

**VILLAGE OF DONALDA**

**CONSOLIDATED FINANCIAL STATEMENTS**

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

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Donald is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated 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 consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated 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 consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

The consolidated financial statements have been audited by Brian King Professional Corporation, Chartered Professional Accountant, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.



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Chief Administrative Officer

February 28, 2023  
Village of Donald

# Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

## INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Council of the Village of Donalda:**

*Report on the Consolidated Financial Statements*

*Opinion*

I have audited the consolidated financial statements of the Village of Donalda (the Entity), which comprise the consolidated statement of financial position as at December 31, 2022, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Donalda as at December 31, 2022, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

*Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:



# Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

- 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

## *Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 5.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 9.

M.D. of Wainwright

February 28, 2023



Brian King Professional Corporation

Chartered Professional Accountant

# VILLAGE OF DONALDA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022

|   | <u>2022</u>      | <u>2021</u>      |
|---|------------------|------------------|
| <b>FINANCIAL ASSETS</b>                     |                  |                  |
| Cash and term deposits (Note 2)             | 623,470          | 767,850          |
| Taxes and grants in place of taxes (Note 3) | 55,991           | 53,539           |
| Trade and other receivables                 | 21,057           | 29,626           |
| Due from other governments                  | 386,399          | 276,876          |
| Inventory held for resale                   | 8,550            | 8,550            |
|   | <u>1,095,467</u> | <u>1,136,441</u> |
| <b>LIABILITIES</b>                          |                  |                  |
| Accounts payable and accrued liabilities    | 33,314           | 59,773           |
| Deposits                                    | -                | 1,530            |
| Deferred revenue (Note 4)                   | 817,573          | 853,013          |
|   | <u>850,887</u>   | <u>914,316</u>   |
| <b>NET FINANCIAL ASSETS</b>                 | <u>244,580</u>   | <u>222,125</u>   |
| <b>NON-FINANCIAL ASSETS</b>                 |                  |                  |
| Tangible capital assets                     | <u>2,118,626</u> | <u>2,043,505</u> |
| <b>ACCUMULATED SURPLUS (NOTE 7)</b>         | <u>2,363,206</u> | <u>2,265,630</u> |

*Commitments and contingencies - See Note 10 and 12*

# VILLAGE OF DONALDA

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Budget<br>(unaudited)   | 2022                           | 2021                    |
|--|-------------------------|--------------------------------|-------------------------|
| <b>REVENUE</b>   |                         |                                |                         |
| Net municipal property taxes (Schedule 3)                            | 235,641                 | <b>204,381</b>                 | 199,106                 |
| User fees and sales of goods   | 190,518                 | <b>247,614</b>                 | 213,102                 |
| Penalties and costs on taxes   | 19,490                  | <b>16,445</b>                  | 21,207                  |
| Licenses and permits   | 1,330                   | <b>1,994</b>                   | 1,284                   |
| Franchise and concession contracts                                   | 47,522                  | <b>51,456</b>                  | 38,831                  |
| Investment income  | 6,300                   | <b>17,499</b>                  | 6,362                   |
| Rentals  | 13,840                  | <b>12,914</b>                  | 13,284                  |
| Insurance proceeds   | -                       | <b>2,888</b>                   | 11,401                  |
| Government transfers for operating                                   | 54,667                  | <b>45,929</b>                  | 57,581                  |
| Other  | -                       | <b>7,209</b>                   | 6,199                   |
|  | <u>569,308</u>          | <u><b>608,329</b></u>          | <u>568,357</u>          |
| <b>EXPENSES</b>  |                         |                                |                         |
| Legislative  | 14,720                  | <b>12,752</b>                  | 12,813                  |
| Administration   | 213,879                 | <b>221,753</b>                 | 207,058                 |
| Protective services  | 41,415                  | <b>42,437</b>                  | 39,790                  |
| Transportation   | 76,644                  | <b>98,070</b>                  | 94,821                  |
| Water supply and distribution  | 71,940                  | <b>82,859</b>                  | 106,900                 |
| Wastewater treatment and disposal                                    | 2,017                   | <b>3,493</b>                   | 2,575                   |
| Waste management   | 33,875                  | <b>33,798</b>                  | 33,145                  |
| Public health and welfare  | 16,958                  | <b>22,435</b>                  | 9,471                   |
| Recreation   | 14,107                  | <b>18,761</b>                  | 12,043                  |
| Culture  | 25,575                  | <b>24,280</b>                  | 36,327                  |
| Amortization   | 76,260                  | <b>84,168</b>                  | 72,375                  |
|  | <u>615,405</u>          | <u><b>658,002</b></u>          | <u>637,241</u>          |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES<br/>BEFORE OTHER</b> | (46,097)                | <b>(49,673)</b>                | (68,884)                |
| <b>OTHER</b>   |                         |                                |                         |
| Government transfers for capital (Schedule 4)                        | <u>11,200</u>           | <u><b>147,249</b></u>          | <u>212,524</u>          |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>                  | (34,897)                | <b>97,576</b>                  | 143,640                 |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>                        | <u>2,265,630</u>        | <u><b>2,265,630</b></u>        | <u>2,121,990</u>        |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>                              | <u><u>2,230,733</u></u> | <u><u><b>2,363,206</b></u></u> | <u><u>2,265,630</u></u> |

