & 2021

Category	2017	2021
Financial Assets - Taxes receivable	\$ 195,773.00	\$ 141,778.00
Non-Financial Assets - Tangible capital assets	\$ 9,301,609.00	\$ 11,370,304.00
Revenue - Net municipal property taxes	\$ 1,459,471.00	\$ 1,424,065.00
Revenue - Sale of goods and user fees	\$ 841,570.00	\$ 817,042.00
Revenue - Rental	\$ 1,440.00	\$ 39,275.00
Revenue - Franchise and concession contracts	\$ 230,218.00	\$ 113,082.00
Revenue - Penalties and costs of taxes	\$ 54,535.00	\$ 38,724.00
Expenses - Water and wastewater	\$ 775,123.00	\$ 601,778.00
Expenses - Recreation and parks	\$ 422,388.00	\$ 226,861.00
Expenses - Salaries, wages and benefits	\$ 823,369.00	\$ 722,476.00
Expenses - Contracted and general services	\$ 789,036.00	\$ 573,448.00
Excess of Revenue over Expenses	\$ (207,344.00)	\$ 585,710.00
Excess of Revenue over Expenses - Acquisition of tangible cap. assets	\$ (82,424.00)	\$ (906,059.00)
Accumulated Surplus - Restricted Surplus - Total	\$ 694,279.00	\$ 886,619.00
Council & CAO Salary Disclosure	\$ 193,210.00	\$ 109,240.00



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# ADMINISTRATION REPORT

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**Date:** April 22, 2022                      RFD 22-19  
**Memo To:** Village Council  
**From:** Michelle White  
**Subject:** Reserve transfers

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1. **PURPOSE** – To recommend various reserve transfers to Council.
2. **BACKGROUND** – Based on the outcome of the 2021 Financial Statements, the Village is in a position to increase reserve accounts. Reserves are most commonly used for future capital projects, future infrastructure replacement or emergency situations.
3. **OPTIONS** –
  1. To leave surplus 2021 funds as Unrestricted Surplus
  2. To make a resolution to move Unrestricted Surplus funds to various reserve accounts
4. **DISCUSSION** – The grant application for Gator Park improvements was approved. This is a 75% federal grant and 25% municipal funding project. The Village will be responsible for covering \$31,250 of the project cost. Some of this amount will be covered by several smaller grants, but Council may wish to top up the Parks Reserve to cover the remaining municipal portion of the project.

Alix Nature Trail Society was successful in getting a Community Facility Enhancement Program grant to re-build the Nature Trail bridge. This is also a matching grant and it is anticipated ANTS will be requesting a contribution of approximately \$14,785 from the Village to assist with the bridge reconstruction.

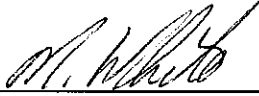
Sewer reserves were decreased by \$227,688 for the 49<sup>th</sup> Street Infrastructure project in 2021. The remaining balance in sewer reserves is \$114,192. The majority of this amount may be needed to cover costs of the emergency sewer main repair in February/March of 2022.

5. **FINANCIAL IMPLICATIONS** – Attached is a table showing reserve account changes/balances for the year ending December 31, 2021
6. **LEGAL** – The MGA does not make many references to reserves (see section 243(1)(e) – an operating budget must include... the amount to be transferred to reserves) but they are commonly used by municipalities to help with capital and asset management.
7. **POLITICAL/PUBLIC IMPLICATIONS** – Having a healthy amount of funding in reserves helps maintain stability for taxation while allowing a municipality to complete necessary capital projects and deal with unforeseen circumstances. Without having reserves ready to access, projects may end up being put on hold until finances can be secured.
8. **OTHER COMMENTS** – It is unlikely the Village will see this level of surplus again. Land and equipment sales in 2021 helped boost this number significantly.

It is important to balance Restricted and Unrestricted funds for cash flow purposes and to ensure all reserves are funded.

9. **RECOMMENDATIONS** – Option #1. I recommend the following resolution:

"that the Village of Alix Council hereby transfers \$45,000 to Parks & Playgrounds reserve and \$300,000 to Sewer reserve."

A handwritten signature in black ink, appearing to read "M. White", written over a horizontal line.

