

TOWN OF TOFIELD
Financial Statements
Year Ended December 31, 2021

TOWN OF TOFIELD

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Tofield (the Town) 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 Town's financial position as at December 31, 2021 and the results of its operation 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 judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material aspects.


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 Town Council carries out its responsibilities for review of the financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

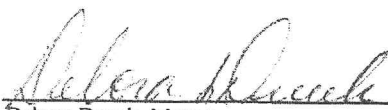
The external auditors have full access to the Audit Committee with and without the presence of management. The Town Council has approved the financial statements.

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


Cindy Neufeld, Chief Administrative Officer
Town of Tofield, Alberta

APR 14/22

Date


Debora Dueck, Mayor
Town of Tofield, Alberta

APR 14/22

Date

INDEPENDENT AUDITOR'S REPORT

To the Council of Town of Tofield

Opinion

We have audited the financial statements of Town of Tofield (the Town), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditor's Report to the To the Council of Town of Tofield (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Towns debt limit can be found in (Note 8).

- Supplementary Accounting Principle and Standards Regulation:

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note (Note 13).

The engagement partner on the audit resulting in the independent auditor's report is Rita Munro.



Sherwood Park, Alberta
April 18, 2022

Chartered Professional Accountants

TOWN OF TOFIELD

Statement of Financial Position

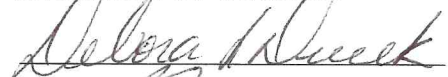
December 31, 2021

	2021	2020
ASSETS		
Cash	\$ 2,286,074	\$ 3,296,118
Investments (Note 2)	1,641,907	1,622,178
Taxes and grants in place of taxes receivable		
- Current	317,740	367,133
- Arrears	256,414	277,381
Receivables from other governments	224,076	218,273
Trade and other receivables	226,191	181,094
Land held for resale	255,000	255,000
Long term investments (Note 3)	711,861	659,085
	5,919,263	6,876,262
LIABILITIES		
Accounts payable and accrued liabilities	348,854	337,414
Deposit liabilities	2,100	3,000
Prepaid local improvements	9,196	10,016
Deferred grant revenue (Note 6)	145,140	1,450,254
Long term debt (Note 7)	4,674,566	5,021,143
	5,179,856	6,821,827
NET FINANCIAL ASSETS	739,407	54,435
NON-FINANCIAL ASSETS		
Tangible capital assets - Schedule 2	21,779,672	21,107,494
Prepaid expenses	5,453	13,215
	21,785,125	21,120,709
ACCUMULATED SURPLUS - Schedule 1	\$ 22,524,532	\$ 21,175,144

COMMITMENTS (Notes 14, 15)

CONTINGENCIES (Note 16)

ON BEHALF OF COUNCIL

 Mayor

 Councillor

TOWN OF TOFIELD

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2021

	Budget 2021	Total 2021	Total 2020
REVENUES			
Taxation and grants in place of taxes - Schedule 3	\$ 2,268,479	\$ 2,256,445	\$ 2,316,649
Sales and user charges	1,452,891	1,509,301	1,411,661
Penalties and cost on taxes	75,000	53,387	105,599
Licences and permits	20,000	13,438	18,449
Fines	5,000	4,252	4,737
Franchise and concession contracts	130,000	131,880	128,616
Interest income	37,000	36,083	37,442
Rentals	58,208	35,281	35,778
Federal government transfer - operating	20,700	10,871	8,400
Provincial government transfers - operating (Note 6)	204,255	442,846	264,068
Local government transfers - operating	298,182	258,498	277,996
Other revenue	10,000	15,243	8,685
Gains (losses) on disposal of assets	-	62,374	304,312
Partnership income allocation (Note 3)	-	673,135	658,417
	4,579,715	5,503,034	5,580,809
EXPENSES			
Council and other legislative	88,100	87,941	63,248
General administration	1,096,027	963,469	1,011,754
By-laws enforcement	37,000	30,789	21,967
Roads, streets, walks, lighting	778,813	759,315	763,102
Airport	19,450	35,445	22,599
Water supply and distribution	970,817	969,157	868,699
Wastewater treatment and disposal	136,000	105,737	136,847
Waste management	101,000	100,974	100,530
Family and community support (FCSS)	300,616	278,517	301,145
Cemeteries and crematoriums	24,200	22,711	24,096
Community development	882,787	761,592	675,634
Amortization	-	1,291,544	1,253,307
	4,434,810	5,407,191	5,242,928
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	144,905	95,843	337,881
OTHER INCOME			
Provincial Government transfers - capital (Note 6)	-	1,253,545	615,807
Other local government transfers - capital	-	-	413,546
	-	1,253,545	1,029,353
EXCESS OF REVENUES OVER EXPENSES	144,905	1,349,388	1,367,234
ACCUMULATED SURPLUS - BEGINNING OF YEAR	21,175,144	21,175,144	19,807,910
ACCUMULATED SURPLUS - END OF YEAR	\$ 21,320,049	\$ 22,524,532	\$ 21,175,144