## VILLAGE OF DONALDA

### CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

|   | Budget<br>(unaudited) | 2022            | 2021            |
|---|-----------------------|-----------------|-----------------|
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b> | <u>(34,897)</u>       | <u>97,576</u>   | <u>143,640</u>  |
| Acquisition of tangible capital assets              | (252,158)             | (159,289)       | (164,901)       |
| Amortization of tangible capital assets             | <u>76,260</u>         | <u>84,168</u>   | <u>72,375</u>   |
|   | <u>(175,898)</u>      | <u>(75,121)</u> | <u>(92,526)</u> |
| <b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>  | (210,795)             | 22,455          | 51,114          |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>      | <u>222,125</u>        | <u>222,125</u>  | <u>171,011</u>  |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>            | <u>11,330</u>         | <u>244,580</u>  | <u>222,125</u>  |

# VILLAGE OF DONALDA

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

|  | <u>2022</u>                  | <u>2021</u>                  |
|--|------------------------------|------------------------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO<br/>THE FOLLOWING ACTIVITIES:</b> |                              |                              |
| <b>OPERATING</b>   |                              |                              |
| Excess of revenues over expenses   | 97,576                       | 143,640                      |
| Non-cash items included in excess of revenue over expenses:                  |                              |                              |
| Amortization of tangible capital assets                                      | 84,168                       | 72,375                       |
| Non-cash charges to operations (net change):                                 |                              |                              |
| Decrease (increase) in taxes and grants in place of taxes                    | (2,452)                      | 31,715                       |
| Decrease (increase) in due from other governments                            | (109,523)                    | (242,163)                    |
| Decrease (increase) in trade and other receivables                           | 8,569                        | (13,353)                     |
| Decrease (increase) in inventory held for resale                             | -                            | 9,923                        |
| Increase (decrease) in accounts payable and accrued liabilities              | (26,459)                     | (30,440)                     |
| Increase (decrease) in deposits held   | (1,530)                      | (150)                        |
| Increase (decrease) in deferred revenue                                      | (35,440)                     | 48,111                       |
|  | <u>14,909</u>                | <u>19,658</u>                |
| <b>CAPITAL</b>   |                              |                              |
| Acquisition of tangible capital assets                                       | <u>(159,289)</u>             | <u>(164,901)</u>             |
| <b>INVESTING</b>   |                              |                              |
| Decrease (increase) in restricted cash or cash equivalents                   | <u>150,686</u>               | <u>206,567</u>               |
| <b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>                        | <b>6,306</b>                 | <b>61,324</b>                |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                          | <u><b>171,527</b></u>        | <u><b>110,203</b></u>        |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                | <u><u><b>177,833</b></u></u> | <u><u><b>171,527</b></u></u> |
| <b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>                              |                              |                              |
| Cash and temporary investments (Note 2)                                      | 623,470                      | 767,850                      |
| Less: restricted portion of cash and temporary investments (Note 2)          | (445,637)                    | (596,323)                    |
|  | <u><u><b>177,833</b></u></u> | <u><u><b>171,527</b></u></u> |