Author

## RESERVES (2021)

Department	Opening Balance	Expenses	Additions	Year End Balance	2022 Budgeted transfers
General	\$50,000				
Fire Department	\$128,109		\$7,500	\$135,609	\$8,000
Streets	\$240,994	\$57,176	\$31,000	\$214,818	-\$30,000
Water	\$192,186	\$100,000		\$92,186	
Sewer	\$341,880	\$227,688		\$114,192	\$225,987
Cemetery	\$20,000			\$20,000	
Arena	\$213,034			\$213,034	
Parks/Playgrounds	\$3,000			\$3,000	
Hall	\$41,529			\$41,529	
Library	\$2,250			\$2,250	
<b>TOTAL</b>	<b>\$1,232,982</b>	<b>\$384,864</b>	<b>\$38,500</b>	<b>\$836,618</b>	<b>\$203,987</b>

NOTE: Fire Department 2022 budget is \$8,000 into reserves and \$8,000 expensed from reserves - net zero. Streets Reserve expense for 2022 is for 49th Street re-paving. Sewer reserves may be needed to pay for 2022 emergency line repair.



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

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

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**MANAGEMENTS' RESPONSIBILITY FOR  
FINANCIAL REPORTING**

Management of the Village of Alix 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.

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**Chief Administrative Officer**

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**Date**

## INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council  
Village of Alix

### Opinion

We have audited the financial statements of the Village of Alix, which comprise the statement of financial position as at December 31, 2021 and the statements of operations, changes in net 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 Municipal 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.

### Other Matter

The financial statements of the village for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 7, 2021.

### 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  
April 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**VILLAGE OF ALIX**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	<b>2021</b>	<b>Restated 2020</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 2,237,366	\$ 2,313,172
Taxes receivable (Note 4)	141,778	107,556
Trade and other receivables (Note 5)	<u>1,059,846</u>	<u>1,110,338</u>
	<u>3,438,990</u>	<u>3,531,066</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	155,910	225,518
Other deferred revenue	6,280	2,484
Tax sale surplus (Note 6)	11,018	-
Deferred revenue (Note 7)	1,495,539	1,591,053
Accrued vacation pay	47,863	39,870
Long-term debt (Note 8)	<u>2,721,925</u>	<u>2,860,426</u>
	<u>4,438,535</u>	<u>4,719,351</u>
<b>NET DEBT</b>	<u>(999,545)</u>	<u>(1,188,285)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	11,326,060	10,944,991
Prepaid expenses	178	178
Inventory for consumption	38,685	22,784
Land held for resale	<u>40,000</u>	<u>40,000</u>
	<u>11,404,923</u>	<u>11,007,953</u>
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 9)	\$ <u>10,405,378</u>	\$ <u>9,819,668</u>
Contingencies Note 17		
Prior Period Adjustments Note 20		

**APPROVED ON BEHALF OF THE VILLAGE COUNCIL:**

\_\_\_\_\_ Mayor

# VILLAGE OF ALIX

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	Restated 2020
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	\$ 1,424,603	\$ 1,424,065	\$ 1,432,753
Government transfers for operating (Schedule 4)	144,604	134,003	70,543
Sales of goods and user fees	768,200	817,042	813,022
Investment income	9,600	10,351	10,667
Rentals	33,800	39,275	34,481
Franchise and concession contracts	104,500	113,082	119,669
Penalties and costs of taxes	33,400	38,724	35,032
Other	8,600	12,600	12,353
Gain on disposal of tangible capital assets	-	87,977	-
<b>Total Revenue</b>	<u>2,527,307</u>	<u>2,677,119</u>	<u>2,528,520</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	58,350	37,223	32,181
Administration	476,250	461,585	377,901
Fire, ambulance and bylaws enforcement	255,451	269,548	153,540
Roads, streets, walk, lighting	465,601	612,311	601,533
Water and wastewater	483,412	601,778	565,796
Waste management	158,800	138,806	151,656
Family and community support and cemetery	54,700	61,915	49,014
Subdivision land and development	83,893	89,665	55,166
Recreation and parks	257,325	226,861	329,972
Loss on disposal of tangible capital assets	-	-	18,401
<b>Total Expenses</b>	<u>2,293,782</u>	<u>2,499,692</u>	<u>2,335,160</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>	<u>233,525</u>	<u>177,427</u>	<u>193,360</u>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>1,338,413</u>	<u>408,283</u>	<u>188,985</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	1,571,938	585,710	382,345
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	<u>9,819,668</u>	<u>9,819,668</u>	<u>9,437,323</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	<u>\$ 11,391,606</u>	<u>\$ 10,405,378</u>	<u>\$ 9,819,668</u>

