

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

VILLAGE OF DELBURNE
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

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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, 2023 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.

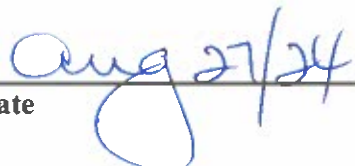
The Village Council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
Village of Delburne

Qualified Opinion

We have audited the financial statements of Village of Delburne, which comprise the statement of financial position as at December 31, 2023 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.

As explained in note 3, asset retirement obligations cannot be reliably determined at this time, so an adequate provision for these costs could not be recorded.

In our opinion, except for the effect of the adjustments which might have been determined to be necessary related to asset retirement obligations as described in the proceeding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the village as at December 31, 2023, 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 Qualified 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 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 qualified 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
August 27, 2024


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF DELBURNE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 1,802,494	\$ 1,414,438
Taxes and grants in place of taxes receivable (Note 5)	116,797	210,805
Trade and other receivables	55,769	55,086
Local improvement taxes receivable	-	5,047
Due from other Government	9,601	169,245
Long-term investments (Note 6)	<u>1,811</u>	<u>1,763</u>
	<u>1,986,472</u>	<u>1,856,384</u>
LIABILITIES		
Accounts payable and accrued liabilities	142,422	167,429
Deferred revenue (Note 7)	393,769	250,599
Long term debt (Note 8)	322,113	481,101
Tax surplus liability	<u>33,422</u>	<u>-</u>
	<u>891,726</u>	<u>899,129</u>
NET FINANCIAL ASSETS (DEBT)	<u>1,094,746</u>	<u>957,255</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	8,458,069	8,863,663
Inventory for consumption	22,966	18,953
Prepaid expenses	28,753	25,158
Land held for resale	<u>140,474</u>	<u>106,229</u>
	<u>8,650,262</u>	<u>9,014,003</u>
ACCUMULATED SURPLUS (Schedule 1)	\$ <u>9,745,008</u>	\$ <u>9,971,258</u>
CONTINGENCIES – Note 13		

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:

 Mayor

 Councillor

VILLAGE OF DELBURNE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
REVENUES			
Net taxes (Schedule 3)	\$ 815,947	\$ 812,332	\$ 771,310
Sales and user fees	494,595	480,539	429,327
Government transfers for operating (Schedule 4)	508,062	296,237	561,613
Investment income	15,000	79,819	36,989
Rentals	35,000	45,891	40,598
Penalties and costs of taxes	35,000	16,329	34,310
Fines and costs	9,838	9,600	8,844
Licenses and permits	7,000	5,425	4,608
Franchise agreement	40,000	57,910	67,119
Other	132,087	83,993	93,950
Gain on disposal of tangible capital assets	<u>58,000</u>	<u>-</u>	<u>33,660</u>
Total Revenue	<u>2,150,529</u>	<u>1,888,075</u>	<u>2,082,328</u>
EXPENSES (Schedule 5)			
Legislative	93,808	78,070	83,914
Administration	464,977	520,638	501,575
Protective services	90,707	84,610	65,669
Transportation services	717,037	554,887	570,339
Water and wastewater	252,280	281,521	349,902
Waste management and recycling	147,737	136,862	138,877
Recreation and parks	375,458	350,575	342,416
Family and community support	124,275	124,366	118,522
Land use planning, zoning and development	63,567	145,538	186,842
Other	<u>3,810</u>	<u>36,273</u>	<u>37,640</u>
Total Expenses	<u>2,333,656</u>	<u>2,313,340</u>	<u>2,395,696</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER	(183,127)	(425,265)	(313,368)
OTHER			
Government transfers for capital (Schedule 4)	<u>158,958</u>	<u>199,015</u>	<u>111,509</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>(24,169)</u>	(226,250)	(201,859)
ACCUMULATED SURPLUS – BEGINNING OF YEAR		<u>9,971,258</u>	<u>10,173,117</u>
ACCUMULATED SURPLUS – END OF YEAR		\$ <u>9,745,008</u>	\$ <u>9,971,258</u>

