

VILLAGE OF DELBURNE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

VILLAGE OF DELBURNE

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

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MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Delburne 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 judgements. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.


In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.


These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

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



Chief Administrative Officer

Date



*Peggy Weinzierl, CPA, CA *Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
Village of Delburne

Opinion

We have audited the financial statements of the Village of Delburne, which comprise the statement of financial position as at December 31, 2021 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes and schedules 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 Village as at December 31, 2021, the results of its operations, change in its net financial assets (debt) 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 *Auditors' Responsibilities for the Audit of the Municipal 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 ability of the Village 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.

Auditors' 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 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 controls.
- 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 purposes of expressing an opinion on the effectiveness of the Village'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 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 the 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.

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.

Stettler, Alberta
April 26, 2022


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF DELBURNE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 1,687,161	\$ 1,764,858
Taxes and grants in place of taxes receivable (Note 4)	214,977	171,486
Trade and other receivables	49,104	72,812
Local improvement taxes receivable	10,093	15,139
Due from other Government	124,053	37,276
Long-term investments (Note 5)	<u>1,763</u>	<u>1,763</u>
	<u>2,087,151</u>	<u>2,063,334</u>
LIABILITIES		
Accounts payable and accrued liabilities	131,696	98,101
Deferred revenue (Note 6)	427,267	429,679
Long term debt (Note 7)	<u>638,726</u>	<u>795,000</u>
	<u>1,197,689</u>	<u>1,322,780</u>
NET FINANCIAL ASSETS (DEBT)	<u>889,462</u>	<u>740,554</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	9,143,110	9,032,566
Inventory for consumption	16,134	27,286
Prepaid expenses	24,168	24,234
Land held for resale	<u>100,243</u>	<u>206,632</u>
	<u>9,283,655</u>	<u>9,290,718</u>
ACCUMULATED SURPLUS (Schedule 1)	\$ <u>10,173,117</u>	\$ <u>10,031,272</u>
CONTINGENCIES – Note 12		

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:

R Reckseidler Mayor

Jeff Bonin Councillor

VILLAGE OF DELBURNE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
REVENUES			
Net taxes (Schedule 3)	\$ 747,524	\$ 742,268	\$ 742,329
Sales and user fees	494,595	682,353	448,282
Government transfers for operating (Schedule 4)	321,560	324,977	279,751
Investment income	15,000	4,712	22,129
Rentals	25,000	34,713	32,142
Penalties and costs of taxes	35,000	29,772	22,913
Fines and costs	9,838	9,781	4,402
Licenses and permits	7,050	7,300	6,583
Franchise agreement	40,000	54,091	51,109
Other	127,087	206,584	57,857
Gain on disposal of tangible capital assets	49,100	4,311	-
Total Revenue	<u>1,871,754</u>	<u>2,100,862</u>	<u>1,667,497</u>
EXPENSES (Schedule 5)			
Legislative	93,808	73,276	45,450
Administration	446,844	452,884	463,092
Protective services	104,502	149,237	49,221
Transportation services	618,271	567,015	581,695
Water and wastewater	238,669	315,666	297,889
Waste management and recycling	143,237	126,297	132,743
Recreation and parks	267,127	348,286	283,031
Family and community support	115,008	109,371	106,347
Land use planning, zoning and development	38,241	268,911	72,256
Other	-	22,560	2,030
Total Expenses	<u>2,065,707</u>	<u>2,433,503</u>	<u>2,033,754</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER	(193,953)	(332,641)	(366,257)
OTHER			
Government transfers for capital (Schedule 4)	<u>346,656</u>	<u>474,486</u>	<u>582,350</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>152,706</u>	141,845	216,093
ACCUMULATED SURPLUS – BEGINNING OF YEAR		<u>10,031,272</u>	<u>9,815,179</u>
ACCUMULATED SURPLUS – END OF YEAR		\$ <u>10,173,117</u>	\$ <u>10,031,272</u>

VILLAGE OF DELBURNE

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>141,845</u>	\$ <u>216,093</u>
Acquisition of tangible capital assets	(582,765)	(1,254,551)
Proceeds on disposal of tangible capital assets	57,526	54,862
Amortization of tangible capital assets	419,006	400,413
(Gain) loss on disposal of tangible capital assets	<u>(4,311)</u>	<u>2,154</u>
	<u>(110,544)</u>	<u>(797,122)</u>
Net use (acquisition) of supplies inventories	11,152	(5,133)
Net use (acquisition) of prepaid assets	66	98,720
Net use (acquisition) of land held for resale	<u>106,389</u>	<u>(158,878)</u>
	<u>117,607</u>	<u>(65,291)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	148,908	(646,320)
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>740,554</u>	<u>1,386,874</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u><u>889,462</u></u>	\$ <u><u>740,554</u></u>