# VILLAGE OF ALIX

## STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	Restated 2020
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ <u>1,571,938</u>	\$ <u>585,710</u>	\$ <u>382,345</u>
Acquisition of tangible capital assets	(1,744,407)	(906,059)	(424,409)
Amortization of tangible capital assets	-	428,563	403,995
(Gain) loss on disposal of tangible capital assets	-	(87,977)	18,401
Proceeds on disposal of tangible capital assets	-	179,636	-
Other tangible capital asset adjustment	-	<u>4,768</u>	-
	<u>(172,469)</u>	<u>204,641</u>	<u>380,332</u>
Change in inventory for consumption	-	(15,901)	263
Change in prepaid expenses	-	-	<u>4,866</u>
	-	<u>(15,901)</u>	<u>5,129</u>
<b>INCREASE (DECREASE) IN NET DEBT</b>	(172,469)	188,740	385,461
<b>NET DEBT - BEGINNING OF YEAR</b>	<u>(1,188,285)</u>	<u>(1,188,285)</u>	<u>(1,573,746)</u>
<b>NET DEBT - END OF YEAR</b>	\$ <u>(1,360,754)</u>	\$ <u>(999,545)</u>	\$ <u>(1,188,285)</u>

# VILLAGE OF ALIX

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	Restated 2020
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	\$ 585,710	\$ 382,345
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	428,563	403,995
Gain/Loss on disposal of tangible capital assets	(87,977)	18,401
Other	4,768	-
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivables	(34,222)	39,475
Trade and other receivables	50,492	(702,522)
Prepaid expenses	-	4,866
Inventory for consumption	(15,901)	263
Accounts payable and accrued liabilities	(69,608)	46,933
Other deferred revenue	3,796	1,934
Tax sale surplus	11,018	-
Deferred revenue	(95,514)	715,676
Accrued vacation pay	<u>7,993</u>	<u>(159)</u>
Net cash provided by (used in) operating activities	<u>789,118</u>	<u>911,207</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	179,636	-
Acquisition of tangible capital assets	<u>(906,059)</u>	<u>(424,409)</u>
Net cash provided by (used in) capital activities	<u>(726,423)</u>	<u>(424,409)</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash and short-term investments	<u>29,151</u>	<u>(32,353)</u>
Net cash provided by (used in) investing activities	<u>29,151</u>	<u>(32,353)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long - term debt	<u>(138,501)</u>	<u>(133,663)</u>
Net cash provided by (used in) financing activities	<u>(138,501)</u>	<u>(133,663)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(46,655)	320,782
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,753,088</u>	<u>1,432,306</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>1,706,433</u>	<u>1,753,088</u>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash (Note 3)	2,237,366	2,313,172
Less: Restricted portion of cash (Note 3)	<u>(530,933)</u>	<u>(560,084)</u>
	<u>\$ 1,706,433</u>	<u>\$ 1,753,088</u>

**VILLAGE OF ALIX**

**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	Restated 2020
<b>BALANCE - BEGINNING OF YEAR</b>					
As previously reported	\$ 464,681	\$ 1,232,982	\$ 8,128,809	\$ 9,826,472	\$ 9,439,228
Prior period adjustments (Note 20)	<u>37,440</u>	<u>-</u>	<u>(44,244)</u>	<u>(6,804)</u>	<u>(1,905)</u>
As Restated	<u>502,121</u>	<u>1,232,982</u>	<u>8,084,565</u>	<u>9,819,668</u>	<u>9,437,323</u>
Excess (deficiency) of revenues over expenses	585,710	-	-	585,710	382,345
Restricted funds used for tangible capital assets	-	(384,863)	384,863	-	-
Funds designated for future use	(38,500)	38,500	-	-	-
Current year funds used for tangible capital assets	(521,195)	-	521,195	-	-
Debtenture principal payments	(138,501)	-	138,501	-	-
Other adjustments	4,768	-	(4,768)	-	-
Disposal of tangible capital assets	91,658	-	(91,658)	-	-
Annual amortization expense	<u>428,563</u>	<u>-</u>	<u>(428,563)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>412,503</u>	<u>(346,363)</u>	<u>519,570</u>	<u>585,710</u>	<u>382,345</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ 914,624</u>	<u>\$ 886,619</u>	<u>\$ 8,604,135</u>	<u>\$ 10,405,378</u>	<u>\$ 9,819,668</u>