VILLAGE OF DELBURNE

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>(226,250)</u>	\$ <u>(201,859)</u>
Acquisition of tangible capital assets	(98,646)	(214,574)
Proceeds on disposal of tangible capital assets	74,000	90,675
Amortization of tangible capital assets	428,225	437,006
(Gain) loss on disposal of tangible capital assets	<u>2,015</u>	<u>(33,660)</u>
	<u>405,594</u>	<u>279,447</u>
Net use (acquisition) of supplies inventories	(4,013)	(2,819)
Net use (acquisition) of prepaid assets	(3,595)	(990)
Net use (acquisition) of land held for resale	<u>(34,245)</u>	<u>(5,986)</u>
	<u>(41,853)</u>	<u>(9,795)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	137,491	67,793
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>957,255</u>	<u>889,462</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u><u>1,094,746</u></u>	\$ <u><u>957,255</u></u>

VILLAGE OF DELBURNE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ (226,250)	\$ (201,859)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	428,225	437,006
(Gain) loss on disposal of tangible capital assets	2,015	(33,660)
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	94,008	4,172
Trade and other receivables	(683)	(5,982)
Local improvement taxes receivable	5,047	5,046
Due from other Government	159,644	(45,192)
Decrease (Increase) in inventory for consumption	(4,013)	(2,819)
Prepaid expenses	(3,595)	(990)
Land held for resale	(34,245)	(5,986)
Accounts payable and accrued liabilities	(25,007)	35,733
Long-term investments	(48)	-
Deferred revenue	143,170	(176,668)
Tax surplus liability	33,422	-
Net cash provided by (used in) operating activities	<u>571,690</u>	<u>8,801</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(98,646)	(214,574)
Proceeds from disposal of tangible capital assets	<u>74,000</u>	<u>90,675</u>
Net cash provided by (used in) capital activities	<u>(24,646)</u>	<u>(123,899)</u>
FINANCING ACTIVITIES		
Repayment of long term debt	<u>(158,988)</u>	<u>(157,625)</u>
Net cash provided by (used in) financing activities	<u>(158,988)</u>	<u>(157,625)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	388,056	(272,723)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,414,438</u>	<u>1,687,161</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 4)	<u>1,802,494</u>	<u>1,414,438</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash	\$ <u>1,802,494</u>	\$ <u>1,414,438</u>

VILLAGE OF DELBURNE

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE - BEGINNING OF YEAR	\$ <u>926,333</u>	\$ <u>662,363</u>	\$ <u>8,382,562</u>	\$ <u>9,971,258</u>	\$ <u>10,173,117</u>
Excess (deficiency) of revenues over expenses	(226,250)	-	-	(226,250)	(201,859)
Unrestricted funds designated for future use	(64,738)	64,738	-	-	-
Restricted funds used for operations	60,731	(60,731)	-	-	-
Restricted funds used for tangible capital assets	-	(16,745)	16,745	-	-
Current year funds used for tangible capital assets	(81,901)	-	81,901	-	-
Disposal of tangible capital assets	76,015	-	(76,015)	-	-
Annual amortization expense	428,225	-	(428,225)	-	-
Long term debt repaid	<u>(158,988)</u>	<u>-</u>	<u>158,988</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>33,094</u>	<u>(12,738)</u>	<u>(246,606)</u>	<u>(226,250)</u>	<u>(201,859)</u>
BALANCE - END OF YEAR	\$ <u><u>959,427</u></u>	\$ <u><u>649,625</u></u>	\$ <u><u>8,135,956</u></u>	\$ <u><u>9,745,008</u></u>	\$ <u><u>9,971,258</u></u>

