

Alberta Beach
Financial Statements
December 31, 2021

Alberta Beach

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of Alberta Beach (the "Organization") 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 Organization'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 judgments. 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 Organization Council carries out its responsibilities for review of the financial statements principally through its meeting with management. This Council meets regularly with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

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

Kathy Skwarchuk

Chief Administrative Officer

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council

Opinion

We have audited the financial statements of **Alberta Beach (the "Organization")**, which comprise the statement of financial position as at December 31, 2021, and the results of its operations, changes in its net financial assets and cash flows for the years 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 Organization as at December 31, 2021, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Organization's financial reporting process

Auditor's Responsibility for the Audit of the Consolidated 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:

- 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITOR'S REPORT - continued

- 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, 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.

Report on Other Legal and Regulatory Requirements

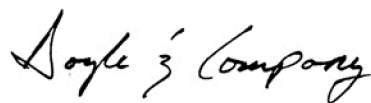
Debt Limit Regulation

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 Organization's debt limit can be found in note 6.

Supplementary Accounting Principles 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 11.

Edmonton, Alberta
April 19, 2022



Chartered Professional Accountants

Alberta Beach
Statement of Financial Position
As at December 31, 2021

| | 2021 | 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 3) | 171,828 | 211,792 |
| Restricted cash (Note 3) | 974,556 | 1,215,392 |
| Receivables | | |
| Taxes and grants in place of taxes (Note 4) | 199,864 | 163,942 |
| Trade and other receivables (Note 4) | 436,432 | 265,610 |
| Supplies for resale inventory | 9,984 | 11,097 |
| | 1,792,664 | 1,867,833 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 81,307 | 39,874 |
| Deposit liabilities | 18,892 | 19,292 |
| Deferred revenue (Note 5) | 40,797 | 213,247 |
| | 140,996 | 272,413 |
| NET FINANCIAL ASSETS | 1,651,668 | 1,595,420 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 7,103,854 | 6,707,335 |
| Prepaid expenses | 47,685 | 49,832 |
| | 7,151,539 | 6,757,167 |
| ACCUMULATED OPERATING SURPLUS (Schedule 1, Note 9) | 8,803,207 | 8,352,587 |

Significant Event - Note 17

Commitments - Note 12

Alberta Beach
Statement of Operations
For the year ended December 31, 2021

| | 2021 Budget (Unaudited) \$ | 2021 Actual \$ | 2020 Actual \$ |
|--|-------------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Net municipal taxes (Schedule 3) | 1,860,494 | 1,858,616 | 1,857,257 |
| Campground user fees | 245,100 | 266,697 | 242,295 |
| Other user fees and sale of goods | 6,900 | 7,172 | 22,038 |
| Sales to other governments | 15,100 | 22,836 | 22,470 |
| Franchise fees | 65,000 | 89,166 | 63,269 |
| Government transfers for operating (Schedule 4) | 45,268 | 45,268 | 221,921 |
| Local government transfers | 12,000 | 83,077 | 1,600 |
| Licenses and permits | 39,805 | 10,065 | 7,080 |
| Fines | 40,700 | 39,140 | 31,892 |
| Penalties and costs of taxes | 52,000 | 60,206 | 25,946 |
| Investment income | 12,000 | 9,468 | 14,597 |
| Rental | 110,000 | 107,241 | 100,703 |
| Other | 35,850 | 36,198 | 37,971 |
| Total Revenue | 2,540,217 | 2,635,150 | 2,649,039 |
| EXPENSES | | | |
| General government | | | |
| Administration | 491,397 | 494,668 | 537,472 |
| Assessment services | 25,570 | 23,520 | 22,120 |
| Legislative | 82,127 | 81,200 | 73,662 |
| Protective services | | | |
| Ambulance | 7,800 | 6,534 | 8,180 |
| Bylaws enforcement | 166,515 | 178,601 | 98,565 |
| Fire department | 114,459 | 116,480 | 130,143 |
| Transportation services | | | |
| Public works | 374,725 | 388,444 | 403,823 |
| Roads, streets, walks, lighting | 157,600 | 173,411 | 145,851 |
| Planning and development | | | |
| Planning and development | 58,456 | 25,560 | 21,698 |
| Recreation and culture | | | |
| Alberta Beach boat launch and wharf | 25,850 | 16,330 | 35,736 |
| Campground | 117,700 | 122,885 | 111,746 |
| Recreation & facilities | 106,488 | 99,276 | 94,350 |
| Environmental services | | | |
| Water supply & distribution | 59,097 | 59,098 | 59,250 |
| Wastewater treatment and disposal | 573,683 | 573,682 | 574,506 |
| Waste management | 105,250 | 131,952 | 107,333 |
| Total Expenses | 2,466,717 | 2,491,641 | 2,424,435 |
| EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE AND EXPENSES | 73,500 | 143,509 | 224,604 |
| OTHER REVENUE AND EXPENSES | | | |
| Amortization of tangible capital assets | (65,000) | (345,787) | (322,529) |
| Loss on sale of tangible capital assets | - | (164) | - |
| Government transfers for capital (Schedule 4) | 690,700 | 653,062 | 557,962 |
| EXCESS OF REVENUE OVER EXPENSES | 699,200 | 450,620 | 460,037 |
| ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR | | 8,352,587 | 7,892,550 |
| ACCUMULATED OPERATING SURPLUS, END OF YEAR | | 8,803,207 | 8,352,587 |