**VILLAGE OF ALIX**

**SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

		Land	Land Improvements	Buildings	Engineered Structures	Restated Machinery and Equipment	Vehicles	2021	Restated 2020
<b>COST:</b>									
BALANCE - BEGINNING OF YEAR	\$	443,106	\$ 337,421	\$ 2,717,026	\$ 12,567,059	\$ 825,528	\$ 532,704	\$ 17,422,844	\$ 17,038,435
Acquisition of tangible capital assets		-	15,672	-	684,206	206,181	-	906,059	424,409
Disposal of tangible capital assets		(30,300)	(7,159)	(147,296)	(34,280)	(45,270)	(138,335)	(402,640)	(40,000)
BALANCE - END OF YEAR		<u>412,806</u>	<u>345,934</u>	<u>2,569,730</u>	<u>13,216,985</u>	<u>986,439</u>	<u>394,369</u>	<u>17,926,263</u>	<u>17,422,844</u>
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE - BEGINNING OF YEAR		-	261,399	613,729	4,620,933	643,533	338,259	6,477,853	6,095,457
Annual amortization		-	14,820	50,434	299,129	41,854	22,326	428,563	403,995
Accumulated amortization on disposals		-	(1,969)	(98,624)	(34,280)	(33,005)	(138,335)	(306,213)	(21,599)
BALANCE - END OF YEAR		<u>-</u>	<u>274,250</u>	<u>565,539</u>	<u>4,885,782</u>	<u>652,382</u>	<u>222,250</u>	<u>6,600,203</u>	<u>6,477,853</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$	<u>412,806</u>	\$ <u>71,684</u>	\$ <u>2,004,191</u>	\$ <u>8,331,203</u>	\$ <u>334,057</u>	\$ <u>172,119</u>	\$ <u>11,326,060</u>	\$ <u>10,944,991</u>
<b>2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$	<u>443,106</u>	\$ <u>76,022</u>	\$ <u>2,103,297</u>	\$ <u>7,946,126</u>	\$ <u>181,995</u>	\$ <u>194,445</u>	\$ <u>10,944,991</u>	

# VILLAGE OF ALIX

## SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
<b>TAXATION</b>			
Real property taxes	\$ 1,614,500	\$ 1,616,661	\$ 1,624,947
Linear property taxes	25,926	23,228	22,771
Government grants in lieu of property taxes	<u>1,829</u>	<u>1,828</u>	<u>1,815</u>
	<u>1,642,255</u>	<u>1,641,717</u>	<u>1,649,533</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	211,468	211,468	210,596
Lacombe Foundation	<u>6,184</u>	<u>6,184</u>	<u>6,184</u>
	<u>217,652</u>	<u>217,652</u>	<u>216,780</u>
<b>NET MUNICIPAL TAXES</b>	\$ <u>1,424,603</u>	\$ <u>1,424,065</u>	\$ <u>1,432,753</u>

**VILLAGE OF ALIX**

**SCHEDULE 4 – GOVERNMENT TRANSFERS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	Restated 2020
<b>TRANSFERS FOR OPERATING</b>			
Federal government	\$ 1,600	\$ 1,600	\$ -
Provincial government	130,024	108,911	57,424
Local government	<u>12,980</u>	<u>23,492</u>	<u>13,119</u>
	<u>144,604</u>	<u>134,003</u>	<u>70,543</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	-	50,000	-
Provincial government	<u>1,338,413</u>	<u>358,283</u>	<u>188,985</u>
	<u>1,338,413</u>	<u>408,283</u>	<u>188,985</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ <u>1,483,017</u></b>	<b>\$ <u>542,286</u></b>	<b>\$ <u>259,528</u></b>

**SCHEDULE 5 –EXPENSES BY OBJECT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	Restated 2020
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 790,684	\$ 722,476	\$ 714,679
Contracted and general services	682,997	573,448	529,483
Materials, goods, supplies and utilities	547,114	503,621	459,700
Transfers to individuals, organizations and boards	174,624	169,412	105,150
Loss on disposal of tangible capital assets	-	-	18,401
Bank charges and interest	200	36	102
Interest on long-term debt	98,163	97,368	101,830
Amortization of tangible capital assets (Note 18)	-	428,563	403,995
Other expenditures	<u>-</u>	<u>4,768</u>	<u>1,820</u>
	<u>\$ 2,293,782</u>	<u>\$ 2,499,692</u>	<u>\$ 2,335,160</u>