VILLAGE OF DELBURNE

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022
COST:								
BALANCE – BEGINNING OF YEAR	\$ 321,512	\$ 1,300,165	\$ 1,585,347	\$ 11,448,018	\$ 1,084,100	\$ 137,594	\$ 15,876,736	\$ 15,763,078
Acquisition of tangible capital assets	-	-	-	-	96,761	-	96,761	214,574
Construction in progress	-	-	-	1,885	-	-	1,885	-
Disposal of tangible capital assets	-	-	-	-	(20,016)	-	(20,016)	(100,916)
BALANCE - END OF YEAR	<u>321,512</u>	<u>1,300,165</u>	<u>1,585,347</u>	<u>11,449,903</u>	<u>1,100,845</u>	<u>137,594</u>	<u>15,895,366</u>	<u>15,876,736</u>
ACCUMULATED AMORTIZATION:								
BALANCE - BEGINNING OF YEAR	-	867,299	590,306	4,886,534	561,270	107,664	7,013,073	6,619,968
Annual amortization	-	78,953	31,684	256,272	55,908	5,408	428,225	437,006
Accumulated amortization on disposals	-	-	-	-	(4,001)	-	(4,001)	(43,901)
BALANCE - END OF YEAR	<u>-</u>	<u>946,252</u>	<u>621,990</u>	<u>5,142,806</u>	<u>613,177</u>	<u>113,072</u>	<u>7,437,297</u>	<u>7,013,073</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>321,512</u>	<u>353,913</u>	<u>963,357</u>	<u>6,307,097</u>	<u>487,668</u>	<u>24,522</u>	<u>8,458,069</u>	<u>\$ 8,863,663</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>321,512</u>	\$ <u>432,866</u>	\$ <u>995,041</u>	\$ <u>6,561,484</u>	\$ <u>522,830</u>	\$ <u>29,930</u>	\$ <u>8,863,663</u>	

VILLAGE OF DELBURNE

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 1,012,373	\$ 1,008,712	\$ 981,641
Linear property taxes	34,127	34,127	32,505
Government grants in place of property taxes	<u>2,007</u>	<u>2,007</u>	<u>2,018</u>
	<u>1,048,507</u>	<u>1,044,846</u>	<u>1,016,164</u>
REQUISITIONS			
Alberta School Foundation Fund	230,884	230,884	243,178
Autumn Glen Lodge	<u>1,676</u>	<u>1,630</u>	<u>1,676</u>
	<u>232,560</u>	<u>232,514</u>	<u>244,854</u>
NET MUNICIPAL TAXES	<u>\$ 815,947</u>	<u>\$ 812,332</u>	<u>\$ 771,310</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
TRANSFER FOR OPERATING			
Provincial government	\$ 319,200	\$ 109,650	\$ 338,723
Federal government	26,000	2,023	48,037
Other local government	<u>162,862</u>	<u>184,564</u>	<u>174,853</u>
	<u>508,062</u>	<u>296,237</u>	<u>561,613</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>158,958</u>	<u>199,015</u>	<u>111,509</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 667,020</u>	<u>\$ 495,252</u>	<u>\$ 673,122</u>

VILLAGE OF DELBURNE

SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 766,324	\$ 758,771	\$ 684,102
Contracted and general services	792,608	574,192	717,733
Materials, goods, supplies and utilities	305,857	253,579	272,488
Transfer to local agencies	143,800	192,720	203,032
Transfer to other governments	54,000	80,286	65,479
Bank charges and short-term interest	699	881	822
Interest on long term debt	3,810	3,404	4,770
Amortization of tangible capital assets	260,258	428,225	437,006
Loss on sale of tangible capital assets	-	2,015	-
Other expenses	6,300	19,267	10,264
	<u>\$ 2,333,656</u>	<u>\$ 2,313,340</u>	<u>\$ 2,395,696</u>

