

VILLAGE OF DONALDA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Donalda 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, 2024 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.

Chief Administrative Officer

December 17, 2025
Village of Donalda

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, 2024, 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, 2024, 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 6.
- **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 10.

M.D. of Wainwright
December 17, 2025



Brian King Professional Corporation
Chartered Professional Accountant

VILLAGE OF DONALDA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	890,768	960,462
Taxes and grants in place of taxes (Note 3)	80,093	50,460
Trade and other receivables	30,453	15,457
Due from other governments	536,657	283,339
Other financial assets	191	-
	<u>1,538,162</u>	<u>1,309,718</u>
LIABILITIES		
Accounts payable and accrued liabilities	102,958	72,501
Asset retirement obligations (Note 4)	216,922	214,973
Deferred revenue (Note 5)	1,285,176	993,239
	<u>1,605,056</u>	<u>1,280,713</u>
NET FINANCIAL ASSETS	<u>(66,894)</u>	<u>29,005</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	2,226,775	2,313,083
Inventory held for resale	8,550	8,550
	<u>2,235,325</u>	<u>2,321,633</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>2,168,431</u>	<u>2,350,638</u>

Commitments and contingencies - See Note 11 and 13

VILLAGE OF DONALDA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited)	2024	2023
REVENUE			
Net municipal property taxes (Schedule 3)	248,535	220,299	210,015
User fees and sales of goods	190,930	179,461	220,300
Penalties and costs on taxes	15,200	9,736	15,399
Licenses and permits	1,875	1,193	2,142
Fines	-	-	210
Franchise and concession contracts	54,450	65,689	54,453
Investment income	5,000	21,458	41,302
Rentals	14,100	10,200	14,098
Government transfers for operating	81,294	80,680	133,695
Other	1,000	5,593	5,600
Gain on disposal of assets	-	-	23,835
	612,384	594,309	721,049
EXPENSES			
Legislative	15,100	8,511	15,008
Administration	307,500	347,208	240,501
Protective services	48,150	46,483	46,449
Transportation	86,150	86,775	86,480
Water supply and distribution	86,250	74,171	150,980
Wastewater treatment and disposal	2,750	4,040	5,477
Waste management	38,450	37,118	37,467
Public health and welfare	27,950	16,232	66,267
Planning and development	-	15,902	33,920
Recreation	10,700	16,326	14,679
Culture	22,550	20,670	24,504
Amortization	101,000	101,131	100,633
Accretion of asset retirement obligations	-	1,949	118,673
	746,550	776,516	941,038
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(134,166)	(182,207)	(219,989)
OTHER			
Government transfers for capital (Schedule 4)	-	-	303,721
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(134,166)	(182,207)	83,732
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,350,638	2,350,638	2,266,906
ACCUMULATED SURPLUS, END OF YEAR	2,216,472	2,168,431	2,350,638

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CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited)	2024	2023
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(134,166)	(182,207)	83,732
Acquisition of tangible capital assets	-	(14,823)	(295,090)
Proceeds on disposal of tangible capital assets	-	-	23,835
Amortization of tangible capital assets	101,000	101,131	100,633
Loss (gain) on sale of tangible capital assets	-	-	(23,835)
	101,000	86,308	(194,457)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(33,166)	(95,899)	(110,725)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	29,005	29,005	139,730
NET FINANCIAL ASSETS, END OF YEAR	(4,161)	(66,894)	29,005

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	(182,207)	83,732
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	101,131	100,633
Loss on disposal of tangible capital assets	-	(23,835)
Accretion of asset retirement obligations	1,949	118,673
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(29,633)	5,531
Decrease (increase) in due from other governments	(253,318)	103,060
Decrease (increase) in trade and other receivables	(14,996)	5,600
Decrease (increase) in other financial assets	(191)	-
Increase (decrease) in accounts payable and accrued liabilities	30,457	39,187
Increase (decrease) in deferred revenue	291,937	175,666
	(54,871)	608,247
CAPITAL		
Acquisition of tangible capital assets	(14,823)	(295,090)
Sale of tangible capital assets	-	23,835
	(14,823)	(271,255)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(21,322)	(281,729)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(91,016)	55,263
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	233,096	177,833
CASH AND CASH EQUIVALENTS, END OF YEAR	142,080	233,096
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and temporary investments (Note 2)	890,768	960,462
Less: restricted portion of cash and temporary investments (Note 2)	(748,688)	(727,366)
	142,080	233,096