# VILLAGE OF DONALDA

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 1)

|   | Unrestricted<br>Surplus | Restricted<br>Surplus | Equity in Tangible<br>Capital Assets | 2022                           | 2021                    |
|---|-------------------------|-----------------------|--------------------------------------|--------------------------------|-------------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>                   | <u>204,125</u>          | <u>18,000</u>         | <u>2,043,505</u>                     | <u>2,265,630</u>               | <u>2,121,990</u>        |
| Excess (deficiency) of revenues over expenses       | 97,576                  | -                     | -                                    | <b>97,576</b>                  | 143,640                 |
| Restricted funds used for operations                | (16,000)                | 16,000                | -                                    | -                              | -                       |
| Current year funds used for tangible capital assets | (159,289)               | -                     | 159,289                              | -                              | -                       |
| Annual amortization expense                         | <u>84,168</u>           | <u>-</u>              | <u>(84,168)</u>                      | <u>-</u>                       | <u>-</u>                |
| Change in accumulated surplus                       | <u>6,455</u>            | <u>16,000</u>         | <u>75,121</u>                        | <u><b>97,576</b></u>           | <u>143,640</u>          |
| <b>BALANCE, END OF YEAR</b>                         | <u><u>210,580</u></u>   | <u><u>34,000</u></u>  | <u><u>2,118,626</u></u>              | <u><u><b>2,363,206</b></u></u> | <u><u>2,265,630</u></u> |

# VILLAGE OF DONALDA

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 2)

|  | LAND          | BUILDINGS      | ENGINEERED<br>STRUCTURES | MACHINERY<br>AND<br>EQUIPMENT | VEHICLES      | 2022             | 2021             |
|--|---------------|----------------|--------------------------|-------------------------------|---------------|------------------|------------------|
| <b>COST:</b>   |               |                |                          |                               |               |                  |                  |
| Balance - beginning of year                                  | 15,928        | 418,654        | 3,746,074                | 148,694                       | 50,268        | <b>4,379,618</b> | 4,214,717        |
| Acquisition of tangible capital assets                       | -             | 9,480          | 149,809                  | -                             | -             | <b>159,289</b>   | 164,901          |
| Balance - end of year  | 15,928        | 428,134        | 3,895,883                | 148,694                       | 50,268        | <b>4,538,907</b> | 4,379,618        |
| <b>ACCUMULATED AMORTIZATION</b>                              |               |                |                          |                               |               |                  |                  |
| Balance - beginning of year                                  | -             | 215,692        | 1,952,663                | 129,890                       | 37,868        | <b>2,336,113</b> | 2,263,738        |
| Annual amortization  | -             | 16,041         | 61,685                   | 3,342                         | 3,100         | <b>84,168</b>    | 72,375           |
| Balance - end of year  | -             | 231,733        | 2,014,348                | 133,232                       | 40,968        | <b>2,420,281</b> | 2,336,113        |
| <b>NET BOOK VALUE OF TANGIBLE<br/>CAPITAL ASSETS</b>         | <b>15,928</b> | <b>196,401</b> | <b>1,881,535</b>         | <b>15,462</b>                 | <b>9,300</b>  | <b>2,118,626</b> | <b>2,043,505</b> |
| <b>OPENING NET BOOK VALUE OF TANGIBLE<br/>CAPITAL ASSETS</b> | <b>15,928</b> | <b>202,962</b> | <b>1,793,411</b>         | <b>18,804</b>                 | <b>12,400</b> | <b>2,043,505</b> |                  |

# VILLAGE OF DONALDA

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 3)

|  | Budget<br>(Unaudited) | 2022                  | 2021           |
|--|-----------------------|-----------------------|----------------|
| <b>TAXATION</b>                              |                       |                       |                |
| Real property taxes                          | 263,103               | <b>233,157</b>        | 226,291        |
| Linear property taxes                        | 14,179                | <b>14,231</b>         | 13,994         |
| Government grants in place of property taxes | 1,533                 | <b>1,538</b>          | 1,522          |
|  | <u>278,815</u>        | <u><b>248,926</b></u> | <u>241,807</u> |
| <b>REQUISITIONS</b>                          |                       |                       |                |
| Alberta School Foundation                    | 36,720                | <b>38,091</b>         | 36,381         |
| County of Stettler Housing Authority         | 6,454                 | <b>6,454</b>          | 6,320          |
|  | <u>43,174</u>         | <u><b>44,545</b></u>  | <u>42,701</u>  |
| <b>NET MUNICIPAL TAXES</b>                   | <u>235,641</u>        | <u><b>204,381</b></u> | <u>199,106</u> |

