

VILLAGE OF DONNELLY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the Village of Donnelly

Qualified Opinion

We have audited the accompanying financial statements of the Village of Donnelly (the "Village"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2023, and the results of its operations and, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

Management did not adopt PS3280 Asset Retirement Obligations in the current year, which constitutes a departure from the requirements of PSAS. As a result of management not able to complete their assessment of what, if any, implications there would be from the adoption of this accounting standard, we were not able to determine if any adjustments were required to the Village's tangible capital assets, expenses, accumulated surplus, and asset retirement obligations. In addition, management was not able to provide adequate support for the taxes receivables balance as at December 31, 2023. As a result, we were not able to determine if any adjustments were required to the Village's taxes and grants in place of taxes receivable balances, and penalties and costs on taxes. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of this departure from PSAS and limitations in scope.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on April 18, 2023.

Responsibilities of Management and Those Charged with Governance for the 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.

(continues)



Independent Auditors' Report to the Mayor and Members of the Village of Donnelly (*continued*)

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 liquidate the Village or 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Village's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

METRIX GROUP LLP

Edmonton, Alberta
December 12, 2024



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Administration is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibility for the integrity and fairness of the financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Mayor and Council of the Village of Donnelly are composed entirely of individuals who are neither administration nor employees of the Village. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Village's external auditors.

METRIX Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and Administration to discuss their audit findings.

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Chief Administrative Officer

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Mayor

Donnelly, Alberta
December 12, 2024

VILLAGE OF DONNELLY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,687,663	\$ 1,810,919
Taxes and grants in place of taxes receivable (Note 3)	94,177	98,896
Government transfers receivable (Note 4)	372,510	250,295
Trade and other receivables (Note 5)	254,544	341,054
Land held for re-sale	8,720	8,720
Investments (Note 6)	<u>2,489</u>	<u>2,489</u>
	<u>2,420,103</u>	<u>2,512,373</u>
LIABILITIES		
Accounts payable and accrued liabilities	156,046	183,078
Employee deductions payable	-	15,866
Water and sewer deposits	3,081	3,331
Deferred revenue (Note 7)	386,945	553,247
Long-term debt (Note 8)	209,555	234,897
Landfill closure and post-closure liability (Note 9)	<u>7,360</u>	<u>7,360</u>
	<u>762,987</u>	<u>997,779</u>
NET FINANCIAL ASSET	<u>1,657,116</u>	<u>1,514,594</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	3,749,805	3,664,718
ACCUMULATED SURPLUS (Note 11)	<u>\$ 5,406,921</u>	<u>\$ 5,179,311</u>
CONTINGENCIES (Note 14)		

VILLAGE OF DONNELLY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> (Budget) (Note 16)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
REVENUES			
User fees and sales of goods	\$ 278,251	\$ 303,337	\$ 301,895
Net municipal property taxes (Schedule 2)	304,410	299,176	296,808
Government transfers for operating (Schedule 3)	119,638	159,850	48,600
Interest and investment income	1,000	100,491	43,460
Franchise fees	29,000	45,946	54,451
Rentals	52,500	33,462	48,164
Penalties and costs on taxes	6,500	17,805	9,298
Special assessments and local improvement	35,000	7,551	10,442
Other	1,250	36,891	3,785
Fines	<u>100</u>	<u>12,700</u>	<u>1,147</u>
	<u>827,649</u>	<u>1,017,209</u>	<u>818,050</u>
EXPENSES			
Council and other legislative	44,500	60,483	25,378
General administration	352,962	421,220	391,349
Fire protection and safety services	20,755	1,470	15,685
Bylaw enforcement	22,999	15,589	11,857
Roads, streets, walks, and lighting	77,555	236,229	265,574
Storm sewers and drainage	-	29,530	9,251
Water supply and distribution	175,687	225,498	210,272
Wastewater treatment and disposal	49,833	65,382	43,663
Waste management and recycle	57,579	54,910	55,587
Family and community support services	15,288	14,453	4,365
Airport	5,904	266	5,306
Other	15,252	-	66,069
Parks and recreation	18,190	5,692	2,518
Culture: libraries, museums, halls	<u>3,119</u>	<u>-</u>	<u>941</u>
	<u>859,623</u>	<u>1,130,722</u>	<u>1,107,815</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>(31,974)</u>	<u>(113,513)</u>	<u>(289,765)</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	<u>3,722</u>	<u>341,123</u>	<u>370,754</u>
	<u>3,722</u>	<u>341,123</u>	<u>370,754</u>
EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES	\$ <u>(28,252)</u>	\$ <u>227,610</u>	\$ <u>80,989</u>