## VILLAGE OF ALIX

### SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protective Services	Transportation Services	Environmental use & Protection	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 1,424,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,424,065
Government transfers	2,000	65,001	310,912	97,370	39,013	-	27,989	542,285
Sales of goods and user fees	14,822	22,481	1,226	749,492	2,550	476	25,995	817,042
Penalties and costs on taxes	38,724	-	-	-	-	-	-	38,724
Franchise and concession contracts	113,082	-	-	-	-	-	-	113,082
Investment income	10,352	-	-	-	-	-	-	10,352
Gain on sale of tangible capital assets	41,013	-	46,964	-	-	-	-	87,977
Other revenues	<u>12,133</u>	<u>7,030</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>31,592</u>	<u>1,000</u>	<u>51,875</u>
	<u>1,656,191</u>	<u>94,512</u>	<u>359,102</u>	<u>846,862</u>	<u>41,683</u>	<u>32,068</u>	<u>54,984</u>	<u>3,085,402</u>
<b>EXPENSES</b>								
Contracted and general services	107,717	134,702	91,957	145,439	13,090	25,748	54,795	573,448
Salaries, wages and benefits	362,632	-	167,656	115,685	-	-	76,503	722,476
Materials, goods, supplies and utilities	22,263	39,574	77,080	303,598	18,888	26,317	15,901	503,621
Transfers - individuals, organizations, boards	-	71,673	-	-	29,600	-	68,139	169,412
Interest on long - term debt	-	2,802	20,825	36,142	-	37,599	-	97,368
Other expenditures	<u>808</u>	<u>2,946</u>	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,804</u>
	<u>493,420</u>	<u>251,697</u>	<u>358,568</u>	<u>600,864</u>	<u>61,578</u>	<u>89,664</u>	<u>215,338</u>	<u>2,071,129</u>
<b>NET REVENUE - BEFORE AMORTIZATION</b>	<u>1,162,771</u>	<u>(157,185)</u>	<u>534</u>	<u>245,998</u>	<u>(19,895)</u>	<u>(57,596)</u>	<u>(160,354)</u>	<u>1,014,273</u>
Amortization of tangible capital assets	<u>(5,387)</u>	<u>(17,852)</u>	<u>(253,744)</u>	<u>(139,722)</u>	<u>(336)</u>	<u>-</u>	<u>(11,522)</u>	<u>(428,563)</u>
<b>NET REVENUE</b>	<u>1,157,384</u>	<u>(175,037)</u>	<u>(253,210)</u>	<u>106,276</u>	<u>(20,231)</u>	<u>(57,596)</u>	<u>(171,876)</u>	<u>585,710</u>
<b>2020 NET REVENUE (Restated)</b>	<u>\$ 1,207,682</u>	<u>\$ (80,883)</u>	<u>\$ (601,533)</u>	<u>\$ 190,590</u>	<u>\$ (17,547)</u>	<u>\$ (32,633)</u>	<u>\$ (283,331)</u>	<u>\$ (382,345)</u>

# VILLAGE OF ALIX

## 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 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 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 or transfers are due 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 ALIX

## 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 village 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 ALIX

## 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 Receivables

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

(j) Investments

Investments are recorded at cost. 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 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 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, highly liquid investments.

(m) 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 a revenue in the operating fund.

(n) Requisition 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. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 1. SIGNIFICANT ACCOUNTING POLICIES - Continued

##### (n) Requisition Over-levies and Under-levies - Continued

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

##### (o) 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
Land improvements	15-30
Buildings	50
Engineered structures	10-75
Machinery and equipment	5-20
Vehicles	10-25

One half of the amortization is calculated in the year of acquisition and no amortization upon disposal. Assets under construction are not amortized until the asset is available for productive use. At December 31, 2021 \$78,556 (2020 - \$32,956) of engineered structures are under construction.

##### (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 net realizable value.

# VILLAGE OF ALIX

## 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 ALIX

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 3. CASH AND SHORT TERM INVESTMENTS

	2021	Restated 2020
Cash	\$ <u>2,237,366</u>	\$ <u>2,313,172</u>

Council has designated funds of \$886,619 (2020 - \$1,232,982) included in the above amounts for restricted surplus.

Included in the above are the restricted amounts of \$519,915 (2020 - \$560,084) of deferred grant funding, \$11,018 (2020 - \$NIL) of tax recovery funds.