VILLAGE OF DELBURNE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ 141,845	\$ 216,093
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	419,006	400,413
(Gain) loss on disposal of tangible capital assets	(4,311)	2,154
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	(43,491)	(17,584)
Trade and other receivables	23,708	(18,553)
Local improvement taxes receivable	5,046	5,047
Due from other Government	(86,777)	63,938
Decrease (Increase) in inventory for consumption	11,152	(5,133)
Prepaid expenses	66	98,720
Land held for resale	106,389	(158,878)
Accounts payable and accrued liabilities	33,595	14,793
Deferred revenue	<u>(2,412)</u>	<u>(29,571)</u>
Net cash provided by (used in) operating activities	<u>603,816</u>	<u>571,439</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(582,765)	(1,254,551)
Proceeds from disposal of tangible capital assets	<u>57,526</u>	<u>54,862</u>
Net cash provided by (used in) capital activities	<u>(525,239)</u>	<u>(1,199,689)</u>
INVESTING ACTIVITIES		
Acquisition of long term investments	<u>-</u>	<u>10</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>10</u>
FINANCING ACTIVITIES		
Proceeds from long term debt	-	795,000
Repayment of long term debt	<u>(156,274)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(156,274)</u>	<u>795,000</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(77,697)	166,760
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,764,858</u>	<u>1,598,098</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)	<u><u>1,687,161</u></u>	<u><u>1,764,858</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash	1,687,161	1,764,858
Guaranteed investment certificates	<u>-</u>	<u>-</u>
	<u>\$ 1,687,161</u>	<u>\$ 1,764,858</u>

VILLAGE OF DELBURNE
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted Surplus	Restricted Equity in Tangible Surplus	Capital Assets	2021	2020
BALANCE - BEGINNING OF YEAR	\$ 885,933	\$ 907,773	\$ 8,237,566	\$ 10,031,272	\$ 9,815,179
Excess (deficiency) of revenues over expenses	141,845	-	-	141,845	216,093
Unrestricted funds designated for future use	(86,398)	86,398	-	-	-
Restricted funds used for operations	58,603	(58,603)	-	-	-
Restricted funds used for tangible capital assets	-	(99,669)	99,669	-	-
Current year funds used for tangible capital assets	(468,096)	-	468,096	-	-
Donated tangible capital assets	(15,000)	-	15,000	-	-
Disposal of tangible capital assets	53,215	-	(53,215)	-	-
Annual amortization expense	419,006	-	(419,006)	-	-
Long term debt repaid	(156,274)	-	156,274	-	-
Change in accumulated surplus	(53,099)	(71,874)	266,818	141,845	216,093
BALANCE - END OF YEAR	\$ 832,834	\$ 835,899	\$ 8,504,384	\$ 10,173,117	\$ 10,031,272

VILLAGE OF DELBURNE

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
COST:								
BALANCE – BEGINNING OF YEAR	\$ 308,657	\$ 1,228,583	\$ 1,420,405	\$ 11,187,243	\$ 953,847	\$ 137,594	\$ 15,236,329	\$ 14,070,548
Acquisition of tangible capital assets	12,855	61,582	-	260,774	103,463	-	438,674	320,652
Construction in progress	-	-	144,091	-	-	-	144,091	933,899
Disposal of tangible capital assets	-	-	-	-	(56,016)	-	(56,016)	(88,770)
BALANCE - END OF YEAR	<u>321,512</u>	<u>1,290,165</u>	<u>1,564,496</u>	<u>11,448,017</u>	<u>1,001,294</u>	<u>137,594</u>	<u>15,763,078</u>	<u>15,236,329</u>
ACCUMULATED AMORTIZATION:								
BALANCE - BEGINNING OF YEAR	-	713,455	533,406	4,350,918	513,674	92,310	6,203,763	5,835,105
Annual amortization	-	75,141	28,450	262,921	44,029	8,465	419,006	400,413
Accumulated amortization on disposals	-	-	-	-	(2,801)	-	(2,801)	(31,755)
BALANCE - END OF YEAR	<u>-</u>	<u>788,596</u>	<u>561,856</u>	<u>4,613,839</u>	<u>554,902</u>	<u>100,775</u>	<u>6,619,968</u>	<u>6,203,763</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>321,512</u>	<u>501,569</u>	<u>1,002,640</u>	<u>6,834,178</u>	<u>446,392</u>	<u>36,819</u>	<u>9,143,110</u>	<u>\$ 9,032,566</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 308,657</u>	<u>\$ 515,128</u>	<u>\$ 886,999</u>	<u>\$ 6,836,325</u>	<u>\$ 440,173</u>	<u>\$ 45,284</u>	<u>\$ 9,032,566</u>	

