

Village of Empress
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Management's Responsibility

To the Members of Council:

Management of the Village of Empress (the "Village") is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within these financial statements. 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 judgments. Such amounts have been determined on a reasonable basis in order to ensure 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 through regular meetings with management and periodic meetings with 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 financial statements have been audited by MNP LLP, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements. Subsequent to year end, the Chief Administrative Officer resigned their position with the Village, followed later by the Mayor and all members of Village Council. Municipal Affairs appointed an Official Administrator to act as Council until new members can officially be appointed and an interim Chief Administrative Officer has began working with the Village.

July 21, 2022

e-Signed by Kelly Tucker
2022-07-22 09:00:48:48 MDT

Interim Chief Administrative Officer

Independent Auditor's Report

To the Members of Council:

Opinion

We have audited the financial statements of the Village of Empress (the "Village"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets, cash flows, and related schedules, I to VI, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2021, and the results of its operations, changes 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 Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village'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 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.

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:

- 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 Municipality'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 Municipality'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 Municipality 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.

Report on Other Legal and Regulatory Requirements

- *Debt Limit Regulation:*
In accordance with Alberta Regulation 255/2000, we confirm that the Village is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 7.
- *Supplementary Accounting Principles and Standards Regulation:*
In accordance with Alberta Regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 11.

The image shows a handwritten signature in black ink that reads "MNP LLP". The letters are stylized and slanted to the right.

**Medicine Hat, Alberta
July 22, 2022**

Chartered Professional Accountants

Village of Empress
Statement of Financial Position
As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash (Note 2)	706,688	570,065
Receivables		
Taxes and grants in place of taxes (Note 3)	34,233	28,133
Trade and other accounts receivable	314,676	112,116
Inventory		
Land held for resale inventory	55,331	60,520
Gravel held for resale inventory	17,675	26,903
Investments (Note 4)	2,670	2,670
	1,131,273	800,407
LIABILITIES		
Accounts payable and accrued liabilities	82,478	66,788
Deferred revenue (Note 5)	476,695	281,425
Provision for gravel pit closure and post-closure costs (Note 6)	25,785	25,235
	584,958	373,448
NET FINANCIAL ASSETS	546,315	426,959
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	4,382,225	4,400,942
Prepaid expenses	-	66
	4,382,225	4,401,008
ACCUMULATED SURPLUS (Schedule I, Note 9)	4,928,540	4,827,967

Commitments and contingencies - See Notes 13 and 14

Approved by

e-Signed by Harold Johnsrude
2022-07-21 08:22:42:42 MDT

Official Administrator

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Operations

For the year ended December 31, 2021

	Budget (Note 16)	2021	2020
REVENUE			
Net municipal taxes (Schedule III)	159,303	160,644	163,009
User fees and sales of goods	100,884	139,080	113,617
Government transfers for operating (Schedule IV)	125,486	140,939	155,067
Investment income	245	1,126	414
Penalties and costs of taxes	8,220	6,687	12,514
Licenses and permits	-	25	149
Franchise and concession contracts	3,400	3,717	3,401
Sales of gravel	95,000	141,186	11,440
Sale of lots	15,000	27,306	31,050
Other	59,090	76,038	68,298
	566,628	696,748	558,959
EXPENSES			
Legislative	16,050	7,435	7,730
Administrative	198,641	214,174	194,419
Bylaws enforcement	28,437	28,446	29,027
Water supply and distribution	94,922	103,984	93,809
Wastewater treatment and disposal	5,611	13,284	6,014
Waste management	18,638	20,776	18,611
Family and community support	13,379	17,753	16,697
Land use planning, zoning and development	32,800	30,077	13,416
Transportation	136,837	132,982	135,414
Recreation, culture and economic development	78,603	100,332	91,186
	623,918	669,243	606,323
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(57,290)	27,505	(47,364)
OTHER			
Gain on disposal of tangible capital assets	-	-	6,150
Government transfers for capital (Schedule IV)	-	73,068	609,133
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(57,290)	100,573	567,919
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,827,967	4,827,967	4,260,048
ACCUMULATED SURPLUS, END OF YEAR	4,770,677	4,928,540	4,827,967