VILLAGE OF DONNELLY
STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> (Budget) (Note 16)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 5,036,481	\$ 5,179,310	\$ 5,098,322
EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES	<u>(28,252)</u>	<u>227,610</u>	<u>80,989</u>
ACCUMULATED SURPLUS, END OF YEAR	\$ <u>5,008,229</u>	\$ <u>5,406,921</u>	\$ <u>5,179,311</u>

VILLAGE OF DONNELLY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> (Budget) (Note 16)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
EXCESS OF REVENUE OVER EXPENSES	\$ <u>(752,826)</u>	\$ <u>227,610</u>	\$ <u>80,989</u>
Acquisition of tangible capital assets	-	(341,123)	(418,571)
Proceeds on disposal of tangible capital assets	-	24,294	-
Amortization of tangible capital assets	-	233,337	235,437
Gain on disposal of tangible capital assets	-	(1,596)	-
	-	<u>(85,088)</u>	<u>(183,134)</u>
INCREASE IN NET FINANCIAL ASSET	(752,826)	142,522	(102,145)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	<u>1,514,594</u>	<u>1,616,739</u>
NET FINANCIAL ASSET, END OF YEAR	\$ <u>(752,826)</u>	\$ <u>1,657,116</u>	\$ <u>1,514,594</u>

VILLAGE OF DONNELLY
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ 227,610	\$ 80,989
Non-cash items included in annual surplus:		
Gain on disposal of tangible capital assets	(1,596)	-
Amortization of tangible capital assets	233,337	235,437
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	4,719	(5,680)
Government transfers receivable	(122,215)	(72,215)
Trade and other receivables	86,510	(15,501)
Accounts payable and accrued liabilities	(27,032)	157,678
Employee deductions payable	(15,866)	(42,848)
Water and sewer deposits	(250)	513
Deferred revenue	<u>(166,302)</u>	<u>(298,540)</u>
Cashflow from operating activities	<u>218,915</u>	<u>39,833</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(341,123)	(418,571)
Proceeds on disposal of tangible capital assets	<u>24,294</u>	<u>-</u>
	<u>(316,829)</u>	<u>(418,571)</u>
FINANCING ACTIVITIES		
Long-term debt repaid	<u>(25,342)</u>	<u>(24,328)</u>
	<u>(25,342)</u>	<u>(24,328)</u>
INCREASE IN CASH	(123,256)	(403,066)
CASH, BEGINNING OF YEAR	<u>1,810,919</u>	<u>2,213,985</u>
CASH, END OF YEAR	<u>\$ 1,687,663</u>	<u>\$ 1,810,919</u>

VILLAGE OF DONNELLY
SCHEDULE OF EQUITY IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 1

	<u>2023</u>	<u>2022</u>
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	3,664,718	3,481,584
Purchase of tangible capital assets	341,123	418,571
Cost of tangible capital assets disposed of	(172,150)	-
Accumulated amortization of tangible capital assets disposed of	149,451	-
Amortization of tangible capital assets	<u>(233,337)</u>	<u>(235,437)</u>
BALANCE, END OF YEAR	<u>\$ 3,749,805</u>	<u>\$ 3,664,718</u>

Equity in tangible capital assets is comprised of the following:

Tangible capital assets (net book value)	<u>\$ 3,749,805</u>	<u>\$ 3,664,718</u>
	<u>\$ 3,749,805</u>	<u>\$ 3,664,718</u>

VILLAGE OF DONNELLY
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 2

	<u>2023</u> (Budget) (Note 16)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TAXATION			
Real property taxes	\$ 375,133	\$ 361,088	\$ 361,809
Special assessments and local improvement tax	<u>-</u>	<u>3,224</u>	<u>32</u>
	<u>375,133</u>	<u>364,312</u>	<u>361,841</u>
REQUISITIONS			
Alberta School Foundation Fund	63,742	57,992	58,327
Heart River Foundation	<u>6,981</u>	<u>7,144</u>	<u>6,706</u>
	<u>70,723</u>	<u>65,136</u>	<u>65,033</u>
NET MUNICIPAL TAXES	<u>\$ 304,410</u>	<u>\$ 299,176</u>	<u>\$ 296,808</u>