# VILLAGE OF DONALDA

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 4)

|                                   | Budget<br>(Unaudited) | 2022           | 2021           |
|-----------------------------------|-----------------------|----------------|----------------|
| <b>TRANSFERS FOR OPERATING</b>    |                       |                |                |
| Federal Government                | 10,060                | 1,160          | 10,709         |
| Provincial Government             | 43,981                | 44,143         | 46,872         |
| Local Governments                 | 626                   | 626            | -              |
|                                   | <u>54,667</u>         | <u>45,929</u>  | <u>57,581</u>  |
| <b>TRANSFERS FOR CAPITAL</b>      |                       |                |                |
| Federal Government                | -                     | 134,686        | 19,217         |
| Provincial Government             | 11,200                | 12,563         | 193,307        |
|                                   | <u>11,200</u>         | <u>147,249</u> | <u>212,524</u> |
| <b>TOTAL GOVERNMENT TRANSFERS</b> | <u>65,867</u>         | <u>193,178</u> | <u>270,105</u> |

# VILLAGE OF DONALDA

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 5)

|   | Budget<br>(Unaudited) | 2022                  | 2021           |
|---|-----------------------|-----------------------|----------------|
| <b>Expenditures</b>                     |                       |                       |                |
| Salaries, wages and benefits            | 104,213               | <b>112,610</b>        | 78,737         |
| Contracted and general services         | 255,071               | <b>265,640</b>        | 279,120        |
| Materials, goods and utilities          | 97,103                | <b>119,532</b>        | 120,762        |
| Provision for allowances                | 4,000                 | <b>3,176</b>          | 10,723         |
| Transfers to other governments          | 41,290                | <b>40,507</b>         | 40,482         |
| Transfers to local boards and agencies  | 34,624                | <b>29,617</b>         | 32,707         |
| Bank charges and short term interest    | 2,594                 | <b>2,261</b>          | 2,181          |
| Other expenditures                      | 250                   | <b>491</b>            | 154            |
| Amortization of tangible capital assets | 76,260                | <b>84,168</b>         | 72,375         |
|   | <u>615,405</u>        | <u><b>658,002</b></u> | <u>637,241</u> |