The accompanying notes form part of these financial statements

Alberta Beach
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2021

| | 2021 Budget (Unaudited) \$ | 2021 Actual \$ | 2020 Actual \$ |
|---|---|-------------------------------|-------------------------------|
| EXCESS OF REVENUES OVER EXPENSES | 699,200 | 450,620 | 460,037 |
| Acquisition of tangible capital assets | (754,000) | (857,474) | (889,729) |
| Proceeds on disposal of tangible capital assets | 54,800 | 115,004 | 57,938 |
| Amortization of tangible capital assets | - | 345,787 | 322,529 |
| (Gain) loss on sale of tangible capital assets | - | 164 | (7,464) |
| Prepaid expenses | - | 2,147 | (7,361) |
| | (699,200) | (394,372) | (524,087) |
| INCREASE (DECREASE) IN NET ASSETS | - | 56,248 | (64,050) |
| NET FINANCIAL ASSETS , BEGINNING OF YEAR | - | 1,595,420 | 1,659,470 |
| NET FINANCIAL ASSETS, END OF YEAR | - | 1,651,668 | 1,595,420 |

The accompanying notes form part of these financial statements

Alberta Beach
Statement of Cash Flows
For the year ended December 31, 2021

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess of revenue over expenditures | 450,620 | 460,037 |
| Non-cash items included in excess of revenue over expenses: | | |
| Amortization of tangible capital assets | 345,787 | 322,529 |
| (Gain) loss on sale of tangible capital assets. | 164 | (7,464) |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes and grants in place of taxes | (35,922) | (24,819) |
| Decrease (increase) in trade and other receivables | (170,822) | (190,496) |
| Decrease (increase) in supplies for resale inventory | 1,113 | (2,128) |
| Decrease (increase) in prepaid expenses | 2,147 | (7,359) |
| Increase (decrease) in accounts payables and accrued liabilities | 41,433 | 9,425 |
| Increase (decrease) in deposit liabilities | (400) | (3,600) |
| Increase (decrease) in deferred revenue | (172,450) | 25,134 |
| Cash provided by operating transactions | 461,670 | 581,259 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (857,474) | (889,729) |
| Sale of tangible capital assets | 115,004 | 57,936 |
| Cash applied to capital transactions | (742,470) | (831,793) |
| INVESTING | | |
| Decrease (increase) in restricted cash | 240,836 | 76,911 |
| CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR | (39,964) | (173,623) |
| CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR | 211,792 | 385,415 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 171,828 | 211,792 |

