

**VILLAGE OF DONNELLY**  
**Financial Statements**  
**Year Ended December 31, 2021**

**VILLAGE OF DONNELLY**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Consolidated Statement of Operations	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus <i>(Schedule 1)</i>	8
Schedule of Tangible Capital Assets <i>(Schedule 2)</i>	9
Schedule of Property and Other Taxes <i>(Schedule 3)</i>	10
Schedule of Government Transfers <i>(Schedule 4)</i>	11
Consolidated Schedule of Expenditures By Object <i>(Schedule 5)</i>	12
Schedule of Segmented Disclosure <i>(Schedule 6)</i>	13
Notes to Financial Statements	14 - 21

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management of the Village of Donnelly is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this financial report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2021 and the results of its operations for the year then ended.

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

The financial statements include certain amounts based on estimates and 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 the 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.

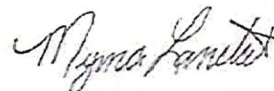
The Village Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited on behalf of the members by HGA Chartered Professional Accountants, independent external auditor 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.



Chief Administrative Officer



Mayor



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Village of Donnelly

### *Opinion*

We have audited the financial statements of Village of Donnelly (the municipality), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets 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 municipality 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.

### *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 municipality 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.

### *Emphasis of Matter*

We draw attention to Note 2 to the financial statements, which describes subsequent events related to the global COVID-19 pandemic declared by the World Health Organization. Our opinion is not modified in respect of this matter.

### *Other Matter*

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 9, 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 municipality'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 municipality or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the To the Members of Village of Donnelly (continued)

*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 provided 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 and note the information required can be found in Note 12.

**VILLAGE OF DONNELLY**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 2,213,986	\$ 2,067,957
Taxes receivable (Note 4)	93,216	103,786
Trade and other receivables (Note 5)	292,386	311,128
Goods and services tax receivable	33,167	18,786
Investments (Note 6)	2,489	2,489
	<u>2,635,244</u>	<u>2,504,146</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	25,401	11,987
Employee deductions payable	58,714	-
Employees benefits payable	-	1,205
Water and sewer deposits	2,818	2,818
Deferred income (Note 7)	614,813	659,225
Provision for landfill closure (Note 8)	7,360	7,360
Long term debt (Note 9)	259,225	282,580
Other levies	-	3,036
	<u>968,331</u>	<u>968,211</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,666,913</u>	<u>1,535,935</u>
<b>NON-FINANCIAL ASSETS</b>		
Land held for resale	8,720	8,720
Prepaid expenses	-	-
Tangible capital assets (Note 10)	3,481,584	3,712,638
	<u>3,490,304</u>	<u>3,721,358</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 5,157,217</u>	<u>\$ 5,257,293</u>
<b>CONTINGENCIES (Note 17)</b>		
<b>ON BEHALF OF THE BOARD</b>		

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Councilor

**VILLAGE OF DONNELLY**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2021**

	Budget	2021	2020
<b>REVENUE</b>			
Net municipal taxes	\$ 299,042	\$ 305,238	\$ 305,033
User fees and sales of goods	278,126	277,793	271,402
Government transfers for operating	1,011,260	255,653	473,567
Rentals	24,211	45,882	39,277
Franchise fees	28,000	38,960	41,085
Investment income	-	17,594	15,831
Special assessments and local improvements	11,955	11,797	12,609
Other revenue	-	8,525	2,224
Penalties & costs of taxes	5,000	2,146	9,025
Fines	300	1,335	297
Licenses & permits	650	221	460
	<u>1,658,544</u>	<u>965,144</u>	<u>1,170,810</u>
<b>EXPENSES</b>			
Administration	323,992	332,238	135,900
Roads, streets, walks and lighting	78,356	251,756	335,684
Water supply and distribution	176,094	207,049	185,019
Other	355,000	98,618	147,635
Waste water treatment and disposal	48,858	69,550	57,678
Waste management	57,094	65,861	54,822
Council	27,025	27,706	24,885
Fire and protective	21,772	16,990	16,739
Bylaw enforcement	12,238	8,304	3,135
Storm sewers and drainage	-	7,705	7,705
Airport	591	6,992	6,909
Other planning and development	7,577	5,074	7,577
Family and community support services	15,288	4,401	4,401
Other public health	2,611	2,791	1,385
Parks and recreation	8,190	2,567	103,148
Culture	3,119	2,030	3,119
	<u>1,137,805</u>	<u>1,109,632</u>	<u>1,095,741</u>
<b>EXCESS (SHORTFALL) OR REVENUE OVER EXPENSES - BEFORE OTHER</b>	520,739	(144,488)	75,069
<b>OTHER</b>			
Government transfers for capital	(500,000)	44,412	50,000
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	20,739	(100,076)	125,069
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<u>5,257,293</u>	<u>5,257,293</u>	<u>5,132,224</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 5,278,032</u>	<u>\$ 5,157,217</u>	<u>\$ 5,257,293</u>