TOWN OF TOFIELD

Statement of Changes in Net Financial Assets (Debt)

Year Ended December 31, 2021

	Budget 2021	2021	2020
EXCESS OF REVENUES OVER EXPENSES	\$ 144,905	\$ 1,349,388	\$ 1,367,234
Purchase of tangible capital assets	(2,474,976)	(2,027,848)	(994,941)
Proceeds on disposal of tangible capital assets	-	126,500	330,000
Amortization of tangible capital assets	-	1,291,544	1,253,307
Loss (gain) on disposal of tangible capital assets	-	(62,374)	(304,312)
	(2,474,976)	(672,178)	284,054
Decrease (increase) in prepaid expenses	-	7,762	(6,183)
	(2,474,976)	(664,416)	277,871
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,330,071)	684,972	1,645,105
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	54,435	54,435	(1,590,670)
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (2,275,636)	\$ 739,407	\$ 54,435

TOWN OF TOFIELD

Statement of Cash Flows Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,349,388	\$ 1,367,234
Items not affecting cash:		
Amortization of tangible capital assets	1,291,544	1,253,307
Gain on disposal of tangible capital assets	(62,374)	(304,312)
	2,578,558	2,316,229
Changes in non-cash working capital:		
Investments	(19,730)	(27,975)
Taxes & grants in place of taxes receivable	70,360	(164,863)
Receivables from other governments	(5,803)	157,058
Trade and other receivables	(45,096)	28,004
Accounts payable and accrued liabilities	11,440	(25,822)
Deposit liabilities	(900)	300
Prepaid local improvements	(820)	(819)
Deferred grant revenue	(1,305,114)	287,092
Prepaid expenses	7,762	(6,184)
	(1,287,901)	246,791
Cash flow from operating activities	1,290,657	2,563,020
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,027,848)	(994,941)
Proceeds on disposal of tangible capital assets	126,500	330,000
Long term investments	(52,776)	(659,085)
Cash flow used by investing activities	(1,954,124)	(1,324,026)
FINANCING ACTIVITIES		
Proceeds from long term debt	-	1,300,000
Repayment of long term debt	(346,577)	(283,671)
Cash flow (used by) from financing activities	(346,577)	1,016,329
(DECREASE) INCREASE IN CASH FLOW	(1,010,044)	2,255,323
Cash - beginning of year	3,296,118	1,040,795
CASH - END OF YEAR	\$ 2,286,074	\$ 3,296,118

TOWN OF TOFIELD

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS (Schedule 1)

Year Ended December 31, 2021

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 6,745	\$ 5,082,048	\$ 16,086,351	\$ 21,175,144	\$ 19,807,910
Excess of revenues over expenses	1,349,388	-	-	1,349,388	1,367,234
Unrestricted funds designated for future use	(1,038,030)	1,038,030	-	-	-
Restricted funds used for operations	798,929	(798,929)	-	-	-
Current year funds used for tangible capital assets	(2,027,848)	-	2,027,848	-	-
Disposal of tangible capital assets	64,126	-	(64,126)	-	-
Amortization of tangible capital assets	1,291,544	-	(1,291,544)	-	-
Long term debt repaid	(346,577)	-	346,577	-	-
Change in accumulated surplus	91,532	239,101	1,018,755	1,349,388	1,367,234
BALANCE, END OF YEAR	\$ 98,277	\$ 5,321,149	\$ 17,105,106	\$ 22,524,532	\$ 21,175,144