The accompanying notes form part of these financial statements

Alberta Beach

Schedule of Changes in Accumulated Operating Surplus - Schedule 1

For the year ended December 31, 2021

| | Unrestricted Surplus | Internally Restricted Surplus | Equity in Tangible Capital Assets | 2021 | 2020 |
|--|-------------------------|-------------------------------------|---|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance, Beginning of Year | 429,860 | 1,215,392 | 6,707,335 | 8,352,587 | 7,892,550 |
| Excess of revenue over expenses | 450,620 | - | - | 450,620 | 460,037 |
| Unrestricted funds designated for future use | (26,043) | 26,043 | - | - | - |
| Restricted funds use for operations | 28,388 | (28,388) | - | - | - |
| Restricted funds used for tangible capital assets | - | (7,534) | 7,534 | - | - |
| Current years funds used for tangible capital assets | (849,940) | - | 849,940 | - | - |
| Disposal of tangible capital assets | 132,209 | - | (132,209) | - | - |
| Annual amortization expenses | 345,787 | - | (345,787) | - | - |
| Accumulated amortization on disposed tangible capital assets | (17,041) | - | 17,041 | - | - |
| Change in accumulated surplus | 63,980 | (9,879) | 396,519 | 450,620 | 460,037 |
| Balance, End of Year | 493,840 | 1,205,513 | 7,103,854 | 8,803,207 | 8,352,587 |

The accompanying notes form part of these financial statements

Alberta Beach
Schedule of Tangible Capital Assets - Schedule 2
For the year ended December 31, 2021

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | 2021 \$ | 2020 \$ |
|--|------------------|----------------------|------------------|--------------------------|----------------------------|---------------|------------------|------------------|
| COST: | | | | | | | | |
| Balance, Beginning of Year | 1,349,990 | 652,758 | 2,935,650 | 6,004,670 | 947,279 | 321,795 | 12,212,142 | 11,375,543 |
| Acquisition of tangible capital assets | - | 31,817 | 10,589 | 707,534 | 79,684 | 27,850 | 857,474 | 889,729 |
| Disposal of tangible capital assets | - | - | - | - | (117,509) | (14,700) | (132,209) | (53,130) |
| Balance, End of Year | 1,349,990 | 684,575 | 2,946,239 | 6,712,204 | 909,454 | 334,945 | 12,937,407 | 12,212,142 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| Balance, Beginning of Year | - | 496,542 | 872,742 | 3,189,142 | 652,260 | 294,121 | 5,504,807 | 5,184,934 |
| Annual amortization | - | 18,663 | 54,583 | 228,955 | 38,683 | 4,903 | 345,787 | 322,529 |
| Accumulated amortization on disposals | - | - | - | - | (12,076) | (4,965) | (17,041) | (2,656) |
| Balance, End of Year | - | 515,205 | 927,325 | 3,418,097 | 678,867 | 294,059 | 5,833,553 | 5,504,807 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 1,349,990 | 169,370 | 2,018,914 | 3,294,107 | 230,587 | 40,886 | 7,103,854 | 6,707,335 |
| 2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 1,349,990 | 156,216 | 2,062,908 | 2,815,528 | 295,019 | 27,674 | | 6,707,335 |

The accompanying notes form part of these financial statements

Alberta Beach
Schedule of Property and Other Taxes - Schedule 3
For the year ended December 31, 2021

| | 2021 Budget (Unaudited) \$ | 2021 Actual \$ | 2020 Actual \$ |
|----------------------------------|---|-------------------------------|-------------------------------|
| TAXATION | | | |
| Real property taxes | 2,113,658 | 2,111,638 | 2,112,274 |
| Linear property taxes | - | - | 23,376 |
| Sewer revitalization levy | 245,700 | 245,700 | 245,700 |
| | 2,359,358 | 2,357,338 | 2,381,350 |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 471,875 | 471,875 | 463,268 |
| Designated Industrial | 142 | - | - |
| Lac Ste Anne Foundation | 38,704 | 38,704 | 38,135 |
| Requisition Underlevy (Overlevy) | (11,857) | (11,857) | 22,690 |
| | 498,864 | 498,722 | 524,093 |
| NET MUNICIPAL TAXES | 1,860,494 | 1,858,616 | 1,857,257 |

Alberta Beach
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2021

| | 2021 Budget (Unaudited) \$ | 2021 Actual \$ | 2020 Actual \$ |
|---------------------------------------|---|-------------------------------|-------------------------------|
| <u>TRANSFERS FOR OPERATING</u> | | | |
| Provincial Government - MSI Grant | 21,210 | 21,210 | 130,467 |
| Provincial Government - FCSS Grant | 24,058 | 24,058 | 24,058 |
| Revenue deferred from prior period | - | - | 67,396 |
| | 45,268 | 45,268 | 221,921 |
| <u>TRANSFERS FOR CAPITAL</u> | | | |
| Provincial Government - MSI Grant | 690,700 | 653,062 | 557,962 |
| TOTAL GOVERNMENT TRANSFERS | 735,968 | 698,330 | 779,883 |