See notes to financial statements

**VILLAGE OF DONNELLY**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2021**

	Budget	2021	2020
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>\$ 20,739</u>	<u>\$ (100,076)</u>	<u>\$ 125,069</u>
Amortization of tangible capital assets	-	231,054	231,054
Decrease in prepaid expenses	-	-	5,000
	<u>-</u>	<u>231,054</u>	<u>236,054</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	20,739	130,978	361,123
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<u>1,535,935</u>	<u>1,535,935</u>	<u>1,174,812</u>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<u>\$ 1,556,674</u>	<u>\$ 1,666,913</u>	<u>\$ 1,535,935</u>

See notes to financial statements

**VILLAGE OF DONNELLY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (100,076)	\$ 125,069
Item not affecting cash:		
Amortization of tangible capital assets	231,054	231,054
	<u>130,978</u>	<u>356,123</u>
Changes in non-cash working capital:		
Taxes receivable	10,570	(16,402)
Trade and other receivables	18,742	113,863
Goods and services tax receivable	(14,382)	(14,725)
Other assets	-	1,439
Prepaid expenses	-	5,000
Accounts payable and accrued liabilities	13,415	(111,934)
Employees benefits payable	(1,205)	(12,708)
Deferred income	(44,412)	542,504
Employee deductions payable	58,714	-
Other levies	(3,036)	4,475
	<u>38,406</u>	<u>511,512</u>
Cash flow from operating activities	<u>169,384</u>	<u>867,635</u>
<b>INVESTING ACTIVITY</b>		
Investments	<u>-</u>	<u>(176)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	<u>(23,355)</u>	<u>(22,421)</u>
<b>INCREASE IN CASH FLOW</b>	<u>146,029</u>	<u>845,038</u>
Cash - beginning of year	<u>2,067,957</u>	<u>1,222,919</u>
<b>CASH - END OF YEAR</b>	<u>\$ 2,213,986</u>	<u>\$ 2,067,957</u>

See notes to financial statements

VILLAGE OF DONNELLY

Schedule of Changes in Accumulated Surplus (Schedule I)

Year Ended December 31, 2021

	Unrestricted surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
Balance, beginning of the year	\$ 658,674	\$ 885,981	\$ 3,712,638	\$ 5,257,293	\$ 5,132,224
Excess (deficiency) of revenues over expenses	(100,076)	-	-	(100,076)	125,069
Annual amortization expense	231,054	-	(231,054)	-	-
Balance, end of the year	\$ 789,652	\$ 885,981	\$ 3,481,584	\$ 5,157,217	\$ 5,257,293

**VILLAGE OF DONNELLY**  
**Schedule of Tangible Capital Assets (Schedule 2)**  
**Year Ended December 31, 2021**

	Land	Buildings	Land improvements	Engineered structures	Machinery & Equipment	Vehicles	2021	2020
<b>COST:</b>								
Balance, beginning of year	\$ 162,779	\$ 460,896	\$ 15,721	\$ 8,428,354	\$ 288,765	\$ 56,655	\$ 9,413,170	\$ 9,413,170
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, beginning of year	\$ -	\$ 238,223	\$ 5,103	\$ 5,267,806	\$ 141,340	\$ 48,060	\$ 5,700,532	\$ 5,469,478
Amortization	-	8,617	786	207,489	9,896	4,266	231,054	231,054
Balance, end of year	\$ -	\$ 246,840	\$ 5,889	\$ 5,475,295	\$ 151,236	\$ 52,326	\$ 5,931,586	\$ 5,700,532
<b>Grand Total</b>	<b>\$ 162,779</b>	<b>\$ 214,056</b>	<b>\$ 9,832</b>	<b>\$ 2,953,059</b>	<b>\$ 137,529</b>	<b>\$ 108,981</b>	<b>\$ 3,481,584</b>	<b>\$ 3,712,638</b>