VILLAGE OF DELBURNE

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
REVENUE								
Government transfers	\$ 34,557	\$ -	\$ 102,007	\$ 9,347	\$ 89,922	\$ 114,975	\$ 144,444	\$ 495,252
Net municipal taxes	812,332	-	-	-	-	-	-	812,332
User fees and sales of goods	108	-	-	428,737	51,694	-	-	480,539
Franchise agreements	57,910	-	-	-	-	-	-	57,910
Rentals	-	-	-	-	32,100	13,791	-	45,891
Penalties and costs	16,329	-	-	-	-	-	-	16,329
Investment income	79,819	-	-	-	-	-	-	79,819
License and permits	870	4,555	-	-	-	-	-	5,425
Fines	7,577	300	-	1,723	-	-	-	9,600
Other revenues	<u>32,110</u>	<u>-</u>	<u>1,300</u>	<u>850</u>	<u>22,210</u>	<u>27,523</u>	<u>-</u>	<u>83,993</u>
	<u>1,041,612</u>	<u>4,855</u>	<u>103,307</u>	<u>440,657</u>	<u>195,926</u>	<u>156,289</u>	<u>144,444</u>	<u>2,087,090</u>
EXPENSES								
Salaries and wages	350,214	5,937	134,661	130,629	66,014	71,316	-	758,771
Contract and general services	173,546	11,820	125,282	138,921	74,036	50,587	-	574,192
Materials, goods and supplies	44,574	8,681	111,411	42,733	19,639	26,541	-	253,579
Transfers to local agencies	-	-	-	-	94,614	98,106	-	192,720
Transfer to other governments	-	53,036	-	849	14,901	11,500	-	80,286
Bank charges and short term interest	881	-	-	-	-	-	-	881
Interest on long term debt	-	-	-	-	-	-	3,404	3,404
Loss on sale of tangible capital assets	-	-	2,015	-	-	-	-	2,015
Other expenses	<u>18,803</u>	<u>-</u>	<u>-</u>	<u>404</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>19,267</u>
	<u>588,018</u>	<u>79,474</u>	<u>373,369</u>	<u>313,536</u>	<u>269,204</u>	<u>258,110</u>	<u>3,404</u>	<u>1,885,115</u>
NET REVENUE, BEFORE AMORTIZATION AND ACCRETION	<u>453,594</u>	<u>(74,619)</u>	<u>(270,062)</u>	<u>127,121</u>	<u>(73,278)</u>	<u>(101,821)</u>	<u>141,040</u>	<u>201,975</u>
Amortization expense	<u>10,690</u>	<u>5,137</u>	<u>181,517</u>	<u>104,846</u>	<u>700</u>	<u>92,466</u>	<u>32,869</u>	<u>428,225</u>
NET REVENUE (Note 15)	<u>\$ 442,904</u>	<u>\$ (79,756)</u>	<u>\$ (451,579)</u>	<u>\$ 22,275</u>	<u>\$ (73,978)</u>	<u>\$ (194,287)</u>	<u>\$ 108,171</u>	<u>\$ (226,250)</u>

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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.

There is measurement uncertainty related to asset retirement obligations. Determining settlement amounts, discount rates and timing of settlement involves estimation. Changes to any of these estimates and assumptions may result in a change to the obligation.

(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 village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(g) Government Transfers - Continued

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.

(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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(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.

(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) Asset retirement obligation

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the village to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. These may include, but are not limited to, decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed; remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and constructing other tangible capital assets to perform post-retirement activities.

The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Asset retirement obligation - Continued

At each financial reporting date, the village reviews the carrying amount of the liability. The village recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(p) Cash and Cash Equivalents

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

(q) 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, improvement, betterment or retirement 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(q) 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 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.

(b) 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.

(c) 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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED – Continued

(d) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgment is applied. Effective for the fiscal years beginning on or after April 1, 2026.

(e) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

3. ACCOUNTING CHANGES – ASSET RETIREMENT OBLIGATIONS

The village adopted the recommendations in the CPA Canada Handbook, Section PS 3280, *Asset Retirement Obligations*, on how to account for a liability for the retirement of a tangible capital asset for fiscal years beginning on or after April 1, 2022, applied on a modified retroactive basis with restatement of prior year comparative information. The village chose to apply the amendments at the beginning of the earliest period presented, January 1, 2022.

4. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	\$ <u>1,802,494</u>	\$ <u>1,414,438</u>

Council has designated funds of \$649,625 (2022 - \$662,363) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$237,475 (2022 - \$119,919) related to various deferred grant revenues (Note 7) as well as a balance of \$33,422 (2022 - \$NIL) related to net proceeds from a tax sale surplus.