VILLAGE OF DONNELLY
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 3

	<u>2023</u> (Budget) (Note 16)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial governments	\$ <u>119,638</u>	\$ <u>159,850</u>	\$ <u>48,600</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>3,722</u>	<u>341,123</u>	<u>370,754</u>
TOTAL GOVERNMENT TRANSFERS	\$ <u><u>123,360</u></u>	\$ <u><u>500,973</u></u>	\$ <u><u>419,354</u></u>

VILLAGE OF DONNELLY

SCHEDULE OF SEGMENT DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 4

	General Government	Protective Services	Transportation Services	Environmental Services	Recreation and Culture	2023 Total	2022 Total
REVENUE							
User fees and sales of goods	\$ 16,386	\$ -	\$ 1,152	\$ 285,798	\$ -	\$ 303,336	\$ 301,895
Net municipal taxes	299,176	-	-	-	-	299,176	296,808
Government transfers - operating	74,115	15,589	8,640	18,449	43,057	159,850	48,600
Penalties and costs on taxes	17,805	-	-	-	-	17,805	9,298
Investment income	100,491	-	-	-	-	100,491	43,460
Fines	-	12,700	-	-	-	12,700	1,147
Rentals	26,229	-	-	-	7,233	33,462	48,164
Franchise fees and concessions	45,946	-	-	-	-	45,946	54,451
All other	41,401	-	-	3,042	-	44,443	14,227
	<u>621,549</u>	<u>28,289</u>	<u>9,792</u>	<u>307,289</u>	<u>50,290</u>	<u>1,017,209</u>	<u>818,050</u>
EXPENSES							
Salaries, wages, and benefits	145,269	-	6,158	66,691	-	218,118	203,384
Contracted and general services	197,357	15,589	26,504	47,789	3,069	290,308	145,043
Material, goods and utilities	52,092	-	38,679	3,525	1,137	95,433	74,499
Transfers to local board and agencies	40,484	-	266	177,707	14,453	232,910	203,079
Interest on long-term debt	-	-	9,429	-	-	9,429	10,442
Other expenses	43,723	-	8,960	100	-	52,783	235,930
Amortization of tangible capital assets	2,778	1,470	165,826	61,777	1,486	233,337	235,438
	<u>481,703</u>	<u>17,059</u>	<u>255,822</u>	<u>357,589</u>	<u>20,145</u>	<u>1,132,318</u>	<u>1,107,815</u>
Annual surplus (deficiency) before other income	139,846	11,230	(246,030)	(50,300)	30,145	(115,109)	(289,765)
Gain (loss) on disposal of capital assets	-	-	19,327	(17,731)	-	1,596	-
Government transfers for capital	-	-	-	341,123	-	341,123	370,754
ANNUAL SURPLUS (DEFICIT)	<u>\$ 139,846</u>	<u>\$ 11,230</u>	<u>\$ (226,703)</u>	<u>\$ 273,092</u>	<u>\$ 30,145</u>	<u>\$ 227,610</u>	<u>\$ 80,989</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DONNELLY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 5