TOWN OF TOFIELD

SCHEDULE OF TANGIBLE CAPITAL ASSETS (Schedule 2)

Year Ended December 31, 2021

	Land	Land Improvements	Buildings	Engineered Structures	Machinery, Equipment & Furnishings	Vehicles	2021 Total	2020 Total
COST								
BALANCE, BEGINNING OF YEAR	\$ 1,016,970	\$ 2,370,224	\$ 2,243,945	\$ 25,437,649	\$ 2,373,173	\$ 1,008,255	\$ 34,450,216	\$ 33,480,967
Acquisition of tangible capital assets	-	281,679	117,919	1,492,610	86,604	49,036	2,027,848	994,941
Disposal of tangible capital assets	(12,846)	-	-	-	(81,949)	(82,219)	(177,014)	(25,692)
BALANCE, END OF YEAR	1,004,124	2,651,903	2,361,864	26,930,259	2,377,828	975,072	36,301,050	34,450,216
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	1,050,429	1,058,833	9,251,469	1,313,963	668,028	13,342,722	12,089,420
Amortization of tangible capital assets	-	120,079	52,125	917,609	153,198	48,533	1,291,544	1,253,307
Accumulated amortization on disposals	-	-	-	-	(41,716)	(71,172)	(112,888)	(5)
BALANCE, END OF YEAR	-	1,170,508	1,110,958	10,169,078	1,425,445	645,389	14,521,378	13,342,722
2021 NET BOOK VALUE	\$ 1,004,124	\$ 1,481,395	\$ 1,250,906	\$ 16,761,181	\$ 952,383	\$ 329,683	\$ 21,779,672	\$ 21,107,494
2020 NET BOOK VALUE	\$ 1,016,970	\$ 1,319,795	\$ 1,185,112	\$ 16,186,180	\$ 1,059,210	\$ 340,227	\$ -	\$ 21,107,494

Tangible capital assets under construction (Note 9)

TOWN OF TOFIELD

SCHEDULE OF TAXES LEVIED AND GRANTS IN PLACE OF TAXES (Schedule 3)

Year Ended December 31, 2021

	Budget 2021	2021	2020
Taxation			
Real property			
- Residential taxes	\$ 2,185,297	\$ 2,184,248	\$ 2,304,109
- Commercial taxes	580,400	580,400	600,763
- Industrial taxes	396,828	384,614	413,976
- Farmland taxes	5,047	5,047	5,508
Total real property	3,167,572	3,154,309	3,324,356
Linear property taxes	90,725	90,725	88,347
Federal grants in place of taxes	8,459	8,459	9,145
Provincial grants in place of taxes	7,429	7,429	7,220
Local improvements	25,240	26,059	26,059
	3,299,425	3,286,981	3,455,127
Less: Requisitions			
Alberta School Foundation	667,891	667,891	699,470
Beaver Foundation	99,006	99,006	98,039
Beaver Emergency Services Commission	216,846	216,846	299,405
Designated Industrial Property	410	-	-
Policing	46,793	46,793	41,564
	1,030,946	1,030,536	1,138,478
Net Taxes Available for Municipal Purposes	\$ 2,268,479	\$ 2,256,445	\$ 2,316,649

TOWN OF TOFIELD

SCHEDULE OF EXPENSES BY OBJECT (Schedule 4)

Year Ended December 31, 2021

	Budget 2021	2021	2020
Expenses			
Salaries, wages and benefits	\$ 1,674,090	\$ 1,629,100	\$ 1,518,699
Contracted and general services	899,697	779,665	789,074
Material, goods, supplies and utilities	1,428,291	1,313,798	1,264,008
Transfers to local boards and agencies	160,452	127,656	150,860
Transfers to individuals and organization	38,700	36,564	58,806
Bank charges	14,000	13,452	13,327
Interest on capital long term debt	152,080	152,081	135,169
Gross recoveries	64,500	63,031	59,397
Other expenditures	3,000	300	281
Amortization of tangible capital assets	-	1,291,544	1,253,307
Total Expenses	\$ 4,434,810	\$ 5,407,191	\$ 5,242,928

