

**VILLAGE OF DELBURNE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

# **VILLAGE OF DELBURNE**

## **FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

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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, 2022 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

April 20, 2023  
\_\_\_\_\_  
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, 2022 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, 2022, 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.

Stettler, Alberta  
April 20, 2023


  
CHARTERED PROFESSIONAL ACCOUNTANTS

**VILLAGE OF DELBURNE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 1,414,438	\$ 1,687,161
Taxes and grants in place of taxes receivable (Note 4)	210,805	214,977
Trade and other receivables	55,086	49,104
Local improvement taxes receivable	5,047	10,093
Due from other Government	169,245	124,053
Long-term investments (Note 5)	<u>1,763</u>	<u>1,763</u>
	<u>1,856,384</u>	<u>2,087,151</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	167,429	131,696
Deferred revenue (Note 6)	250,599	427,267
Long term debt (Note 7)	<u>481,101</u>	<u>638,726</u>
	<u>899,129</u>	<u>1,197,689</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>957,255</u>	<u>889,462</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	8,863,663	9,143,110
Inventory for consumption	18,953	16,134
Prepaid expenses	25,158	24,168
Land held for resale	<u>106,229</u>	<u>100,243</u>
	<u>9,014,003</u>	<u>9,283,655</u>
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	\$ <u>9,971,258</u>	\$ <u>10,173,117</u>
<b>CONTINGENCIES – Note 12</b>		

**APPROVED ON BEHALF OF THE VILLAGE COUNCIL:**

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Councillor

# VILLAGE OF DELBURNE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
<b>REVENUES</b>			
Net taxes (Schedule 3)	\$ 742,730	\$ 771,310	\$ 742,268
Sales and user fees	494,595	429,327	682,353
Government transfers for operating (Schedule 4)	432,578	561,613	324,977
Investment income	15,000	36,989	4,712
Rentals	35,000	40,598	34,713
Penalties and costs of taxes	35,000	34,310	29,772
Fines and costs	9,300	8,844	9,781
Licenses and permits	7,050	4,608	7,300
Franchise agreement	40,000	67,119	54,091
Other	127,087	93,950	206,584
Gain on disposal of tangible capital assets	49,100	33,660	4,311
Total Revenue	<u>1,987,440</u>	<u>2,082,328</u>	<u>2,100,862</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	110,818	83,914	73,276
Administration	466,384	501,575	452,884
Protective services	80,525	65,669	149,237
Transportation services	467,453	570,339	567,015
Water and wastewater	254,683	349,902	315,666
Waste management and recycling	150,252	138,877	126,297
Recreation and parks	239,172	342,416	348,286
Family and community support	113,462	118,522	109,371
Land use planning, zoning and development	66,890	186,842	268,911
Other	-	37,640	22,560
Total Expenses	<u>1,949,639</u>	<u>2,395,696</u>	<u>2,433,503</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER</b>	37,801	(313,368)	(332,641)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>126,000</u>	<u>111,509</u>	<u>474,486</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>163,801</u>	(201,859)	141,845
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>		<u>10,173,117</u>	<u>10,031,272</u>
<b>ACCUMULATED SURPLUS – END OF YEAR</b>		\$ <u>9,971,258</u>	\$ <u>10,173,117</u>



# VILLAGE OF DELBURNE

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ <u>(201,859)</u>	\$ <u>141,845</u>
Acquisition of tangible capital assets	(214,574)	(582,765)
Proceeds on disposal of tangible capital assets	90,675	57,526
Amortization of tangible capital assets	437,006	419,006
(Gain) loss on disposal of tangible capital assets	<u>(33,660)</u>	<u>(4,311)</u>
	<u>279,447</u>	<u>(110,544)</u>
Net use (acquisition) of supplies inventories	(2,819)	11,152
Net use (acquisition) of prepaid assets	(990)	66
Net use (acquisition) of land held for resale	<u>(5,986)</u>	<u>106,389</u>
	<u>(9,795)</u>	<u>117,607</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	67,793	148,908
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>889,462</u>	<u>740,554</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ <u><u>957,255</u></u>	\$ <u><u>889,462</u></u>