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction in Progress	2023	2022
COST:									
Balance, Beginning of Year	\$ 162,779	\$ 15,721	\$ 460,896	\$ 8,666,560	\$ 475,090	\$ 56,655	-	\$ 9,837,701	\$ 9,419,129
Additions	-	-	34,000	290,843	16,280	-	-	341,123	418,571
Disposals	-	-	-	(149,150)	(23,000)	-	-	(172,150)	-
Balance, End of Year	<u>162,779</u>	<u>15,721</u>	<u>494,896</u>	<u>8,808,253</u>	<u>468,370</u>	<u>56,655</u>	-	<u>10,006,674</u>	<u>9,837,700</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	6,675	256,058	5,683,741	169,853	56,655	-	6,172,982	5,937,545
Amortization expense	-	786	9,097	205,993	17,461	-	-	233,337	235,437
Disposals	-	-	-	(126,450)	(23,000)	-	-	(149,450)	-
Balance, End of Year	-	<u>7,461</u>	<u>265,155</u>	<u>5,763,284</u>	<u>164,314</u>	<u>56,655</u>	-	<u>6,256,869</u>	<u>6,172,982</u>
NET BOOK VALUE	<u>\$ 162,779</u>	<u>\$ 8,260</u>	<u>\$ 229,741</u>	<u>\$ 3,044,969</u>	<u>\$ 304,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,749,805</u>	<u>\$ 3,664,718</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Donnelly (the "Village") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB"). 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, changes in net financial position and cash flows 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 Council for the administration of their financial affairs and resources. The reporting entity is comprised of the municipal operations of the Village.

Taxes levied include requisitions for the Alberta School Foundation Fund and Heart River Housing, and other external organizations. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Alberta School Foundation Fund and Heart River Housing are not reflected in these financial statements.

(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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. 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 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 fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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.

Investment income is reported as revenue in the period earned. When required by the funding government or by legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(e) Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the *Municipal Government Act*, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

(f) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not a result of an exchange transaction, 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.

(g) Tax Revenue

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax revenues are recognized when the tax has been authorized by Council in a bylaw. Tax rates are established annually. Requisitions are recorded as a flow-through and are excluded from municipal taxes.

(h) 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.

(CONT'D)

VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 for the year.

(j) Equity in tangible capital assets

Equity in tangible capital assets represents the Village's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capital leases or other capital liabilities.

(k) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15 - 45
Buildings	25 - 50
Machinery and equipment	5 - 40
Vehicles	10 - 40
Engineered structures	
• Water system	45 - 75
• Wastewater system	45 - 75
• Other Engineered structures	5 - 60

Tangible capital assets acquired or under construction are not amortized until the asset is available for productive use.

Contribution 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.

(CONT'D)

VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CASH

	<u>2023</u>	<u>2022</u>
Operating	\$ 537,137	\$ 720,875
T-Bill savings account	<u>1,150,526</u>	<u>1,090,044</u>
	<u>\$ 1,687,663</u>	<u>\$ 1,810,919</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.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current taxes	\$ 18,431	\$ 65,091
Tax arrears	<u>75,746</u>	<u>33,805</u>
	<u>\$ 94,177</u>	<u>\$ 98,896</u>

Arrears include properties that were acquired in the amount of \$67,990 (2022 - \$NIL).

4. GOVERNMENT TRANSFER RECEIVABLES

	<u>2023</u>	<u>2022</u>
2021 MSI Capital allocation	\$ 178,080	\$ 178,080
2022 MSI Capital allocation	\$ 72,215	\$ 72,215
2023 MSI Capital allocation	\$ 72,215	\$ -
Federal Gas Tax (CCBF)	<u>50,000</u>	<u>-</u>
	<u>\$ 372,510</u>	<u>\$ 250,295</u>

The Village will receive these funds when the eligibility criteria for capital projects is approved by Alberta Municipal Affairs.

5. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Local improvement levies	\$ 209,555	\$ 234,897
Utility accounts	\$ 22,961	\$ 26,090
Trade accounts	\$ 12,940	\$ 5,887
GST receivable	<u>9,088</u>	<u>74,180</u>
	<u>\$ 254,544</u>	<u>\$ 341,054</u>

6. INVESTMENTS

Investment is equity held in a co-operative.

VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. DEFERRED REVENUE

Deferred revenue is comprised of amounts received from third parties which are restricted to eligible operating and capital projects as approved in the funding agreements. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
MSI Capital	\$ 553,247	\$ 72,216	\$ (351,518)	\$ 273,945
Federal Gas Tax Fund	-	50,000	-	50,000
MSI Operating	-	97,908	(97,908)	-
Northern and Regional Economic (NRED)	-	100,000	(37,000)	63,000
	<u>\$ 553,247</u>	<u>\$ 320,124</u>	<u>\$ (486,426)</u>	<u>\$ 386,945</u>

8. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>	
Tax supported debentures	\$ 209,555	\$ 234,897	
Amounts payable within one year	<u>(26,398)</u>	<u>(25,342)</u>	
	<u>\$ 183,157</u>	<u>\$ 209,555</u>	
Principal and interest repayments:			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 26,398	\$ 8,373	\$ 34,771
2025	27,498	7,273	34,771
2026	28,643	6,128	34,771
2027	29,837	4,934	34,771
2028	31,080	3,691	34,771
Thereafter	<u>66,099</u>	<u>4,079</u>	<u>70,178</u>
	<u>\$ 209,555</u>	<u>\$ 34,478</u>	<u>\$ 244,033</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 4.758% per annum and matures in 2030. Debenture debt is issued on credit and security of the Village at large. Interest on long term debt amounted to \$9,429 (2022- \$10,442).

VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental 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 inspections 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:

	<u>2023</u>	<u>2022</u>
Estimated closure costs	\$ 10,000	\$ 10,000
Estimated post-closure costs	<u>10,000</u>	<u>10,000</u>
Estimated total costs	20,000	20,000
Actual closure and post-closure costs incurred to date	<u>(12,640)</u>	<u>(12,640)</u>
Balance of estimated costs to accrue	<u>\$ 7,360</u>	<u>\$ 7,360</u>

10. 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 be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 1,525,814	\$ 1,227,075
Total debt	<u>(209,555)</u>	<u>(234,897)</u>
Amount of debt limit unused	<u>\$ 1,316,259</u>	<u>\$ 992,178</u>
Service on debt limit	\$ 254,302	\$ 204,513
Service on debt (Note 8)	<u>(141,061)</u>	<u>(159,041)</u>
Amount of service on debt limit unused	<u>\$ 113,241</u>	<u>\$ 45,472</u>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Village. Rather, the financial statements must be interpreted as a whole.

11. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 808,512	\$ 705,347
Restricted surplus	848,605	809,246
Equity in tangible capital assets	<u>3,749,804</u>	<u>3,664,718</u>
	<u>\$ 5,406,921</u>	<u>\$ 5,179,311</u>

VILLAGE OF DONNELLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

12. SALARY AND BENEFITS DISCLOSURE

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

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total 2023</u>	<u>Total 2022</u>
Myrna Lancot, Mayor	\$ 13,540	\$ 1,105	\$ 14,645	\$ 7,808
Norm Boulet - Councillor	4,500	5,246	9,746	3,968
John Coy - Councillor	4,850	1,280	6,130	-
Candace Waye - Councillor	10,500	535	11,035	5,078
Vance Yaremko - Deputy Mayor	8,075	430	8,505	2,520
	<u>\$ 41,465</u>	<u>\$ 8,596</u>	<u>\$ 50,061</u>	<u>\$ 19,374</u>
Chief Administrative Officer	<u>\$ 55,826</u>	<u>\$ -</u>	<u>\$ 55,826</u>	<u>\$ 51,000</u>
Designed Officers	<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ 5,478</u>	<u>\$ 5,456</u>

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

For Mayor and Councilors, benefits and allowances consists of employer's share of Canada Pension Plan, travel, and general non-accountable expense allowances.

13. FINANCIAL INSTRUMENTS

Credit risk

The Village is subject to credit risk with respect to taxes and grants in lieu of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

14. CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under 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. COMPARATIVE FIGURES

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

16. APPROVAL OF FINANCIAL STATEMENTS

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

17. SEGMENTED INFORMATION

The Village 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. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General government

General government includes activities that provide for the overall operation of the Village, which are common to, or affect all of the services provided by the Village, including Council and legislative, general administration, property assessment, taxation administration, licensing, elections and municipal census.

(b) Protective services

Protective services include fire and law enforcement. The Fire Department is responsible for providing fire suppression services, fire prevention programs, motor vehicle accident response training and education related to prevention. The Village's by-law officers are responsible for enforcing the Village's bylaws.

(c) Transportation services

This category of functions is used to report activities related to public transportation, including roads, streets, walks and lighting, public transit and storm sewers and drainage.

(d) Environmental services

Environmental services include garbage pickup and recycling bins. Water and sewer is also provided by the Village.

(e) Recreation and culture

This function comprised of the Library, Ball Diamonds, Recreation Administration, Recreation Centre, Recreation Grounds and Recreations Facilities.