TOWN OF TOFIELD

SCHEDULE OF SEGMENTED DISCLOSURES (Schedule 5)

Year Ended December 31, 2021

	General Government	Protective Services	Transportation Services	Community Development	Environmental Services	Other	2021
REVENUE							
Net municipal taxes	\$ 2,256,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,256,445
Government transfers	176,796	-	29,054	1,399,186	360,724	-	1,965,760
User fees and sales of goods	216,973	2,610	38,866	74,886	1,383,033	31,171	1,747,539
Investment income	36,083	-	-	-	-	-	36,083
Other revenue	688,378	-	5,224	57,150	-	-	750,752
	3,374,675	2,610	73,144	1,531,222	1,743,757	31,171	6,756,579
EXPENSES							
Salaries and wages	536,725	-	344,654	554,127	174,235	19,359	1,629,100
Contracted and general services	352,680	30,789	21,509	303,800	67,536	3,351	779,665
Goods and supplies	69,798	-	300,648	36,145	907,207	-	1,313,798
Transfer to local boards	36,564	-	-	127,656	-	-	164,220
Long term debt interest	-	-	125,263	-	26,818	-	152,081
Other expenses	55,643	-	2,682	18,383	75	-	76,783
	1,051,410	30,789	794,756	1,040,111	1,175,871	22,710	4,115,647
NET REVENUES, BEFORE AMORTIZATION	2,323,265	(28,179)	(721,612)	491,111	567,886	8,461	2,640,932
Amortization of tangible capital assets	10,832	-	883,042	236,030	156,806	4,834	1,291,544
NET REVENUE	\$ 2,312,433	\$ (28,179)	\$ (1,604,654)	\$ 255,081	\$ 411,080	\$ 3,627	\$ 1,349,388

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Tofield (the Town) are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

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. The entity is comprised only of the municipal operations of the Town. The Town contributes to, but does not control, the Tofield Agricultural Society and the Town of Tofield Library Board. Reporting for these entities is limited to the Town's contribution to them.

The schedule of taxes levied also include requisitions for education, health, social, and other external organizations that are not part of the municipal reporting entity.

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

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from 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 tangible capital assets are acquired.

Interest on long term debt and pension expenditures are recorded as payment is made.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates include net realizable value of land inventory and book value of tangible capital assets.

Cash

Cash includes cash on hand and in a chartered bank plus outstanding deposits less cheques issued and outstanding.

(continues)

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Investments

Investments in guaranteed investment certificates and bonds are recorded at cost plus accrued interest which approximates fair market value.

Long Term Investments

The Town's significant influence investment in Claystone Waste Limited Partnership (CWLP) (a government business partnership) is accounted for on a modified equity basis, consistent with the public sector accounting standards treatment for government business partnerships. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. Income is allocated yearly from CWLP which increases the carrying value of the investment. Dividends received reduce the carrying value of the investment as they are received.

The investment in Claystone Waste Ltd is reported at amortized cost.

Land Held for Resale

Land held for resale is valued at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Prepaid Local Improvement Charges

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

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

Included in local improvements revenue is \$820 (2020 - \$820) which represents the annual amortization of prepaid local improvement charges.

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.

(*continues*)

TOWN OF TOFIELD

Notes to Financial Statements

Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized when received, 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.

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.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments recorded at fair value in subsequent periods include cash and investments.

Financial instruments recorded at amortized cost in subsequent periods include certain long term investments, trade and other receivables, accounts payable, deposit liabilities, and long term debt.

(continues)

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 sales 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.

1. 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:

Land Improvements	20 years
Buildings	50 years
Engineered structures:	
Roadway system	20 years
Airport	20 years
Cemetery	125 years
Water system	50 - 75 years
Wastewater/storm sewer system	50 - 75 years
Machinery and equipment	5 - 20 years
Vehicles	10 years

The full annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

2. 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.

3. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Equity in Tangible Capital Assets

Equity in tangible capital assets represents the Town's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture.

Reserves for Future Expenditures

Reserves for future expenditures are established at the discretion of Council to set aside funds for future expenditures and capital projects.

Budget

The budget amounts are presented for information purposes and have not been audited or reviewed.