#### 4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place of taxes	\$ 107,495	\$ 86,970
Arrears taxes and grants in place of taxes	<u>34,283</u>	<u>20,586</u>
	\$ <u>141,778</u>	\$ <u>107,566</u>

#### 5. TRADE AND OTHER RECEIVABLES

	2021	2020
Gas Tax grant	\$ 100,000	\$ 50,000
GST	6,504	6,834
Investing in Canada Infrastructure grant (ICIP)	353,913	453,913
MSI Capital	521,711	441,780
Municipal stimulus grant	-	87,250
Other trade accounts receivable	65,321	58,356
Utilities	<u>12,397</u>	<u>12,205</u>
	\$ <u>1,059,846</u>	\$ <u>1,110,338</u>

#### 6. TRUST FUNDS

A summary of trust fund activities by the village is as follows:

	2021	2020
Tax Sale Surplus		
Balance – end of year	\$ <u>11,018</u>	\$ <u>-</u>

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2021**

### 7. DEFERRED REVENUE

	<b>2021</b>	<b>2020</b>
Investing in Canada Infrastructure grant (ICIP)	\$ 453,940	\$ 453,913
MSI capital grant	941,533	934,844
Gas Tax grant	100,020	50,000
Municipal Operating Support Transfer	46	65,046
Municipal Stimulus grant	-	87,250
	<u>\$ 1,495,539</u>	<u>\$ 1,591,053</u>

### 8. LONG – TERM DEBT

	<b>2021</b>	<b>2020</b>
Alberta Capital Finance Authority Debentures, interest ranging from 2.72% to 4.89%, maturity dates range from 2030 to 2048	\$ <u>2,721,925</u>	\$ <u>2,860,426</u>

Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 143,521	\$ 92,737	\$ 236,258
2023	148,730	87,528	236,258
2024	154,137	82,121	236,258
2025	159,748	76,509	236,257
2026	165,573	70,685	236,258
Thereafter	<u>1,950,216</u>	<u>542,268</u>	<u>2,492,484</u>
	<u>\$ 2,721,925</u>	<u>\$ 951,848</u>	<u>\$ 3,673,773</u>

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

### 9. ACCUMULATED SURPLUS

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

	<b>2021</b>	<b>Restated 2020</b>
Unrestricted surplus (deficit)	\$ 914,624	\$ 502,121
Equity in tangible capital assets (Note 11)	8,604,135	8,084,565
Restricted surplus (Note 10)	<u>886,619</u>	<u>1,232,982</u>
	<u>\$ 10,405,378</u>	<u>\$ 9,819,668</u>

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 10. RESTRICTED SURPLUS

	2020	Increases	Decreases	2021
Administration	\$ 50,000	\$ -	\$ -	\$ 50,000
Culture	43,779	-	-	43,779
FCSS	20,000	-	-	20,000
Fire	128,110	7,500	-	135,610
Parks	216,034	-	-	216,034
Roads and streets	240,994	31,000	57,175	214,819
Water	192,185	-	100,000	92,185
Waste water	341,880	-	227,688	114,192
<b>Total</b>	<b>\$ 1,232,982</b>	<b>\$ 38,500</b>	<b>\$ 384,863</b>	<b>\$ 886,619</b>

#### 11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 2)	\$ 17,926,263	\$ 17,422,844
Accumulated amortization (Schedule 2)	(6,600,203)	(6,477,853)
Debenture debt (Note 8)	<u>(2,721,925)</u>	<u>(2,860,426)</u>
	<b>\$ 8,604,135</b>	<b>\$ 8,084,565</b>

#### 12. SALARY & 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
Mayor Fehr	\$ 7,400	\$ -	\$ 7,400	\$ 8,100
Councillor T. Besuijen	5,725	-	5,725	4,425
Councillor J. Besuijen	1,075	-	1,075	-
Councillor Gilliat	5,850	-	5,850	5,975
Councillor Soltermann	4,025	-	4,025	6,075
Councillor Cole	4,475	-	4,475	5,275
Designated Officers	46,379	-	46,379	49,107
CAO	\$ 102,777	\$ 6,463	\$ 109,240	\$ 106,189

(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.