The accompanying notes are an integral part of these financial statements

Village of Empress
Statement of Changes in Net Financial Assets

For the year ended December 31, 2021

	Budget (Note 16)	2021	2020
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(57,290)	100,573	567,919
Acquisition of tangible capital assets	-	(134,343)	(626,101)
Proceeds on disposal of tangible capital assets	-	-	12,780
Amortization of tangible capital assets	149,408	153,060	148,876
Gain on sale of tangible capital assets	-	-	(6,150)
	92,118	119,290	97,324
Acquisition of prepaid assets	-	66	3,372
INCREASE IN NET FINANCIAL ASSETS	92,118	119,356	100,696
NET FINANCIAL ASSETS, BEGINNING OF YEAR	426,959	426,959	326,263
NET FINANCIAL ASSETS, END OF YEAR	519,077	546,315	426,959

The accompanying notes are an integral part of these financial statements

Village of Empress
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 revenues over expenses	100,573	567,919
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	153,060	148,876
Gain on disposal of tangible capital assets	-	(6,150)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(6,100)	13,368
Decrease (increase) in trade and other accounts receivable	(202,560)	163,529
Decrease (increase) in land held for resale	5,189	3,339
Decrease (increase) in prepaid expenses	67	3,372
Decrease (increase) in gravel held for resale	9,228	-
Increase (decrease) in accounts payable and accrued liabilities	15,689	13,671
Increase (decrease) in deferred revenue	195,270	22,676
Increase (decrease) in provision for landfill closure/post-closure	550	542
Cash provided by operating transactions	270,966	931,142
CAPITAL		
Proceeds on sale of tangible capital assets	-	12,780
Acquisition of tangible capital assets	(134,343)	(626,101)
Cash applied to capital transactions	(134,343)	(613,321)
INVESTING		
Increase in other investments	-	(32)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	136,623	317,789
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	570,065	252,276
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	706,688	570,065

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule I - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2021

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	2,909	424,115	4,400,942	4,827,967	4,260,048
Excess of revenue over expenses	100,573	-	-	100,573	567,919
Current year funds used for tangible capital assets	(134,343)	-	134,343	-	-
Annual amortization expense	153,060	-	(153,060)	-	-
Change in accumulated surplus	119,290	-	(18,717)	100,573	567,919
BALANCE, END OF YEAR	122,199	424,115	4,382,225	4,928,540	4,827,967

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule II - Schedule of Tangible Capital Assets

For the year ended December 31, 2021

	Land	Land Improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2021	2020
COST:								
BALANCE, BEGINNING OF YEAR	40,907	482,178	1,122,979	4,374,503	494,879	171,723	6,687,169	6,107,386
Acquisition of tangible capital assets	-	-	7,999	93,153	33,191	-	134,343	626,101
Disposal of tangible capital assets	-	-	-	-	-	-	-	(46,318)
BALANCE, END OF YEAR	40,907	482,178	1,130,978	4,467,656	528,070	171,723	6,821,512	6,687,169
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	111,292	261,032	1,494,384	286,250	133,269	2,286,227	2,177,039
Annual amortization	-	19,574	26,948	67,051	30,107	9,380	153,060	148,876
Accumulated amortization on disposals	-	-	-	-	-	-	-	(39,688)
BALANCE, END OF YEAR	-	130,866	287,980	1,561,435	316,357	142,649	2,439,287	2,286,227
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	40,907	351,312	842,998	2,906,221	211,713	29,074	4,382,225	4,400,942
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	40,907	370,886	861,947	2,880,119	208,629	38,454	4,400,942	

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule III - Schedule of Net Municipal Taxes

For the year ended December 31, 2021

	Budget	2021	2020
TAXATION			
Real property taxes	170,954	172,028	175,151
Linear property taxes	5,268	5,373	5,355
Government grants in lieu of property taxes	8,023	8,185	8,137
	184,245	185,586	188,643
REQUISITIONS			
Alberta School Foundation Fund	21,603	21,603	19,795
Seniors Foundation	3,339	3,339	3,306
Policing	-	-	2,533
	24,942	24,942	25,634
NET MUNICIPAL TAXES	159,303	160,644	163,009

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2021

	Budget	2021	2020
TRANSFERS FOR OPERATING			
Provincial Government	48,004	52,677	66,109
Federal Government	3,800	5,400	6,300
Other Local Governments	73,682	82,862	82,658
	125,486	140,939	155,067
TRANSFERS FOR CAPITAL			
Provincial Government	-	65,735	222,346
Federal Government	-	-	377,031
Other Local Governments	-	7,333	9,756
	-	73,068	609,133
TOTAL GOVERNMENT TRANSFERS	125,486	214,007	764,200