The accompanying notes form part of these financial statements

Alberta Beach
Schedule of Expenses by Object - Schedule 5
For the year ended December 31, 2021

| | 2021 Budget (Unaudited) | 2021 Actual | 2020 Actual |
|---|--|------------------------|------------------------|
| | \$ | \$ | \$ |
| EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | 787,999 | 769,669 | 749,638 |
| Contracted and general services | 1,183,147 | 684,916 | 678,697 |
| Materials, goods, and utilities | 618,375 | 406,025 | 365,703 |
| Transfers to local boards and agencies | 631,196 | 631,195 | 630,398 |
| Amortization of tangible capital assets | 65,000 | 345,787 | 322,528 |
| TOTAL EXPENSES | 3,285,717 | 2,837,592 | 2,746,964 |

Alberta Beach
Schedule of Segmented Disclosure - Schedule 6
For the year ended December 31, 2021

| | General Government | Protective Services | Transportation Services | Planning & Development | Recreation & Culture | Environmental Services | 2021 \$ |
|--|-----------------------|------------------------|----------------------------|---------------------------|-------------------------|---------------------------|------------------|
| REVENUE | | | | | | | |
| Net municipal taxes | 1,612,916 | - | - | - | - | 245,700 | 1,858,616 |
| Operating government transfers | 70,487 | - | - | - | 57,858 | - | 128,345 |
| User fees and sales of goods | 9,667 | 32,572 | 551 | - | 266,697 | - | 309,487 |
| Investment income | 9,468 | - | - | - | - | - | 9,468 |
| Other revenue | 159,757 | 58,297 | 62,890 | 9,490 | 38,964 | - | 329,398 |
| | 1,862,295 | 90,869 | 63,441 | 9,490 | 363,519 | 245,700 | 2,635,314 |
| EXPENSES | | | | | | | |
| Salaries, wages and benefits | 389,006 | 81,098 | 248,918 | - | - | 50,647 | 769,669 |
| Contracted and general services | 188,367 | 191,583 | 82,009 | 24,266 | 108,946 | 89,745 | 684,916 |
| Materials, goods and utilities | 22,015 | 27,852 | 232,174 | 1,294 | 112,955 | 9,735 | 406,025 |
| Transfers to local boards and agencies | - | - | - | - | 16,590 | 614,605 | 631,195 |
| Balance, End of Year | 599,388 | 300,533 | 563,101 | 25,560 | 238,491 | 764,732 | 2,491,805 |
| NET REVENUE, BEFORE | | | | | | | |
| AMORTIZATION AND OTHER | 1,262,907 | (209,664) | (499,660) | (16,070) | 125,028 | (519,032) | 143,509 |
| Gain (loss) on disposal of tangible capital assets | - | 1,082 | (1,246) | - | - | - | (164) |
| Capital government transfers | 3,055 | - | 439,397 | - | - | 210,610 | 653,062 |
| Amortization | (5,853) | (13,361) | (305,474) | - | (12,819) | (8,280) | (345,787) |
| NET REVENUE | 1,260,109 | (221,943) | (366,983) | (16,070) | 112,209 | (316,702) | 450,620 |

The accompanying notes form part of these financial statements

Alberta Beach
Notes to the Financial Statements
December 31, 2021

DESCRIPTION OF OPERATIONS

Alberta Beach is a local government authority providing municipal services. Alberta Beach is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity.

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.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

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

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided or the tangible assets are acquired.

(c) Cash and Temporary Investments

Cash and temporary investments consists of bank deposits and savings accounts with a term of three months or less.

Alberta Beach
Notes to the Financial Statements
December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Investments

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective instruments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

(f) Supplies for Resale Inventory

Supplies held for resale is recorded at the lower of cost or net realizable value. The inventory is accounted for by using the first-in-first-out (FIFO) method.

(g) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when Alberta Beach has the authority to claim or retain an inflow of economic resource 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.