VILLAGE OF DELBURNE

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
TAXATION			
Real property taxes	\$ 947,861	\$ 942,654	\$ 939,715
Linear property taxes	31,920	31,920	32,259
Government grants in place of property taxes	<u>2,032</u>	<u>2,013</u>	<u>2,010</u>
	<u>981,813</u>	<u>976,587</u>	<u>973,984</u>
REQUISITIONS			
Alberta School Foundation Fund	232,675	232,674	230,041
Autumn Glen Lodge	<u>1,614</u>	<u>1,645</u>	<u>1,614</u>
	<u>234,289</u>	<u>234,319</u>	<u>231,655</u>
NET MUNICIPAL TAXES	\$ <u>747,524</u>	\$ <u>742,268</u>	\$ <u>742,329</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
TRANSFER FOR OPERATING			
Provincial government	\$ 179,357	\$ 176,223	\$ 130,919
Federal government	-	4,763	-
Other local government	<u>142,203</u>	<u>143,991</u>	<u>148,832</u>
	<u>321,560</u>	<u>324,977</u>	<u>279,751</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>346,656</u>	<u>474,486</u>	<u>582,350</u>
TOTAL GOVERNMENT TRANSFERS	\$ <u>668,216</u>	\$ <u>799,463</u>	\$ <u>862,101</u>

VILLAGE OF DELBURNE

SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 679,657	\$ 646,747	\$ 622,104
Contracted and general services	722,380	781,450	535,062
Materials, goods, supplies and utilities	262,090	256,505	260,717
Transfer to local agencies	74,000	263,591	132,728
Transfer to other governments	40,409	51,866	46,175
Bank charges and short-term interest	699	902	603
Interest on long term debt	6,524	6,125	2,030
Amortization of tangible capital assets	266,948	419,006	400,413
Other expenses	13,000	7,311	31,768
Loss on disposal of tangible capital assets	-	-	2,154
	\$ <u>2,065,707</u>	\$ <u>2,433,503</u>	\$ <u>2,033,754</u>

VILLAGE OF DELBURNE

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
REVENUE								
Government transfers	\$ 43,788	\$ 76,533	\$ 96,477	\$ 35,600	\$ 108,295	\$ 172,186	\$ 266,584	\$ 799,463
Net municipal taxes	742,268	-	-	-	-	-	-	742,268
User fees and sales of goods	244	-	-	397,930	284,179	-	-	682,353
Franchise agreements	54,091	-	-	-	-	-	-	54,091
Rentals	-	-	-	-	31,600	3,113	-	34,713
Penalties and costs	29,772	-	-	-	-	-	-	29,772
Investment income	4,712	-	-	-	-	-	-	4,712
License and permits	3,705	3,595	-	-	-	-	-	7,300
Fines	7,947	100	1,734	-	-	-	-	9,781
Gain on sale of tangible capital assets	-	-	-	-	-	4,311	-	4,311
Other revenues	24,733	1,120	-	1,722	22,250	156,759	-	206,584
	<u>911,260</u>	<u>81,348</u>	<u>98,211</u>	<u>435,252</u>	<u>446,324</u>	<u>336,369</u>	<u>266,584</u>	<u>2,575,348</u>
EXPENSES								
Salaries and wages	294,058	1,293	113,679	113,819	62,021	61,877	-	646,747
Contract and general services	168,485	10,416	156,734	165,538	228,534	51,743	-	781,450
Materials, goods and supplies	41,612	18,403	100,180	56,601	14,042	25,667	-	256,505
Transfers to local agencies	5,000	76,533	-	-	57,702	124,356	-	263,591
Transfer to other governments	-	35,788	-	1,308	14,770	-	-	51,866
Bank charges and short term interest	902	-	-	-	-	-	-	902
Interest on long term debt	-	-	-	-	-	-	6,125	6,125
Other expenses	5,247	-	-	1,401	513	150	-	7,311
	<u>515,304</u>	<u>142,433</u>	<u>370,593</u>	<u>338,667</u>	<u>377,582</u>	<u>263,793</u>	<u>6,125</u>	<u>2,014,497</u>
NET REVENUE, BEFORE AMORTIZATION	<u>395,956</u>	<u>(61,085)</u>	<u>(272,382)</u>	<u>96,585</u>	<u>68,742</u>	<u>72,576</u>	<u>260,459</u>	<u>560,851</u>
Amortization expense	<u>10,857</u>	<u>6,803</u>	<u>196,421</u>	<u>103,296</u>	<u>700</u>	<u>84,494</u>	<u>16,435</u>	<u>419,006</u>
NET REVENUE (Note 13)	<u>\$ 385,099</u>	<u>\$ (67,888)</u>	<u>\$ (468,803)</u>	<u>\$ (6,711)</u>	<u>\$ 68,042</u>	<u>\$ (11,918)</u>	<u>\$ 244,024</u>	<u>\$ 141,845</u>

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

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

Realized and unrealized gains and losses are reported in the statement of operations.