**VILLAGE OF DONNELLY**  
**Schedule of Property and Other Taxes (Schedule 3)**  
**Year Ended December 31, 2021**

	Budget	2021	2020
<b>TAXATION</b>			
Real property taxes	\$ 369,765	\$ 360,973	\$ 361,067
Special assessments	11,955	11,797	12,609
Linear property taxes	-	10,993	11,862
	<u>381,720</u>	<u>383,763</u>	<u>385,538</u>
<b>REQUISITION</b>			
Alberta School Foundation Fund	63,742	59,915	60,706
Heart River Seniors Foundation	6,981	6,813	7,190
	<u>70,723</u>	<u>66,728</u>	<u>67,896</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 310,997</u>	<u>\$ 317,035</u>	<u>\$ 317,642</u>

**VILLAGE OF DONNELLY**  
**Schedule of Government Transfers (Schedule 4)**  
**Year Ended December 31, 2021**

	Budget	Total 2021	Total 2020
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ -	\$ 255,653	\$ 473,567
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	-	44,412	50,000
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ -</b>	<b>\$ 300,065</b>	<b>\$ 523,567</b>

**VILLAGE OF DONNELLY**  
**Consolidated Schedule of Expenditures By Object (Schedule 5)**  
**Year Ended December 31, 2021**

	Budget	2021	2020
<b>EXPENSES</b>			
Other expenditures	\$ 429,210	\$ 136,084	\$ 151,757
Amortization of tangible capital assets	-	231,054	231,054
Purchases from other governments	233,188	182,097	172,797
Contracted and general services	149,793	212,606	189,280
Salaries, wages and benefits	212,464	254,907	192,251
Material goods and utilities	70,020	68,089	90,872
Interest on long term debt	11,733	11,372	12,311
Transfers to local boards	25,316	6,431	12,550
Transfers to other governments	591	6,992	6,909
Transfers to individuals and organizations	5,490	-	35,961
	<u>\$ 1,137,805</u>	<u>\$ 1,109,632</u>	<u>\$ 1,095,742</u>

**VILLAGE OF DONNELLY**  
**Schedule of Segmented Disclosure (Schedule 6)**  
**Year Ended December 31, 2021**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation Culture	Environmental Services	Other	2021
<b>REVENUE</b>								
Government transfers	\$ 202,000	\$ -	\$ -	\$ -	\$ 48,954	\$ -	\$ 49,111	\$ 300,065
Net municipal taxes	317,035	-	-	-	-	-	-	317,035
User fees and sale of goods	377	-	-	-	-	277,416	-	277,793
Franchise fees	38,960	-	-	-	-	-	-	38,960
Rentals	45,882	-	-	-	-	-	-	45,882
Investment income	17,594	-	-	-	-	-	-	17,594
Penalties on taxes	2,146	-	-	-	-	-	-	2,146
Other revenues	10,081	-	-	-	-	-	-	10,081
	634,075	-	-	-	48,954	277,416	49,111	1,009,556
<b>EXPENSES</b>								
Contract & general services	154,588	20,783	19,537	-	90	17,608	-	212,606
Transfers to local boards	-	-	-	-	-	-	6,431	6,431
Salaries, wages and Benefits	202,576	-	-	-	-	52,331	-	254,907
Goods and supplies	48,559	-	11,133	5,074	-	3,323	-	68,089
Long term debt interest	-	-	-	-	-	11,372	-	11,372
Other expenses	46,229	2,840	-	-	1,777	182,097	92,230	325,173
	451,952	23,623	30,670	5,074	1,867	266,731	98,661	878,578
<b>NET REVENUE BEFORE AMORTIZATION</b>								
	182,123	(23,623)	(30,670)	(5,074)	47,087	10,685	(49,550)	130,978
Amortization expense	3,371	1,670	181,652	-	700	43,468	193	231,054
<b>Grand Total</b>	<b>\$ 178,752</b>	<b>\$ (25,293)</b>	<b>\$ (212,322)</b>	<b>\$ (5,074)</b>	<b>\$ 46,387</b>	<b>\$ (32,783)</b>	<b>\$ (49,743)</b>	<b>\$ (100,076)</b>

See notes to financial statements

**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Village of Donnelly are the representations of management prepared in accordance with generally accepted accounting principles for local governments as established by the Public Sectors Accounting Board of the Chartered Professional Accountants Canada. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in funds balances and change in financial position of the reporting entity. The entity is comprised of the municipal operations of all of the organizations that are owned or controlled by the Village Council for the administration of their financial affairs and resources.