# VILLAGE OF DONALDA

## SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 6)

|  | General<br>Government | Protective<br>Services | Transportation<br>services | Environmental<br>Services | Public Health &<br>Welfare | Planning &<br>Development | Recreation &<br>Culture | Total                  |
|--|-----------------------|------------------------|----------------------------|---------------------------|----------------------------|---------------------------|-------------------------|------------------------|
| <b>REVENUE</b>                             |                       |                        |                            |                           |                            |                           |                         |                        |
| Net municipal property taxes (Schedule 2)  | 204,381               | -                      | -                          | -                         | -                          | -                         | -                       | 204,381                |
| User fees and sales of goods               | 1,752                 | 30,191                 | -                          | 152,780                   | 5,236                      | 57,655                    | -                       | 247,614                |
| Penalties and costs on taxes               | 15,731                | -                      | -                          | 714                       | -                          | -                         | -                       | 16,445                 |
| Licenses and permits                       | 1,295                 | 699                    | -                          | -                         | -                          | -                         | -                       | 1,994                  |
| Franchise and concession contracts         | 51,456                | -                      | -                          | -                         | -                          | -                         | -                       | 51,456                 |
| Investment income                          | 17,499                | -                      | -                          | -                         | -                          | -                         | -                       | 17,499                 |
| Rentals                                    | 4,969                 | -                      | -                          | -                         | -                          | -                         | 7,945                   | 12,914                 |
| Insurance proceeds                         | -                     | -                      | 2,888                      | -                         | -                          | -                         | -                       | 2,888                  |
| Government transfers                       | 36,356                | -                      | -                          | -                         | 7,787                      | -                         | 1,786                   | 45,929                 |
| Other                                      | 7,209                 | -                      | -                          | -                         | -                          | -                         | -                       | 7,209                  |
|  | <u>340,648</u>        | <u>30,890</u>          | <u>2,888</u>               | <u>153,494</u>            | <u>13,023</u>              | <u>57,655</u>             | <u>9,731</u>            | <u>608,329</u>         |
| <b>EXPENSES</b>                            |                       |                        |                            |                           |                            |                           |                         |                        |
| Salaries, wages and benefits               | 66,085                | -                      | 28,504                     | 4,328                     | 201                        | -                         | 13,492                  | 112,610                |
| Contracted and general services            | 157,407               | 5,885                  | 18,427                     | 47,459                    | 21,639                     | 9,043                     | 5,780                   | 265,640                |
| Materials, goods and utilities             | 5,417                 | -                      | 50,846                     | 50,945                    | 595                        | 4,153                     | 7,576                   | 119,532                |
| Provision for allowances                   | 3,176                 | -                      | -                          | -                         | -                          | -                         | -                       | 3,176                  |
| Transfers to other governments             | -                     | 36,552                 | -                          | -                         | -                          | -                         | 3,955                   | 40,507                 |
| Transfers to local boards and agencies     | -                     | -                      | -                          | 17,379                    | -                          | -                         | 12,238                  | 29,617                 |
| Bank charges and short term interest       | 2,261                 | -                      | -                          | -                         | -                          | -                         | -                       | 2,261                  |
| Other expenditures                         | 159                   | -                      | 293                        | 39                        | -                          | -                         | -                       | 491                    |
|  | <u>234,505</u>        | <u>42,437</u>          | <u>98,070</u>              | <u>120,150</u>            | <u>22,435</u>              | <u>13,196</u>             | <u>43,041</u>           | <u>573,834</u>         |
| <b>NET REVENUE, BEFORE AMORTIZATION</b>    | <u>106,143</u>        | <u>(11,547)</u>        | <u>(95,182)</u>            | <u>33,344</u>             | <u>(9,412)</u>             | <u>44,459</u>             | <u>(33,310)</u>         | <u>34,495</u>          |
| <b>AMORTIZATION AND DISPOSAL OF ASSETS</b> |                       |                        |                            |                           |                            |                           |                         |                        |
| Amortization of tangible capital assets    | <u>14,183</u>         | <u>-</u>               | <u>29,009</u>              | <u>40,169</u>             | <u>-</u>                   | <u>-</u>                  | <u>807</u>              | <u>84,168</u>          |
| <b>NET REVENUE</b>                         | <u><u>91,960</u></u>  | <u><u>(11,547)</u></u> | <u><u>(124,191)</u></u>    | <u><u>(6,825)</u></u>     | <u><u>(9,412)</u></u>      | <u><u>44,459</u></u>      | <u><u>(34,117)</u></u>  | <u><u>(49,673)</u></u> |

# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Donalda are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

#### **a) Reporting Entity**

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

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### **b) Basis of Accounting**

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

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

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

# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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*

#### d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

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

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

#### f) Inventories for Resale

Land held for resale is recorded at the lower of cost or 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 wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function

#### g) 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.

#### h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage

# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) 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.

#### j) 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 revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

#### k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets 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 |
|---|-------|
| Buildings                                 | 25-50 |
| Engineered structures - other             | 15-40 |
| Engineered structures - water system      | 35-75 |
| Engineered structures - wastewater system | 35-75 |
| Land improvements                         | 15-20 |
| Machinery and equipment                   | 5-20  |
| Vehicles                                  | 3-20  |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### 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.

# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### iii. 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.

#### iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

### 2. CASH AND TERM DEPOSITS

|   | <u>2022</u>    | <u>2021</u>    |
|---|----------------|----------------|
| Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4) |                |                |
| Federal Gas Tax   | 27,922         | 162,608        |
| Municipal Sustainability Initiative - capital   | 417,715        | 430,278        |
| Other deferred revenue  | -              | 1,907          |
|   | <u>445,637</u> | <u>594,793</u> |
| Deposits held   | -              | 1,530          |
| Total restricted cash and term deposits   | <u>445,637</u> | <u>596,323</u> |

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

|  | <u>2022</u>   | <u>2021</u>   |
|--|---------------|---------------|
| Current taxes and grants in place of taxes | 40,499        | 40,285        |
| Arrears taxes                              | 15,492        | 15,774        |
|  | <u>55,991</u> | <u>56,059</u> |
| Less: allowance for doubtful accounts      | -             | 2,520         |
|  | <u>55,991</u> | <u>53,539</u> |



# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 4. DEFERRED INCOME

Deferred income consists of the following:

|   | <u>2022</u>           | <u>2021</u>           |
|---|-----------------------|-----------------------|
| Canada Community Building Fund                | <b>177,922</b>        | 262,608               |
| Municipal Sustainability Initiative - capital | <b>634,698</b>        | 584,657               |
| Prepaid property taxes                        | <b>4,953</b>          | 3,841                 |
| Other deferred revenue                        | -                     | 1,907                 |
|   | <u><b>817,573</b></u> | <u><b>853,013</b></u> |

### 5. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Donalda be disclosed as follows:

|                        | <u>2022</u>           | <u>2021</u>           |
|------------------------|-----------------------|-----------------------|
| Total debt limit       | <b>912,494</b>        | 852,536               |
| Total debt             | -                     | -                     |
| Surplus debt limit     | <u><b>912,494</b></u> | <u><b>852,536</b></u> |
| Debt servicing limit   | <b>152,082</b>        | 142,089               |
| Debt servicing         | -                     | -                     |
| Surplus debt servicing | <u><b>152,082</b></u> | <u><b>142,089</b></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, which 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.

# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 6. EQUITY IN TANGIBLE CAPITAL ASSETS

|                                       | <u>2022</u>             | <u>2021</u>      |
|---------------------------------------|-------------------------|------------------|
| Tangible capital assets (Schedule 2)  | <b>4,538,907</b>        | 4,379,618        |
| Accumulated amortization (Schedule 2) | <b>(2,420,281)</b>      | (2,336,113)      |
|                                       | <b><u>2,118,626</u></b> | <u>2,043,505</u> |

### 7. ACCUMULATED SURPLUS

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

|  | <u>2022</u>             | <u>2021</u>      |
|--|-------------------------|------------------|
| <b>Unrestricted surplus</b>              | <b><u>210,580</u></b>   | <u>204,125</u>   |
| <b>Restricted surplus</b>                |                         |                  |
| Fire department                          | <b>13,000</b>           | 13,000           |
| Roads and streets                        | <b>5,000</b>            | 5,000            |
| Subdivision                              | <b>16,000</b>           | -                |
|  | <b><u>34,000</u></b>    | <u>18,000</u>    |
| <b>Equity in tangible capital assets</b> | <b><u>2,118,626</u></b> | <u>2,043,505</u> |
|  | <b><u>2,363,206</u></b> | <u>2,265,630</u> |

### 8. SEGMENTED DISCLOSURE

The Village of Donalda 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.

Refer to the Schedule of Segmented Disclosure (schedule 6)

# VILLAGE OF DONALDA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 9. SALARY AND BENEFITS DISCLOSURE

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

|                        | 2022   |                       |        | 2021   |
|------------------------|--------|-----------------------|--------|--------|
|                        | Salary | Benefits & Allowances | Total  | Total  |
| Booker                 | 3,420  | -                     | 3,420  | 920    |
| Gartside               | -      | -                     | -      | 3,170  |
| McKay                  | -      | -                     | -      | 960    |
| Nelson                 | 3,960  | -                     | 3,960  | 3,840  |
| Williams               | 2,820  | -                     | 2,820  | 1,260  |
| CAO                    | 80,600 | -                     | 80,600 | 83,100 |
| Designated Officer (4) | 10,646 | -                     | 10,646 | 7,385  |

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.

### 10. CONTINGENCIES

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

The village is a member of the Stettler Waste Management Authority. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

# **VILLAGE OF DONALDA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022**

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### **11. FINANCIAL INSTRUMENTS**

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the village is not exposed to significant interest or currency risks arising from these financial instruments.

The village is subject to credit risk with respect to 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.

Unless otherwise noted, the fair value of these financial instruments approximates their fair value.

### **12. COMMITMENTS**

The village has entered into a fire services agreement with the County of Stettler. Under the agreement, the county is to provide fire services to the village for an annual fee of \$25,000.

The village is a member of the Shirley McClellan Regional Water Services Commission and as such provides a proportionate share of the annual funding for administration and capital expenditures in proportion to their allocation of water capacity of the commission.

### **13. COMPARITIVE FIGURES**

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

### **14. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.