(i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Alberta Beach
Notes to the Financial Statements
December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(j) Non-Financial Assets

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

(j) Non-Financial Assets

i) Tangible Capital Assets

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

| | Years |
|-------------------------|-------|
| Buildings | 25-50 |
| Engineered structures | 10-75 |
| Land Improvements | 10-25 |
| Machinery and equipment | 5-20 |
| Vehicles | 10 |

One-half the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Leases

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

Alberta Beach
Notes to the Financial Statements
December 31, 2021

2. MEASUREMENT UNCERTAINTY

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

3. CASH AND TEMPORARY INVESTMENTS

| | 2021 | 2020 |
|--------------------------------|------------------|-------------|
| | \$ | \$ |
| Cash and temporary investments | 171,828 | 211,792 |
| Restricted cash | 974,556 | 1,215,392 |
| | 1,146,384 | 1,427,184 |

Council has designated funds of \$974,556 (2020 - \$1,215,392) for operating and capital reserves. See (Note 9) for details.

Alberta Beach
Notes to the Financial Statements
December 31, 2021

4. RECEIVABLES

| | 2021 \$ | 2020 \$ |
|--|----------------|----------------|
| i) Taxes and grants in place of taxes | | |
| Current taxes and grants in place of taxes | 138,542 | 123,659 |
| Arrears taxes | 61,322 | 40,283 |
| | 199,864 | 163,942 |
| ii) Trade and other receivables | | |
| Trade and other receivables | 423,985 | 249,854 |
| Goods and services tax receivable | 16,610 | 31,776 |
| Requisition under levy | - | (11,857) |
| | 440,595 | 269,773 |
| Less: Allowance for doubtful accounts | 4,163 | 4,163 |
| | 436,432 | 265,610 |

5. DEFERRED REVENUE

| | 2021 \$ | 2020 \$ |
|---|---------------|----------------|
| Municipal Stimulus Program | - | 114,509 |
| Basic Municipal Transportation Grant (BMTG) | - | 1,255 |
| Canadian Heritage | - | 32,075 |
| Donation for Trail System | 1,000 | 1,000 |
| FCSS | 6,016 | 2,014 |
| LSA Recreation and Cultural Grant | 1,500 | 4,500 |
| Alberta Community Partnership Grant (ACP) | 32,281 | 32,056 |
| Wharf Transfer Agreement | - | 25,838 |
| | 40,797 | 213,247 |

Alberta Beach
Notes to the Financial Statements
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6. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Alberta Beach are to be disclosed as follow:

| | 2021 \$ | 2020 \$ |
|-------------------------------------|------------|------------|
| Total Debt Limit | 3,952,725 | 3,973,559 |
| Total Debt | - | - |
| Amount of debt limit unused | 3,952,725 | 3,973,559 |
| Debt Service Limit | 658,788 | 662,260 |
| Debt Service | - | - |
| Amount of debt service limit unused | 658,788 | 662,260 |

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital (as defined in Alberta Regulation 255/2000) 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.

7. TANGIBLE CAPITAL ASSETS

| | 2021 \$ | 2020 \$ |
|-------------------------|------------|------------|
| Net Book Value | | |
| Land | 1,349,990 | 1,349,990 |
| Land improvements | 169,370 | 156,216 |
| Buildings | 2,018,914 | 2,062,908 |
| Engineering structures | 3,294,107 | 2,815,528 |
| Machinery and equipment | 230,587 | 292,363 |
| Vehicles | 40,886 | 30,330 |
| | 7,103,854 | 6,707,335 |

8. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2021 \$ | 2020 \$ |
|---------------------------------------|-------------|-------------|
| Tangible capital assets (Schedule 2) | 12,937,407 | 12,212,142 |
| Accumulated amortization (Schedule 2) | (5,833,553) | (5,504,807) |
| | 7,103,854 | 6,707,335 |

Alberta Beach
Notes to the Financial Statements
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9. ACCUMULATED OPERATING SURPLUS

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

| | 2021 | 2020 |
|---|------------------|-------------|
| | \$ | \$ |
| Unrestricted surplus | 493,840 | 429,860 |
| Internally restricted surplus | | |
| Operating reserves | | |
| Economic development - 100 Year | 7,296 | 2,019 |
| Tax rate stabilization | 187,907 | 187,907 |
| Insurance proceeds - Hayland | 44,537 | 44,537 |
| Provincial police | - | 23,695 |
| Capital reserves | | |
| Administrative - equipment | 6,803 | 6,803 |
| Building replacement | 44,695 | 28,623 |
| General capital | 803,451 | 810,985 |
| Parks and recreation | 34,495 | 34,494 |
| Police | 25,164 | 25,164 |
| Public works | 40,960 | 40,960 |
| Waste management | 10,205 | 10,205 |
| | 1,205,513 | 1,215,392 |
| Equity in Tangible Capital Assets (TCA) | 7,103,854 | 6,707,335 |
| | 8,803,207 | 8,352,587 |

10. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (Schedule 6).