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Alix 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 about 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 Alix is required to make current service contributions to the Plan of 9.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% for the excess. Employees of the Village of Alix 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 Alix to the Local Authorities Pension Plan in 2021 were \$45,941 (2020 – 46,897). Total current and past service contributions by the employees of the Village of Alix to the Local Authorities Pension Plan in 2021 were \$41,346 (2020 – \$42,243).

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

#### 14. 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	\$ 4,015,679	\$ 3,818,415
Total debt	<u>2,721,925</u>	<u>2,860,426</u>
Total debt limit available	\$ <u>1,293,754</u>	\$ <u>957,989</u>
Debt service limit	\$ 669,280	\$ 636,403
Debt service	<u>235,869</u>	<u>236,258</u>
Debt service limit available	\$ <u>433,411</u>	\$ <u>400,145</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.

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 15. 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, receivables, accounts payable, accrued vacation pay and long – term debt. In management's opinion these financial instruments are not exposed to significant interest rate or currency risks.

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.

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

##### Interest Rate Risk

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

The village has fixed rate long-term debt which is subject to fair value risk, as the value will fluctuate as a result of changes in market rates.

#### 16. COMMITMENTS

The village is a member of the Highway 12/21 Regional Water Services Commission and are a related party. The village has entered into an agreement to receive water. The village purchased water from the commission during the year in the amount of \$173,420 (2020 - \$145,928). Amounts are recorded at exchange amount which is the amount agreed to by the parties.

The village is party to a shared fire protection services funding agreement with Lacombe County. Under the agreement they are responsible for their share of the costs of fire protection. The village is a member of a waste management commission. As such, they could be subject to additional requisitions for future site and post – closure care obligations of the landfill.

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

### 17. CONTINGENCIES

The village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership the village could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for in the year the losses are determined.

The village is a member of the Lacombe Regional Waste Services Commission, the Highway 12/21 Regional Water Commission, and the Alberta Urban Municipalities Association. Under the terms of the membership the village could become liable for its proportionate share of any losses incurred by these organizations. Any liability incurred would be accounted for as a current transaction in the year of settlement.

### 18. AMORTIZATION

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

	2021	2020
Administration	\$ 5,387	\$ 8,758
Fire, ambulance and bylaws enforcement	17,852	16,307
Roads, streets, walk, lighting	253,745	202,737
Water and wastewater	139,722	158,887
Recreation and parks	11,521	16,970
Other	336	336
	<u>\$ 428,563</u>	<u>\$ 403,995</u>

### 19. SEGMENTED DISCLOSURE

The Village of Alix 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.

# VILLAGE OF ALIX

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2021**

### 20. PRIOR PERIOD ADJUSTMENTS

The comparative period has been restated. Accrued sick leave benefits payable of \$30,000 has been reversed, the cost of land held for resale of \$40,000 has been recorded, and the results of the Alix Public Library have been excluded from the financial statements.

### STATEMENT OF FINANCIAL POSITION

	<b>ASSETS</b>		
	<b>As Restated</b>	<b>As Previously Reported</b>	<b>Adjustment</b>
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents (Note 3)	\$ 2,313,172	\$ 2,346,701	\$ (33,529)
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	225,518	226,487	969
Employee benefit obligation	39,870	69,870	30,000
<b>NET DEBT</b>	(1,188,285)	(1,185,725)	(2,560)
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Schedule 2)	10,944,991	10,989,235	(44,244)
Land held for resale	40,000	-	40,000
<b>ACCUMULATED SURPLUS</b>	\$ 9,863,912	\$ 9,826,472	\$ (6,804)

### STATEMENT OF OPERATIONS

<b>REVENUES</b>			
Government transfers for operating (Schedule 4)	\$ 70,543	\$ 79,046	\$ (8,503)
Sales of goods and user fees	837,217	841,787	(4,570)
<b>EXPENSES</b>			
Recreation and parks	329,972	338,146	8,174
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	382,345	387,244	(4,899)
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	9,437,323	9,439,228	(1,905)
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	\$ 9,819,668	\$ 9,826,472	\$ (6,804)

### SCHEDULE 4 – GOVERNMENT TRANSFER

<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 57,424	\$ 67,305	\$ (9,881)
Local government	13,119	11,741	1,378

# **VILLAGE OF ALIX**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2021**

#### **21. BUDGET AMOUNTS**

Budget figures for the year ended December 31, 2021 are for information purposes only and have not been audited.

#### **22. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management approved these financial statements.

#### **23. COMPARATIVE FIGURES**

Certain 2020 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 2021.