# VILLAGE OF DELBURNE

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	\$ (201,859)	\$ 141,845
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	437,006	419,006
(Gain) loss on disposal of tangible capital assets	(33,660)	(4,311)
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	4,172	(43,491)
Trade and other receivables	(5,982)	23,708
Local improvement taxes receivable	5,046	5,046
Due from other Government	(45,192)	(86,777)
Decrease (Increase) in inventory for consumption	(2,819)	11,152
Prepaid expenses	(990)	66
Land held for resale	(5,986)	106,389
Accounts payable and accrued liabilities	35,733	33,595
Deferred revenue	<u>(176,668)</u>	<u>(2,412)</u>
Net cash provided by (used in) operating activities	<u>8,801</u>	<u>603,816</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(214,574)	(582,765)
Proceeds from disposal of tangible capital assets	<u>90,675</u>	<u>57,526</u>
Net cash provided by (used in) capital activities	<u>(123,899)</u>	<u>(525,239)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	<u>(157,625)</u>	<u>(156,274)</u>
Net cash provided by (used in) financing activities	<u>(157,625)</u>	<u>(156,274)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(272,723)	(77,697)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,687,161</u>	<u>1,764,858</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)</b>	<u>1,414,438</u>	<u>1,687,161</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash	1,414,438	1,687,161
Guaranteed investment certificates	<u>-</u>	<u>-</u>
	\$ <u>1,414,438</u>	\$ <u>1,687,161</u>

**VILLAGE OF DELBURNE**  
**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE - BEGINNING OF YEAR</b>	\$ <u>832,834</u>	\$ <u>835,899</u>	\$ <u>8,504,384</u>	\$ <u>10,173,117</u>	\$ <u>10,031,272</u>
Excess (deficiency) of revenues over expenses	(201,859)	-	-	(201,859)	141,845
Unrestricted funds designated for future use	(43,762)	43,762	-	-	-
Restricted funds used for operations	90,363	(90,363)	-	-	-
Restricted funds used for tangible capital assets	-	(126,935)	126,935	-	-
Current year funds used for tangible capital assets	(59,939)	-	59,939	-	-
Donated tangible capital assets	(27,700)	-	27,700	-	-
Disposal of tangible capital assets	57,015	-	(57,015)	-	-
Annual amortization expense	437,006	-	(437,006)	-	-
Long term debt repaid	<u>(157,625)</u>	<u>-</u>	<u>157,625</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>93,499</u>	<u>(173,536)</u>	<u>(121,822)</u>	<u>(201,859)</u>	<u>141,845</u>
<b>BALANCE - END OF YEAR</b>	\$ <u>926,333</u>	\$ <u>662,363</u>	\$ <u>8,382,562</u>	\$ <u>9,971,258</u>	\$ <u>10,173,117</u>

# VILLAGE OF DELBURNE

## SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
<b>COST:</b>								
BALANCE – BEGINNING OF YEAR	\$ 321,512	\$ 1,290,165	\$ 1,564,496	\$ 11,448,017	\$ 1,001,294	\$ 137,594	\$ 15,763,078	\$ 15,236,329
Acquisition of tangible capital assets	-	10,000	20,852	-	183,722	-	214,574	438,674
Construction in progress	-	-	-	-	-	-	-	144,091
Disposal of tangible capital assets	-	-	-	-	(100,916)	-	(100,916)	(56,016)
BALANCE - END OF YEAR	<u>321,512</u>	<u>1,300,165</u>	<u>1,585,348</u>	<u>11,448,017</u>	<u>1,084,100</u>	<u>137,594</u>	<u>15,876,736</u>	<u>15,763,078</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE - BEGINNING OF YEAR	-	788,596	561,856	4,613,839	554,902	100,775	6,619,968	6,203,763
Annual amortization	-	78,703	28,450	272,695	50,269	6,889	437,006	419,006
Accumulated amortization on disposals	-	-	-	-	(43,901)	-	(43,901)	(2,801)
BALANCE - END OF YEAR	<u>-</u>	<u>867,299</u>	<u>590,306</u>	<u>4,886,534</u>	<u>561,270</u>	<u>107,664</u>	<u>7,013,073</u>	<u>6,619,968</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>321,512</u>	<u>432,866</u>	<u>995,042</u>	<u>6,561,483</u>	<u>522,830</u>	<u>29,930</u>	<u>8,863,663</u>	<u>\$ 9,143,110</u>
<b>2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ <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>	

# VILLAGE OF DELBURNE

## SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
<b>TAXATION</b>			
Real property taxes	\$ 955,513	\$ 981,641	\$ 942,654
Linear property taxes	33,124	32,505	31,920
Government grants in place of property taxes	<u>2,056</u>	<u>2,018</u>	<u>2,013</u>
	<u>990,693</u>	<u>1,016,164</u>	<u>976,587</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	246,287	243,178	232,674
Autumn Glen Lodge	<u>1,676</u>	<u>1,676</u>	<u>1,645</u>
	<u>247,963</u>	<u>244,854</u>	<u>234,319</u>
<b>NET MUNICIPAL TAXES</b>	\$ <u>742,730</u>	\$ <u>771,310</u>	\$ <u>742,268</u>

## SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
<b>TRANSFER FOR OPERATING</b>			
Provincial government	\$ 295,375	\$ 338,723	\$ 176,223
Federal government	-	48,037	4,763
Other local government	<u>137,203</u>	<u>174,853</u>	<u>143,991</u>
	<u>432,578</u>	<u>561,613</u>	<u>324,977</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>126,000</u>	<u>111,509</u>	<u>474,486</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ <u>558,578</u>	\$ <u>673,122</u>	\$ <u>799,463</u>



# VILLAGE OF DELBURNE

## SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
<b>EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	\$ 720,022	\$ 684,102	\$ 646,747
Contracted and general services	578,207	717,733	781,450
Materials, goods, supplies and utilities	274,603	272,488	256,505
Transfer to local agencies	46,000	203,032	263,591
Transfer to other governments	46,232	65,479	51,866
Bank charges and short-term interest	699	822	902
Interest on long term debt	5,173	4,770	6,125
Amortization of tangible capital assets	265,703	437,006	419,006
Other expenses	13,000	10,264	7,311
	<u>\$ 1,949,639</u>	<u>\$ 2,395,696</u>	<u>\$ 2,433,503</u>

# VILLAGE OF DELBURNE

## SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2022

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
<b>REVENUE</b>								
Government transfers	\$ 64,952	\$ -	\$ 88,380	\$ 104,920	\$ 123,825	\$ 128,247	\$ 162,798	\$ 673,122
Net municipal taxes	771,310	-	-	-	-	-	-	771,310
User fees and sales of goods	23	-	-	421,525	7,779	-	-	429,327
Franchise agreements	67,119	-	-	-	-	-	-	67,119
Rentals	-	-	-	-	31,695	8,903	-	40,598
Penalties and costs	34,310	-	-	-	-	-	-	34,310
Investment income	36,989	-	-	-	-	-	-	36,989
License and permits	1,055	3,553	-	-	-	-	-	4,608
Fines	7,121	-	-	1,723	-	-	-	8,844
Gain on sale of tangible capital assets	-	-	33,660	-	-	-	-	33,660
Other revenues	<u>8,726</u>	<u>7,249</u>	<u>500</u>	<u>18,849</u>	<u>18,553</u>	<u>40,073</u>	<u>-</u>	<u>93,950</u>
	<u>991,605</u>	<u>10,802</u>	<u>122,540</u>	<u>547,017</u>	<u>181,852</u>	<u>177,223</u>	<u>162,798</u>	<u>2,193,837</u>
<b>EXPENSES</b>								
Salaries and wages	311,709	1,533	120,997	122,116	62,355	65,392	-	684,102
Contract and general services	192,478	14,636	143,367	215,932	105,915	45,405	-	717,733
Materials, goods and supplies	55,793	6,677	110,317	46,022	16,658	37,021	-	272,488
Transfers to local agencies	5,000	-	-	-	105,000	93,032	-	203,032
Transfer to other governments	-	37,687	-	572	14,720	12,500	-	65,479
Bank charges and short term interest	822	-	-	-	-	-	-	822
Interest on long term debt	-	-	-	-	-	-	4,770	4,770
Other expenses	<u>8,998</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>15</u>	<u>751</u>	<u>-</u>	<u>10,264</u>
	<u>574,800</u>	<u>60,533</u>	<u>374,681</u>	<u>385,142</u>	<u>304,663</u>	<u>254,101</u>	<u>4,770</u>	<u>1,958,690</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>416,805</u>	<u>(49,731)</u>	<u>(252,141)</u>	<u>161,875</u>	<u>(122,811)</u>	<u>(76,878)</u>	<u>158,028</u>	<u>235,147</u>
Amortization expense	<u>10,690</u>	<u>5,137</u>	<u>195,657</u>	<u>103,637</u>	<u>700</u>	<u>88,316</u>	<u>32,869</u>	<u>437,006</u>
<b>NET REVENUE (Note 14)</b>	<u>\$ 406,115</u>	<u>\$ (54,868)</u>	<u>\$ (447,798)</u>	<u>\$ 58,238</u>	<u>\$ (123,511)</u>	<u>\$ (165,194)</u>	<u>\$ 125,159</u>	<u>\$ (201,859)</u>

**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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:

	<b>YEARS</b>
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, 2022**

**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. 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

Loan discounts are to be amortized using the effective interest rate method. 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, 2022

### 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

	2022	2021
Cash	\$ <u>1,414,438</u>	\$ <u>1,687,161</u>

Council has designated funds of \$662,363 (2021 - \$835,899) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$119,919 (2021 - \$309,585) related to various deferred grant revenues (Note 6).