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2021

	Budget	2021	2020
EXPENSES BY OBJECT			
Salaries, wages and benefits	203,739	231,895	222,301
Contracted and general services	107,467	109,360	79,162
Materials, goods and utilities	150,204	159,925	136,080
Transfers to local boards and agencies	10,500	12,786	17,186
Bank charges and short-term interest	2,600	2,217	2,718
Amortization of tangible capital assets	149,408	153,060	148,876
	623,918	669,243	606,323

The accompanying notes are an integral part of these financial statements

Village of Empress
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2021

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	160,644	-	-	-	-	-	-	160,644
Government transfers	-	-	214,007	-	-	-	-	214,007
User fees and sales of goods	-	-	-	-	-	139,080	-	139,080
Other revenues	7,152	3,717	-	-	-	-	245,216	256,085
	167,796	3,717	214,007	-	-	139,080	245,216	769,816
EXPENSES								
Contract & general services	10,904	3,259	837	29,000	13,552	48,172	3,636	109,360
Salaries & wages	122,963	1,200	32,258	1,077	35,415	28,148	10,834	231,895
Goods & supplies	72,549	3,305	55,638	-	18,932	9,004	497	159,925
Transfers to local boards	-	-	-	-	10,000	-	2,786	12,786
Other expenses	2,217	-	-	-	-	-	-	2,217
	208,633	7,764	88,733	30,077	77,899	85,324	17,753	516,183
NET REVENUE, BEFORE AMORTIZATION	(40,837)	(4,047)	125,274	(30,077)	(77,899)	53,756	227,463	253,633
Amortization expense	12,976	20,682	44,249	-	22,433	52,720	-	153,060
NET REVENUE	(53,813)	(24,729)	81,025	(30,077)	(100,332)	1,036	227,463	100,573

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Empress (the "Village") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and senior foundations that are not part of the Village's 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 financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided. 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 expenses 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 as provided where necessary. Amortization is based on the estimated lives of tangible capital assets.

Expenditures that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

d) Valuation of Financial Assets and Liabilities

The Village's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost

e) Cash and Investments

Cash is comprised of balances held with banks and short-term investments with maturities of three months or less.

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

f) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

g) 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.

h) Inventories for Resale

Land held for resale is recorded at the lower of cost or 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.

i) 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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

j) Gravel Pit Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village is required to fund the closure of its gravel site and provide for post-closure care of the site. Closure and post-closure activities include landscaping, as well as surface and ground water monitoring, and visual inspection. The requirement is being provided for over the estimated remaining life of the gravel site based on usage.

k) 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.

l) 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.

m) 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 (shortfall) of revenue over expenses, provides the Change in Net Financial Assets 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:

	<u>Years</u>
Buildings	40
Land improvements	20
Engineered structures:	
Water system	75
Wastewater system	75
Other engineered structures	25 - 40
Machinery and equipment	4-15
Vehicles	10

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

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

m) Non-financial Assets *(continued from previous page)*

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 operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

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

n) Employee Future Benefits and Obligations

Selected employees of the Village are members of the Local Authority Pension Plan (LAPP), a multi-employer define benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Village does not recognize its share of any plan surplus or deficit.

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

2. CASH

	2021	2020
Cash	706,688	570,065

Included in cash are restricted amounts of \$229,642 (2020 - \$281,425) received from the Municipal Sustainability Initiative and other sources and held exclusively for approved projects (Note 5).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place of taxes	20,729	17,018
Arrears taxes	13,504	11,115
	34,233	28,133

4. INVESTMENTS

	2021	2020
Equity investments in UFA and South Country Co-op	2,670	2,670

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2021

5. DEFERRED REVENUE

	2021	2020
Municipal Sustainability Initiative - Capital	242,996	112,147
Municipal Sustainability Initiative - Operating	2,988	2,988
Federal Gas Tax Fund	166,656	87,906
Empress and District Fine Arts, Cultural, and Leisure Society	53,223	49,249
Other deferred revenue	10,832	29,135
	476,695	281,425

Alberta Municipal Sustainability Initiative

Funding is received annually from the Municipal Sustainability Initiative Program. The use of these funds is restricted to eligible operating and capital projects, as approved under the funding agreement. \$16,204 of these funds were allocated to capital projects in 2021.

Federal Gas Tax Fund

Funding was received from 2014 to 2021 from the Federal Gas Tax Fund. The use of these funds is restricted to eligible capital projects as approved under the funding agreement.

6. PROVISION FOR GRAVEL PIT CLOSURE AND POST-CLOSURE LIABILITY

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection Act. These costs include landscaping as well as surface and ground water monitoring and visual inspections. There is uncertainty with respect to the measurement of estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. A third party commitment exists for those who hold claims on the stockpiles in the gravel pits owned by the Village for the future reclamation.