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

Basis of accounting

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

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

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

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenditures at the date of the financial statements. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Investments

Investments are recorded at amortized cost

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not a result of an exchange transactions, are not expected to be repaid in the future, or 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 as long as the transfers are authorized, eligibility criteria has been met and a reasonable estimate of the amount can be determined.

Tax revenue

Tax revenues are recognized when the tax has been authorized by Council in a bylaw.

Requisitions are recorded as a flow-through and are excluded from municipal taxes.

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VILLAGE OF DONNELLY  
Notes to Financial Statements  
Year Ended December 31, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Requisition over-levy and under-levy

Levies arise from the difference between the actual property taxes levy made to cover each requisition and the actual requisition.

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

Requisition rates are adjusted for any differences in levies in the subsequent year.

Non-financial assets

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

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less any residual value, is amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Land improvements	15-45 years
Buildings	25-50 years
Engineering Structures	
Water system	45-75 years
Wastewater system	45-75 years
Other engineering structures	5-60 years
Machinery and equipment	5-40 years
Vehicles	10-40 years

The municipality regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal.

Tangible capital assets acquired or under construction during the year but not placed into use are not amortized until they are placed into use.

Contributions of tangible capital assets

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

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**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**2. COVID-19 PANDEMIC UNCERTAINTY**

On March 11, 2020, the World Health Organization assessed the COVID-19 virus as a global pandemic, resulting in significant disruption to business around the world. On March 17, 2020, Alberta declared a state of public health emergency in response to the pandemic which resulted in further disruptions. In addition to the disruption to business, global equity markets have experienced significant volatility and weakness. In response to the pandemic and its related impacts on the economy, governments and central banks around the world have introduced significant fiscal and monetary interventions designed with the intent to stabilize economic conditions. The duration and impact of the pandemic is currently unknown, as is the efficacy of the government and central bank interventions. An estimate of the financial effect on the Village is undeterminable, but there may be a significant impact on the assets and liabilities or future operations and financial results of the Municipality.

**3. CASH**

	2021	2020
Cash	\$ 1,151,953	\$ 1,015,644
T-Bill savings account	1,062,033	1,052,313
	<u>\$ 2,213,986</u>	<u>\$ 2,067,957</u>

Cash includes cash in the bank and temporary investments with original maturities of three months or less. The cost of the temporary investment approximates the market value.

**4. TAXES RECEIVABLE**

	2021	2020
Current taxes	\$ 51,885	\$ 22,803
Arrears	41,331	80,982
	<u>\$ 93,216</u>	<u>\$ 103,785</u>

Arrears include properties that were acquired for tax arrears in the amount of \$10,575 (2020- \$73,169).

**5. TRADE AND OTHER RECEIVABLES**

	2021	2020
Local improvement levies	\$ 259,224	\$ 282,579
Utility accounts	27,805	23,190
Trade accounts	5,357	5,359
	<u>\$ 292,386</u>	<u>\$ 311,128</u>

**6. INVESTMENT**

Investment is equity held in co-operative.

**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**7. DEFERRED REVENUE**

	<u>2021</u>	<u>2020</u>
Municipality Sustainability Grant - Capital	<u>\$ 614,813</u>	<u>\$ 659,225</u>

Funding in the amount of \$614,813 was received or committed in the current and prior years from the Municipal Sustainability Initiative Grant program administered by the Alberta Ministry of Municipal Affairs. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion after 2021.

**Assets restricted for deferred revenue purposes:**

Cash	<u>\$ 850,597</u>	<u>\$ 850,597</u>
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**8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

Alberta environment law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The accrued liability for closure and post-closure of the Village's landfill is recognized, using management's estimated cost for closure and post-closure care. Management is unable to estimate how many years the post-closure care could be required.

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

The following summarizes the total estimated costs of closure and post-closure care:

Estimated closure costs	<u>\$ 10,000</u>
Estimated post-closure costs	<u>10,000</u>
Actual closure and post-closure costs incurred to date	<u>(12,640)</u>
Ending balance, December 31, 2021	<u>\$ 7,360</u>

**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**9. LONG TERM DEBT**

	2021	2020
Tax supported debentures.	\$ 259,225	\$ 282,580
Amounts payable within one year	(24,328)	(23,355)
	<u>\$ 234,897</u>	<u>\$ 259,225</u>

Principal repayment terms are approximately:

2022	\$ 24,328
2023	25,342
2024	26,398
2025	27,498
2026	28,596
Thereafter	127,063
	<u>\$ 259,225</u>

Debenture debt is repayable to Alberta Capital Finance and bears interest at 4.124% per annum and matures 2030. Debenture debt is issued on credit and security of the Village at large. Interest on long term debt amounted to \$11,372 (2020-\$12,311).