5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2023	2022
Current taxes and grants in place of taxes	\$ 65,648	\$ 127,077
Arrears taxes	<u>51,149</u>	<u>83,728</u>
	116,797	210,805
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	\$ <u>116,797</u>	\$ <u>210,805</u>

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. LONG TERM INVESTMENTS

	2023	2022
UFA patronage account	\$ <u>1,811</u>	\$ <u>1,763</u>

7. DEFERRED REVENUE

	2023	2022
Alberta Communities Partnership Grant	\$ 97,784	\$ -
Municipal Operating Support Transfer	-	14,483
Federal Gas Tax Fund (CCBF)	92,453	90,405
FCSS programs	68,848	57,158
Red Deer County	54,013	229
Municipal Sustainability Initiatives - operating	30,238	15,031
City of Red Deer - FCSS	16,691	10,909
Prepaid property taxes	13,126	9,808
Deposits	10,000	-
Prepaid utilities	8,606	7,751
Other grants and programs	1,740	44,190
Prepaid licenses	270	635
	\$ <u>393,769</u>	\$ <u>250,599</u>

8. LONG TERM DEBT

	2023	2022
Alberta Capital Finance Authority, due \$81,399 semi-annually Including interest at 0.863%, maturing September 2025	\$ <u>322,113</u>	\$ <u>481,101</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	\$ 160,363	\$ 2,435	\$ 162,798
2025	<u>161,750</u>	<u>1,048</u>	<u>162,798</u>
	<u>322,113</u>	<u>3,483</u>	<u>325,596</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, 2023

9. 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:

	2023	2022
Total debt limit	\$ 2,832,113	\$ 3,123,492
Total debt	<u>322,113</u>	<u>481,101</u>
Amount of debt limit (exceeded) available	<u>2,510,000</u>	<u>2,642,391</u>
Debt servicing limit	472,019	520,582
Debt servicing	<u>162,798</u>	<u>162,798</u>
Amount of debt servicing limit (exceeded) available	\$ <u>309,221</u>	\$ <u>357,784</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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible capital assets (Schedule 2)	\$ 15,895,366	\$ 15,876,736
Accumulated amortization (Schedule 2)	(7,437,297)	(7,013,073)
Long Term Debt (Note 8)	<u>(322,113)</u>	<u>(481,101)</u>
	\$ <u>8,135,956</u>	\$ <u>8,382,562</u>

11. RESTRICTED SURPLUS

	2022	Increases	Decreases	2023
Administration - capital	\$ 21,136	\$ 1,076	\$ -	\$ 22,212
Cemetery	19,920	-	-	19,920
Community enhancement	9,196	-	4,463	4,733
Council	2,110	-	-	2,110
Emergency services	17,124	-	1,560	15,564
Family and community support	8,566	-	-	8,566
Fire department	20,000	-	-	20,000
General capital	7,853	11,517	16,745	2,625
General contingency	4,698	-	-	4,698
Infrastructure	479,049	25,000	-	504,049
Lifeline	11,192	-	1,607	9,585
Subdivision	<u>61,519</u>	<u>27,145</u>	<u>53,101</u>	<u>35,563</u>
Total	\$ <u>662,363</u>	\$ <u>64,738</u>	\$ <u>77,476</u>	\$ <u>649,625</u>

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12. 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:

	2023			2022
	Salary(1)	Benefits & Allowances(2)	Total	Total
Mayor Wilson	\$ 14,257	\$ 628	\$ 14,885	\$ 9,958
Mayor Chandler	-	-	-	154
Councillor Bourne	12,635	544	13,179	11,406
Councillor Faulk	9,465	372	9,837	8,371
Councillor Folks	9,220	340	9,560	5,578
Councillor Reksceidler	8,345	-	8,345	7,866
Karen Fegan, CAO	101,320	10,599	111,919	106,100
Other Designated Officers	\$ 13,847	-	\$ 13,847	\$ 13,650

- (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.

13. 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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

14. 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.

Operating Lines of Credit

At December 31, 2023, the Village had short-term bank lines of credit aggregating \$50,000 (2022 - \$50,000) of which \$NIL (2022 - \$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.

15. 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.

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

15. SEGMENTED DISCLOSURE - Continued

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.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.