Due to the unknown timeline of actual gravel usage, the term of the reclamation is unknown. The accrued liability portion is a valuation based on the report received by the Village in the 2017 year. As future expansion is planned, the fair market value of the liability will be adjusted on an annual basis when expansion of the site occurs plus an annual accretion adjustment for inflation at a rate of 1.67%.

The total capacity of the opened site is estimated at 100,000 tonnes with the estimated remaining development capacity of 47,632 tonnes.

The Village has not designated assets for settling closure and post-closure liabilities.

	2021	2020
Estimated capacity used	52.37 %	27.19 %
Total accrued liability	33,520	32,970
Less: Amounts receivable from Special Areas	(7,735)	(7,735)
Accrued liability portion	25,785	25,235

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2021

7. 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 Village of Empress be disclosed as follows:

	2021	2020
Total debt limit	1,045,122	838,439
Total debt	-	-
Amount of debt limit unused	1,045,122	838,439
Debt servicing limit	174,187	139,740
Debt servicing	-	-
Amount of debt servicing limit unused	174,187	139,740

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 which could be a 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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule II)	6,821,512	6,687,169
Accumulated amortization (Schedule II)	(2,439,287)	(2,286,227)
	4,382,225	4,400,942

9. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	122,200	2,910
Restricted surplus	424,115	424,115
Equity in tangible capital assets (Note 8)	4,382,225	4,400,942
	4,928,540	4,827,967

10. SEGMENTED DISCLOSURE

The Village of Empress 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 VI).

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2021

11. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary ¹	Benefits & allowances ²	2021	2020
Mayor:				
S. Crooker (10 months)	-	1,096	1,096	2,380
M. Jarvis (2 months)	-	695	695	-
Councillors:				
R. Gill	-	1,484	1,484	3,407
C. Cooper	-	835	835	1,510
D. Moslamani	-	470	470	-
C. Steinley	-	1,770	1,770	-
Designated officer (1 position)	9,600	-	9,600	9,600
C.A.O.	66,000	14,068 ³	80,068	79,862

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 275,000 people and 433 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service contributions are recorded as expenditures in the year in which they become due. Contributions for current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village 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 Village to the LAPP in 2021 were \$6,393 (2020 - \$9,924). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2021 were \$5,733 (2020 - \$8,901).

At December 31, 2020, the LAPP disclosed a surplus of \$4.96 billion.

13. COMMITMENTS

The Village has entered into a memorandum of understanding with the Acadia Foundation to assist with the repayment of debt associated with the Acadia Foundation's expansion. Presently, the Acadia Foundation is undertaking the Acadia Foundation Building Expansion Project which includes upgrades, renovations, construction and expansion of the three lodges in the communities of Oyen, Consort and Hanna. In order to fund the project the Foundation will borrow not more than \$25 million over the term of the project. As of December 31, 2008 the Foundation had borrowed the entire \$25 million to fund constructions. The Village, as a municipality to the Acadia Foundation, is committed to pay their proportional share of the borrowing based on the equalized assessment for the year in which the funds were borrowed. The Village's share of the borrowing will be repaid over a period of 10 years in the amount of approximately \$3,280 per year.

Village of Empress
Notes to the Financial Statements
For the year ended December 31, 2021

14. CONTINGENCIES

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

15. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest rate or currency risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in place of taxes 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

16. RECONCILIATION OF OPERATING RESULTS TO BUDGET

The December 31, 2021 budget, prepared by the Village of Empress, reflects all municipal activities including capital purchases, debt repayments and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only. It should not be used as a replacement for the statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget	2021	2020
Excess (shortfall) of revenue over expenditures, per financial statements	(57,290)	100,573	567,919
Add back:			
Amortization of tangible capital assets	149,408	153,060	148,876
Proceeds on disposal of tangible capital assets	-	-	12,780
Net transfers (to) from reserves	-	-	(100,000)
Deduct:			
Tangible capital asset purchases	-	(134,343)	(626,101)
Loss (gain) on disposal of tangible capital assets	-	-	(6,150)
Results of operations	92,118	119,290	(2,676)

17. SUBSEQUENT EVENT

Subsequent to year end, the Chief Administrative Officer resigned their position with the Village, followed later by the Mayor and all members of Village Council. Municipal Affairs appointed an Official Administrator to act as Council until new members can officially be appointed and an interim Chief Administrative Officer has began working with the Village.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.