**10. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 162,779	\$ -	\$ 162,779	\$ 162,779
Land improvements	15,721	5,889	9,832	10,618
Buildings	460,896	246,840	214,056	222,673
Equipment	294,725	157,196	137,529	147,425
Motor vehicles	56,655	52,326	4,329	8,595
Engineering Structures - Cost	8,428,354	5,475,295	2,953,059	3,160,548
	<u>\$ 9,419,130</u>	<u>\$ 5,937,546</u>	<u>\$ 3,481,584</u>	<u>\$ 3,712,638</u>

**11. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2021	2020
Tangible capital assets (Schedule 2)	\$ 9,413,170	\$ 9,413,170
Accumulated amortization (Schedule 2)	(5,931,586)	(5,700,532)
	<u>\$ 3,481,584</u>	<u>\$ 3,712,638</u>

**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**12. 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 Donnelly be disclosed as follows

	2021	2020
Total debt limit	\$ 1,364,334	\$ 1,756,215
Total debt	<u>259,225</u>	<u>282,580</u>
Amount total debt limit unused	<u>\$ 1,623,559</u>	<u>\$ 2,038,795</u>
Debt servicing limit	\$ 227,389	\$ 292,703
Debt servicing	<u>34,771</u>	<u>34,771</u>
Amount of debt servicing limit unused	<u>\$ 262,160</u>	<u>\$ 327,474</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated as 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.

**13. ACCUMULATED SURPLUS**

	2021	2020
<u>Restricted surplus - capital</u>		
General administration	\$ 12,879	\$ 14,614
Roads, streets, walks and lighting	350,930	350,930
Water supply and distribution	172,600	172,600
Wastewater treatment and disposal	303,504	303,504
Health services	14,394	14,394
Parks and recreation	25,439	25,439
Culture	3,750	3,750
	<u>-</u>	<u>-</u>
Total restricted surplus	883,496	885,231
Restricted surplus operating tax stabilization	750	750
Unrestricted surplus	791,387	658,674
Equity in capital assets	<u>3,481,584</u>	<u>3,712,638</u>
	<u>\$ 5,157,217</u>	<u>\$ 5,257,293</u>

**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**14. SALARY AND BENEFITS**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	2021			2020
	Salary	Benefits Allowances	Total	
Myrna Lancot	\$ 7,808	\$ -	\$ 7,808	\$ 11,160
Katie King	2,900	-	2,900	210
Brian Lebreque	2,633	-	2,633	3,520
Aubrey Stenhouse	2,313	-	2,313	4,760
Kyle Heyn	1,828	-	1,828	5,530
Norm Boulet	1,675	-	1,675	-
Vance Yaremko	1,214	-	1,214	-
Candace Waye	906	-	906	-
Lyle Audet	-	-	-	220
<b>CHIEF ADMINISTRATIVE OFFICER</b>				
Matthew Ferris	49,239	-	49,239	22,212
Rita Maure	-	-	-	42,511
<b>DESIGNATED OFFICERS</b>				
Assessor	4,918	-	4,918	4,814
Appeals Clerk	-	-	-	-

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash reimbursement.

Benefits and allowance figures include the Employer's share of the costs of additional taxable benefits including travel allowance.

**15. SEGMENTED DISCLOSURE**

The Village of Donnelly provides a range of services to its taxpayers. 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 preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6).

**16. FINANCIAL INSTRUMENTS**

The municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the municipality's risk exposure and concentration as of December 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The municipality is exposed to credit risk from customers. In order to reduce its credit risk, the municipality reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The municipality has a significant number of customers which minimizes concentration of credit risk.

**VILLAGE OF DONNELLY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**17. CONTINGENCIES**

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

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**18. COMPARATIVE FIGURES**

The prior year comparative figures were audited by another firm of public accountants. Certain comparative figures have been restated to conform to current year's presentation.

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**19. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements. The budgeted figures have been presented for information purposes and are unaudited.

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