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.

(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 measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates - Continued

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

(d) 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.

(e) Revenue Recognition

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

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

(f) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

(g) 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(h) Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(i) Held-to-Maturity Financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income when the financial asset or financial liability is derecognized or impaired, and through the amortization process.

(j) Land Held For Resale

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

(k) Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for as long-term debt interest payable at the end of the year.

(l) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. The Village's financial instruments consist of cash, receivables, long-term investments, accounts payable and accrued liabilities, deferred revenue, long-term debt and capital lease obligations. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial statements. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values. Cash, short-term investments and long-term investments have been classified as held-to-maturity.

(m) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(n) Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

(o) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term liquid investments.

(p) Non-Financial Assets

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

(i) Tangible Capital Assets

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

	YEARS
Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	
Roadway system	5 - 40
Water system	45 - 60
Wastewater system	45 - 60
Storm system	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 25

The annual amortization charge in the year of acquisition and in the year of disposal is pro-rated based on the number of days that the asset was owned during the year. Assets under construction are not amortized until the asset is available for productive use.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(p) Non-Financial Assets - Continued

(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) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Cost is determined by using the FIFO inventory costing method.

(iv) 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.

2. RECENT ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

(a) Section PS 1201 - Financial Statement Presentation

This section provides guidance on general reporting principles and disclosure of information in financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(b) Section PS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency. Effective for the fiscal years beginning on or after April 1, 2022.

(c) Section PS 3041 - Portfolio Investments

This section establishes standards on how to account for and report portfolio investments in government financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(d) Section PS 3050 – Loans Receivable

This section establishes standards on how to account for and report loans receivable in government financial statements. The standards apply to loans to borrowers outside of the government reporting entity. Effective for the fiscal years beginning on or after April 1, 2022.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED – Continued

(e) Section PS 3160 – Public Private Partnerships

This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.

(f) Section PS 3450 – Financial Instruments

This section establishes guidance on the recognition, measurement and disclosure requirements for financial instruments. Effective for the fiscal years beginning on or after April 1, 2022.

(g) Section PS 3280 – Asset Retirement Obligations

This section establishes standards on how to account for a liability for retirement of a tangible capital asset. Effective for the fiscal years beginning on or after April 1, 2022.

(h) Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.

(i) Section PSG – 8 – Purchased Intangibles

This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

3. CASH AND CASH EQUIVALENTS

	2021	2020
Cash	\$ <u>1,687,161</u>	\$ <u>1,764,858</u>

Council has designated funds of \$835,899 (2020 - \$907,773) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$309,585 (2020 - \$355,115) related to various deferred grant revenues (Note 6).

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place of taxes	\$ 114,284	\$ 96,507
Arrears taxes	<u>100,693</u>	<u>74,979</u>
	214,977	171,486
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	\$ <u>214,977</u>	\$ <u>171,486</u>

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. LONG TERM INVESTMENTS

	2021	2020
UFA patronage account	\$ <u>1,763</u>	\$ <u>1,763</u>

6. DEFERRED REVENUE

	2021	2020
Alberta Communities Partnership Grant	\$ 78,096	\$ 163,405
Municipal Operating Support Transfer	107,803	76,533
Federal Gas Tax Fund	91,085	55,972
FCSS programs	54,174	55,297
Red Deer County – Recreation Board	14,433	21,255
Municipal Sustainability Initiatives - operating	15,368	20,607
Municipal Sustainability Initiatives – Capital	-	14,542
Fire department	8,157	9,276
Prepaid property taxes	15,881	4,907
Government of Canada Heritage Grant	2,800	2,800
Prepaid utilities	5,692	2,575
Other grants and programs	33,488	2,165
Prepaid licenses	<u>290</u>	<u>345</u>
	\$ <u>427,267</u>	\$ <u>429,679</u>