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

2. INVESTMENTS

	2021 Cost	2021 Market value	2020 Cost	2020 Market value
Guaranteed Investment Certificates (GIC)				
#30 - 0.050%, 0.100%, 0.450% rate riser GIC maturing April 22, 2024	\$ 140,934	\$ 140,934	\$ -	\$ -
#31 - 0.050%, 0.100%, 0.450% rate riser GIC maturing February, 2024	106,998	106,998	-	-
#30 - 0.65%, 0.70%, 0.75% rate riser GIC maturing April 20, 2021	-	-	140,574	140,574
#28 - 0.65%, 0.70%, 0.75% rate riser GIC maturing February 1, 2021	-	-	106,883	106,883
Nesbitt Burns Investment Account	1,393,975	1,393,975	1,374,721	1,374,721
	\$ 1,641,907	\$ 1,641,907	\$ 1,622,178	\$ 1,622,178

3. LONG TERM INVESTMENTS

	2021	2020
<u>Claystone Waste Ltd.</u>		
Class A Common Voting Shares (2359 @ 0.01/each - 23.59%)	\$ 24	\$ 24
Class D Common Non-Voting Shares (3102 @ \$0.10/each - 20.68%)	310	310
	334	334
<u>Claystone Waste Limited Partnership</u>		
Voting Units (2359 @ \$0.01/each - 23.59%)	24	24
Dividend Units (3102 @ \$0.10/each - 20.68%)	310	310
Total units	334	334
Equity within partnership		
Opening balance	658,417	-
Dividends received	(620,359)	-
Income allocation	673,135	658,417
Total equity within partnership	711,193	658,417
Ending balance	711,527	658,751
Grand total	\$ 711,861	\$ 659,085

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

4. GOVERNMENT BUSINESS PARTNERSHIP

Claystone Waste Limited Partnership (CWLP) was established in 2020 by the Town of Tofield, Beaver County, Village of Holden, Village of Ryley, Town of Viking, and Claystone Waste Ltd. to provide waste management services to the partner communities and other users.

The following is a summary of condensed financial information related to the Town's proportionate share based on dividend units (2021 - 20.68%, 2020 - 20.68%) in CWLP for the year ended December 31, 2021. Dividend units are being used because the income allocation on the audited CWLP financial statements is based on dividend units.

	2021	2020
<u>Financial position</u>		
Financial assets	\$ 8,147,250	\$ 7,833,451
Physical assets	7,139,621	7,421,111
Total Assets	15,286,871	15,254,562
Current liabilities	(287,264)	(351,648)
Landfill closure and post-closure liability	(3,347,969)	(3,304,094)
Total Liabilities	(3,635,233)	(3,655,742)
Net Assets	\$ 11,651,638	\$ 11,598,820
<u>Results of Operations</u>		
Revenues	\$ 4,505,452	\$ 1,844,291
Amortization expense	(1,018,693)	(377,175)
Operating expenses	(2,735,762)	(811,826)
Finance expenses	(46,547)	(13,749)
Other income	(31,315)	16,876
	\$ 673,135	\$ 658,417

CWLP has recognized a decommissioning liability for the estimated expected costs for closure and post-closure activities for a landfill site. The estimated costs are based on estimates and assumptions related to future events and using information currently available to management. Future events may result in significant changes to the estimated total costs and the estimated liability.

5. UNUSED CREDIT FACILITY

The Town has an authorized overdraft limit with its bankers to a maximum limit of \$2,000,000. The lending rate is at prime. The balance outstanding on the credit facility as at December 31, 2021 is \$NIL (2020 - \$NIL).

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

6. DEFERRED GRANT REVENUE

	BALANCE 2020	Received in the Year	Recognized as Revenue	BALANCE 2021
PROVINCIAL CAPITAL				
Federal Gas Fund	\$ -	\$ 201,698	\$ 124,850	\$ 76,848
Municipal Sustainability Initiative	938,472	-	883,040	55,432
Municipal Stimulus Program	247,367	-	245,655	1,712
Total Capital	1,185,839	201,698	1,253,545	133,992
PROVINCIAL OPERATING				
Reducing the Impact of Financial Strain	-	5,000	5,000	-
Family & Community Support Services	-	149,014	149,014	-
Municipal Sustainability Initiative	-	77,241	77,241	-
Senate Election Act & Referendum Grant	-	8,324	8,324	-
Climate Leadership Grant	51,389	-	40,241	11,148
Municipal Operating Support Transfer	163,026	-	163,026	-
Total Operating	214,415	239,579	442,846	11,148
PROVINCIAL REPAID OPERATING GRANTS				
Mediation Grant	50,000	-	50,000	-
	\$ 1,450,254	\$ 441,277	\$ 1,746,391	\$ 145,140