### 4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2022	2021
Current taxes and grants in place of taxes	\$ 127,077	\$ 114,284
Arrears taxes	<u>83,728</u>	<u>100,693</u>
	210,805	214,977
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	\$ <u>210,805</u>	\$ <u>214,977</u>



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**5. LONG TERM INVESTMENTS**

	2022	2021
UFA patronage account	\$ <u>1,763</u>	\$ <u>1,763</u>

**6. DEFERRED REVENUE**

	2022	2021
Alberta Communities Partnership Grant	\$ -	\$ 78,096
Municipal Operating Support Transfer	14,483	107,803
Federal Gas Tax Fund	90,405	91,085
FCSS programs	57,158	54,174
Red Deer County – Recreation Board	229	14,433
Municipal Sustainability Initiatives - operating	15,031	15,368
City of Red Deer - FCSS	10,909	-
Fire department	-	8,157
Prepaid property taxes	9,808	15,881
Government of Canada Heritage Grant	-	2,800
Prepaid utilities	7,751	5,692
Other grants and programs	44,190	33,488
Prepaid licenses	635	290
	\$ <u>250,599</u>	\$ <u>427,267</u>

**7. LONG TERM DEBT**

	2022	2021
Alberta Capital Finance Authority, due \$81,399 semi-annually Including interest at 0.863%, maturing September 2025	\$ <u>481,101</u>	\$ <u>638,726</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
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>481,101</u>	<u>7,293</u>	<u>488,394</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, 2022

#### 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:

	2022	2021
Total debt limit	\$ 3,123,492	\$ 3,128,793
Total debt	<u>481,101</u>	<u>638,726</u>
Amount of debt limit (exceeded) available	<u>2,642,391</u>	<u>2,490,067</u>
Debt servicing limit	520,582	521,466
Debt servicing	<u>162,798</u>	<u>162,798</u>
Amount of debt servicing limit (exceeded) available	\$ <u>357,784</u>	\$ <u>358,668</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

	2022	2021
Tangible capital assets (Schedule 2)	\$ 15,876,736	\$ 15,763,078
Accumulated amortization (Schedule 2)	(7,013,073)	(6,619,968)
Long Term Debt (Note 7)	<u>(481,101)</u>	<u>(638,726)</u>
	\$ <u>8,382,562</u>	\$ <u>8,504,384</u>

# VILLAGE OF DELBURNE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

### 10. RESTRICTED SURPLUS

	2021	Increases	Decreases	2022
Administration - capital	\$ 19,060	\$ 2,076	\$ -	\$ 21,136
Bunker gear	487	-	487	-
Cemetery	21,456	-	1,536	19,920
Community enhancement	76,230	23,329	90,363	9,196
Council	-	2,110	-	2,110
Disaster	380	-	380	-
Economic development	5,534	-	5,534	-
Emergency services	12,973	4,151	-	17,124
Family and community support	7,624	942	-	8,566
Fire department	69,219	-	49,219	20,000
General capital	12,837	-	4,984	7,853
General contingency	4,698	-	-	4,698
Healthy communities	942	-	942	-
Infrastructure	-	499,049	20,000	479,049
Lifeline	10,417	775	-	11,192
Public works	15,306	10,219	25,525	-
Library	1,000	-	1,000	-
Subdivision	61,519	-	-	61,519
Transportation	56,251	6,282	62,533	-
Water	269,183	25,000	294,183	-
Waste water	190,783	-	190,783	-
Total	\$ <u>835,899</u>	\$ <u>573,933</u>	\$ <u>747,469</u>	\$ <u>662,363</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:

	2022			2021
	Salary(1)	Benefits & Allowances(2)	Total	Total
Mayor Wilson	\$ 9,470	\$ 488	\$ 9,958	\$ 8,387
Mayor Chandler	150	4	154	6,901
Councillor Bourne	10,820	586	11,406	7,901
Councillor Dushanek	-	-	-	4,603
Councillor Faulk	7,990	381	8,371	2,576
Councillor Folks	5,345	233	5,578	-
Councillor Reksceidler	7,745	121	7,866	3,170
Councillor Warner	-	-	-	4,228
Karen Fegan, CAO	94,413	11,687	106,100	97,785
Other Designated Officers	\$ 13,650	-	\$ 13,650	\$ 12,936



**VILLAGE OF DELBURNE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**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, 2022**

#### **13. FINANCIAL INSTRUMENTS – Continued**

##### **Operating Lines of Credit**

At December 31, 2022, the Village had short-term bank lines of credit aggregating \$50,000 (2021 - \$50,000) of which \$NIL (2021 - \$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.