7. LONG TERM DEBT

	2021	2020
Alberta Capital Finance Authority, due \$81,399 semi-annually Including interest at 0.863%, maturing September 2025	\$ <u>638,726</u>	\$ <u>795,000</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 157,625	\$ 5,173	\$ 162,798
2023	158,988	3,810	162,798
2024	160,363	2,435	162,798
2025	<u>161,750</u>	<u>1,048</u>	<u>162,798</u>
	<u>638,726</u>	<u>12,466</u>	<u>651,192</u>

Alberta Capital Finance Authority debt is issued on the credit and security of the Village at large.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. 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 municipality be disclosed as follows:

	2021	2020
Total debt limit	\$ 3,128,793	\$ 2,501,246
Total debt	<u>638,726</u>	<u>795,000</u>
Amount of debt limit (exceeded) available	<u>2,490,067</u>	<u>1,706,246</u>
Debt servicing limit	521,466	416,874
Debt servicing	<u>162,798</u>	<u>162,798</u>
Amount of debt servicing limit (exceeded) available	<u>\$ 358,668</u>	<u>\$ 254,076</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 at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 2)	\$ 15,763,078	\$ 15,236,329
Accumulated amortization (Schedule 2)	(6,619,968)	(6,203,763)
Long Term Debt (Note 7)	<u>(638,726)</u>	<u>(795,000)</u>
	<u>\$ 8,504,384</u>	<u>\$ 8,237,566</u>

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

10. RESTRICTED SURPLUS

	2020	Increases	Decreases	2021
Administration - capital	\$ 20,484	\$ 1,076	\$ 2,500	\$ 19,060
Administration – operating	6,335	-	6,335	-
Bunker gear	487	-	-	487
Cemetery	23,656	-	2,200	21,456
Community enhancement	50,621	26,000	391	76,230
Council	8,176	-	8,176	-
Disaster	380	-	-	380
Economic development	5,534	-	-	5,534
Emergency services	9,149	3,824	-	12,973
Family and community support	7,120	919	415	7,624
Fire department	127,008	-	57,789	69,219
General capital	12,837	-	-	12,837
General contingency	4,698	-	-	4,698
Healthy communities	942	-	-	942
Lifeline	9,535	882	-	10,417
Policing	4,036	-	4,036	-
Public works	10,071	5,235	-	15,306
Library	1,000	-	-	1,000
Subdivision	100,769	-	39,250	61,519
Transportation	69,969	6,282	20,000	56,251
Water	269,183	-	-	269,183
Waste	-	17,181	17,181	-
Waste water	165,783	25,000	-	190,783
Total	\$ <u>907,773</u>	\$ <u>86,399</u>	\$ <u>158,273</u>	\$ <u>835,899</u>

11. SALARY & 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:

	2021			2020
	Salary(1)	Benefits & Allowances(2)	Total	Total
Mayor Chandler	\$ 6,635	\$ 266	\$ 6,901	\$ 8,143
Councillor Bourne	7,570	331	7,901	9,530
Councillor Dushanek	4,440	163	4,603	7,823
Councillor Faulk	2,455	121	2,576	-
Councillor Reksceidler	3,125	45	3,170	-
Councillor Wilson	8,025	362	8,387	8,586
Councillor Warner	4,080	148	4,228	4,939
Karen Fegan, CAO	88,177	9,608	97,785	96,233
Other Designated Officers	\$ 12,936	-	\$ 12,936	\$ 12,936

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11. SALARY & BENEFITS DISCLOSURE – Continued

- (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.

12. CONTINGENCIES

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

The Village of Delburne is a member municipality of the Central Alberta Waste Management Authority and provides funds for operations on an annual basis. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the restricted surplus.

The Village of Delburne and the City of Red Deer through a joint agreement provide funds for the operation of the Delburne Family and Community Support Services. The amounts presented in this financial statement represent only the Village of Delburne portion of contributions made to F.C.S.S.

13. FINANCIAL INSTRUMENTS

The Village is exposed to various risks through its financial instruments. The following analysis provides a measure of the Village's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Village is exposed to interest rate risk on bank indebtedness and fixed rate investments as the interest rates vary with changes in the prime lending rate.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. FINANCIAL INSTRUMENTS – Continued

Operating Lines of Credit

At December 31, 2021, the Village had short-term bank lines of credit aggregating \$50,000 (2020 - \$50,000) of which \$NIL (2020 - \$NIL) had been drawn down. Lines of credit are revolving operating and term facilities that bear interest at prime. They are reviewed annually and secured by a general security agreement.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The carrying value of accounts receivable reflects management's assessment of credit risk.

14. SEGMENTED DISCLOSURE

The Village of Delburne 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.

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks, lighting and airport. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls.

Refer to the Schedule 6 – Segmented Disclosure.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.