	BALANCE 2019	Received in the Year	Recognized as Revenue	BALANCE 2020
PROVINCIAL CAPITAL				
Federal Gas Fund (including \$33,456 in accounts receivable)	\$ 66,036	\$ 33,456	\$ 99,492	\$ -
Municipal Sustainability Initiative	975,726	442,972	480,226	938,472
Municipal Stimulus Program	-	247,367	-	247,367
Alberta Transportation Grant	-	36,089	36,089	-
Total Capital	1,041,762	759,884	615,807	1,185,839
PROVINCIAL OPERATING				
Municipal Sustainability Initiative	-	27,673	27,673	-
Family & Community Support Services	-	163,690	163,690	-
Mediation Grant	50,000	-	-	50,000
Climate Leadership Grant	71,400	-	20,011	51,389
Municipal Operating Support Transfer	-	215,720	52,694	163,026
Total Operating	121,400	407,083	264,068	264,415
	\$ 1,163,162	\$ 1,166,967	\$ 879,875	\$ 1,450,254

Municipality Sustainability Initiative ("MSI") - Capital

Funding in the amount of \$nil (2020 - \$442,972) was received in the current year from the MSI capital program. This amount is restricted to eligible capital projects, as approved under the funding agreement. Spent in 2021 was \$883,040 (2020 - \$480,226) of the previously deferred MSI capital grant revenue.

Mediation Grant

The mediation grant was returned to the Provincial Government pursuant to the agreement as it was not required.

TOWN OF TOFIELD

Notes to Financial Statements

Year Ended December 31, 2021

7. LONG TERM DEBT

	2021	2020
Long Term Debt Support		
Supported by General Tax Levies	\$ 4,423,230	\$ 4,750,897
Supported by Special Levies	251,336	270,246
	\$ 4,674,566	\$ 5,021,143

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2022	\$ 357,952	\$ 140,705	\$ 498,657
2023	369,724	128,933	498,657
2024	381,907	116,750	498,657
2025	394,517	104,140	498,657
2026	407,569	91,088	498,657
Thereafter	2,762,897	373,769	3,136,666
	\$ 4,674,566	\$ 955,385	\$ 5,629,951

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town, be disclosed as follows:

	2021	2020
Total Debt Limit	\$ 8,254,551	\$ 8,371,214
Total Debt	(4,674,566)	(5,021,143)
Amount of Total Debt Limit Unused	\$ 3,579,985	\$ 3,350,071
Service on Debt Limit	\$ 1,375,758	\$ 1,395,202
Service on Debt	(498,657)	(498,658)
Amount of Service on Debt Limit Unused	\$ 877,101	\$ 896,544

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.

TOWN OF TOFIELD

Notes to Financial Statements

Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION

Included in ending cost of tangible capital assets are costs of assets under construction, which are therefore not being amortized, as follows:

	2021	2020
Engineered Structures	\$ 375,673	\$ 30,974
Land Improvements	7,500	-
	\$ 383,173	\$ 30,974

10. EQUITY IN TANGIBLE ASSETS

	2021	2020
Tangible capital assets - Schedule 2	\$ 36,301,050	\$ 34,450,216
Accumulated amortization - Schedule 2	(14,521,378)	(13,342,722)
Long term debt (Note 7)	(4,674,566)	(5,021,143)
	\$ 17,105,106	\$ 16,086,351

11. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted Surplus	\$ 98,277	\$ 6,745
Restricted Surplus		
FCSS Reserve	152,293	134,978
Sewer Reserve	24,500	8,500
Water Reserve	131,500	121,500
General Administration Reserve	1,253,624	1,078,936
General Capital Reserves	3,647,931	3,626,833
Developers Offsite Levy Reserve	111,301	111,301
	5,321,149	5,082,048
Equity in tangible capital assets (Note 10)	17,105,106	16,086,351
	\$ 22,524,532	\$ 21,175,144

TOWN OF TOFIELD

Notes to Financial Statements

Year Ended December 31, 2021

12. SEGMENTED DISCLOSURES

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (schedule 5)

General government includes council, and other legislative, and general administration. Protective services include bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Community development includes parks and recreation, libraries and halls. Environmental services includes water supply and distribution, sewage, and garbage fees. Other includes cemetery.

13. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 as follows:

	Salaries/Fees (1)	Benefits (2)	2021	2020
MAYOR				
Debora Dueck	\$ 22,310	\$ -	\$ 22,310	\$ 21,290
	22,310	-	22,310	21,290
COUNCILORS				
Brenda Chegade	17,710	-	17,710	13,910
Catherine Brown	7,188	-	7,188	11,040
Harold Conquest	12,708	-	12,708	9,910
Larry Tiedeman	11,083	-	11,083	6,605
Norman Martineau	3,423	-	3,423	-
	52,112	-	52,112	41,465
DESIGNATED OFFICER	147,224	22,698	169,922	169,739
	\$ 221,646	\$ 22,698	\$ 244,344	\$ 232,494

(1) Salary includes regular base pay, gross honoraria and any other direct cash remuneration.

(2) Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, pension enhancement, health care, dental coverage, vision coverage and professional memberships.

TOWN OF TOFIELD

Notes to Financial Statements

Year Ended December 31, 2021

14. 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 Pensions 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 Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% on pensionable earnings above this amount. Employees of the Town 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 service contributions by the Town to the Local Authorities Pension Plan were \$110,994 (2020 - \$105,416). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$100,135 (2020 - \$95,224).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.961 million.

For further information of the amount of LAPP deficiency/surplus information see:
www.lapp.ca/page/annual-reports

15. COMMITMENTS

The Town has entered into operating lease agreements for certain office equipment expiring in April 2021, August 2024, August 2025, and April 2026. The annual lease amounts due until the expiration of these leases are as follows:

2022	\$	13,367
2023		13,367
2024		11,476
2025		4,681
2026		686
		<hr/>
	\$	43,577

16. CONTINGENCIES

The Town is a member of the Alberta Local Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town is the co-defendant in a counterclaim related to the dismissal of a former employee, amounting to up to \$129,850, which would not be covered under MUNIX. At present, the outcome is not determinable. The amount of future settlement, if any, would be accounted for as a current transaction in the year of the settlement.

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2021

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, investments, certain long term investments, trade and other receivables, accounts payable, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, liquidity, price, or current risk arising from these financial instruments.

Credit risk

The maximum exposure to credit risk is the carrying value of cash, investments, and accounts receivable on the balance sheet.

The Town has a concentration of credit risk due to the entire cash amount being on deposit with one institution. Risk is mitigated on cash by being deposited with a federally regulated, credit worthy financial institution.

Credit risk on investments arises from the potential that a counter party to a contract fails to perform according to the terms and conditions of that contract. The Town is subject to credit risk in that the investments are on deposit with a single financial institution. Risk is mitigated on the investment by being invested in guaranteed investment certificates issued by a range of banks and trust companies.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable, receivables from other governments and trade and other receivables. This credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The Town has a geographical concentration of credit risk for accounts receivable due to its operations being primarily in a municipality in Alberta. Risk is mitigated by the large number and diversity of taxpayers and customers.

Credit risk has changed from prior year in that the carrying values of cash has significantly decreased, accounts receivable have decreased, which has been partially offset by an increase in investments.

18. RELATED PARTY TRANSACTIONS

The following is a summary of the Town's related party transactions:

	2021	2020
Claystone Waste Limited Partnership		
<i>Significant influence subsidiary</i>		
Expense - Waste management, contracted and general services	\$ 103,280	\$ 34,050

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. OTHER MATTER

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is still ongoing and constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the ongoing effects of these changes on its future financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to reliably estimate the potential impact on the Town's operations as at the date of these financial statements.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

TOWN OF TOFIELD

Notes to Financial Statements
Year Ended December 31, 2021

21. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.