General government includes administration, assessment services, and legislative. Protective services includes ambulance, bylaw enforcement, and fire department. Transportation services includes public works and roads, streets, walks and lighting. Planning and development includes planning and development. Recreation and culture includes Alberta Beach boat launch and wharf, campground, and recreation and facilities. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management.

Alberta Beach
Notes to the Financial Statements
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11. 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 is as follows:

| | Months | 2021 | | 2020 | |
|-------------------------------------|--------|------------------|------------------------------------|-------------|---------|
| | | Salary (1) \$ | Benefits & Allowances (2) \$ | Total \$ | |
| Mayor | | | | | |
| J. Benedict | 10 | 10,358 | - | 10,358 | 14,425 |
| B. Love | 3 | 2,574 | - | 2,574 | - |
| Deputy Mayor | | | | | |
| A. Duncan | 12 | 12,551 | 493 | 13,044 | 13,186 |
| Councilors | | | | | |
| J. Valiquette | 10 | 7,947 | 242 | 8,189 | 9,675 |
| D. Weber | 12 | 12,872 | 511 | 13,383 | 9,743 |
| D. Durocher | 3 | 2,725 | - | 2,725 | - |
| B. Love | 9 | 7,723 | - | 7,723 | 9,442 |
| T. Elwood | 3 | 2,725 | - | 2,725 | - |
| Chief Administrative Officer | | | | | |
| K. Skwarchuk | 12 | 113,840 | 9,600 | 123,440 | 121,289 |

- (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 death and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

Alberta Beach
Notes to the Financial Statements
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12. COMMITMENTS

Alberta Beach is also responsible for 63.43% of the annual operating costs of Tri Village Regional Sewer Services Commission. The operating costs this year were \$242,156 (2020 - \$242,980).

Alberta Beach is part of the West Inter Lake District (WILD) Regional Water Services Commission and is committed to debenture principal and interest payments in the amount of \$12,381.97 each June and December until the debenture matures in 2039. This debenture was issued as part of the funding of phase 1 of the pipeline construction project from the Town of Stony Plain to the Village of Wabamun. The debenture payment this year was \$40,923 (2020 - \$40,923), the payments include principal and interest.

Alberta Beach is also responsible for 16.4% of the annual operating costs of West Inter Lake District (WILD) Regional Water Services Commission. The operating costs this year were \$18,174 (2020 - \$18,327).

13. RELATED PARTY TRANSACTIONS

Alberta Beach is a member of the Tri Village Regional Sewer Services Commission and made payments to the Commission as follows:

| | 2021 | 2020 |
|--------------|----------------|-------------|
| | \$ | \$ |
| Service fees | 242,156 | 242,980 |
| Debentures | 331,526 | 331,526 |
| | 573,682 | 574,506 |

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Alberta Beach
Notes to the Financial Statements
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14. FINANCIAL INSTRUMENTS

Credit Risk

Alberta Beach 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 taxpayer and entities to which Alberta Beach provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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 interest rate. Alberta Beach is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that Alberta Beach will encounter difficulty in meeting its obligations associated with financial liabilities. Alberta Beach manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

15. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

16. BUDGET FIGURES

Budget figures for 2021, as approved by Council, are included in the financial statements for information purposes and are unaudited.

17. SIGNIFICANT EVENT

As of the date of the financial statements, there was a global outbreak of COVID-19 (coronavirus) which was declared a pandemic by the World Health Organization. This has an impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as the Alberta Health Services regarding travel, isolation/quarantine orders, closure of municipal facilities, cancellation or postponement of programs, and deferral of property tax and utility payments. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Alberta Beach as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of facility closures, program and service disruptions, and isolation/quarantine measures that are currently or maybe put in place by Canada and other countries to fight the virus.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.