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF YEAR	234,528	18,000	2,098,110	2,350,638	2,266,906
Excess (deficiency) of revenues over expenses	(182,207)	-	-	(182,207)	83,732
Current year funds used for tangible capital assets	(14,823)	-	14,823	-	-
Annual amortization expense	101,131	-	(101,131)	-	-
Accretion of asset retirement obligations	1,949	-	(1,949)	-	-
Change in accumulated surplus	(93,950)	-	(88,257)	(182,207)	83,732
BALANCE, END OF YEAR	140,578	18,000	2,009,853	2,168,431	2,350,638

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 2)

	LAND	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2024	2023
COST:							
Balance - beginning of year	15,928	497,188	4,002,641	205,341	50,268	4,771,366	4,538,907
Acquisition of tangible capital assets	-	-	14,823	-	-	14,823	295,090
Disposal of tangible capital assets	-	-	-	-	-	-	(62,631)
Balance - end of year	15,928	497,188	4,017,464	205,341	50,268	4,786,189	4,771,366
ACCUMULATED AMORTIZATION							
Balance - beginning of year	-	248,424	2,079,920	85,871	44,068	2,458,283	2,420,281
Annual amortization	-	16,691	66,071	15,269	3,100	101,131	100,633
Accumulated amortization on disposals	-	-	-	-	-	-	(62,631)
Balance - end of year	-	265,115	2,145,991	101,140	47,168	2,559,414	2,458,283
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,928	232,073	1,871,473	104,201	3,100	2,226,775	2,313,083
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,928	248,764	1,922,721	119,470	6,200	2,313,083	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 3)

	Budget (Unaudited)	2024	2023
TAXATION			
Real property taxes	275,602	247,366	236,682
Linear property taxes	15,266	15,266	15,398
Government grants in place of property taxes	1,663	1,663	1,544
	<u>292,531</u>	<u>264,295</u>	<u>253,624</u>
REQUISITIONS			
Alberta School Foundation	37,588	37,588	37,164
County of Stettler Housing Authority	6,408	6,408	6,445
	<u>43,996</u>	<u>43,996</u>	<u>43,609</u>
NET MUNICIPAL TAXES	<u>248,535</u>	<u>220,299</u>	<u>210,015</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 4)

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Federal Government	-	-	2,400
Provincial Government	80,594	80,680	130,594
Local Governments	700	-	701
	81,294	80,680	133,695
TRANSFERS FOR CAPITAL			
Federal Government	-	-	60,396
Provincial Government	-	-	243,325
	-	-	303,721
TOTAL GOVERNMENT TRANSFERS	81,294	80,680	437,416

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 5)

	Budget (Unaudited)	2024	2023
Expenditures			
Salaries, wages and benefits	279,500	303,770	195,445
Contracted and general services	169,950	180,698	319,609
Materials, goods and utilities	110,400	105,145	118,387
Provision for allowances	4,000	-	4,404
Transfers to other governments	42,950	44,963	45,219
Transfers to local boards and agencies	35,000	35,633	34,885
Bank charges and short term interest	2,500	3,118	2,499
Other expenditures	1,250	109	1,284
Amortization of tangible capital assets	101,000	101,131	100,633
Accretion of asset retirement obligations	-	1,949	118,673
	<u>746,550</u>	<u>776,516</u>	<u>941,038</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	220,299	-	-	-	-	-	-	220,299
User fees and sales of goods	-	28,148	-	150,563	750	-	-	179,461
Penalties and costs on taxes	9,059	-	-	677	-	-	-	9,736
Licenses and permits	524	669	-	-	-	-	-	1,193
Franchise and concession contracts	65,689	-	-	-	-	-	-	65,689
Investment income	21,458	-	-	-	-	-	-	21,458
Rentals	740	-	-	-	-	1,515	7,945	10,200
Government transfers	72,712	-	-	-	7,968	-	-	80,680
Other	5,593	-	-	-	-	-	-	5,593
	<u>396,074</u>	<u>28,817</u>	<u>-</u>	<u>151,240</u>	<u>8,718</u>	<u>1,515</u>	<u>7,945</u>	<u>594,309</u>
EXPENSES								
Salaries, wages and benefits	246,651	-	34,805	7,916	1,804	-	12,594	303,770
Contracted and general services	95,390	5,475	11,422	35,221	14,428	15,902	2,860	180,698
Materials, goods and utilities	10,534	-	40,465	48,859	-	-	5,287	105,145
Transfers to other governments	-	41,008	-	-	-	-	3,955	44,963
Transfers to local boards and agencies	-	-	-	23,333	-	-	12,300	35,633
Bank charges and short term interest	3,118	-	-	-	-	-	-	3,118
Other expenditures	26	-	83	-	-	-	-	109
	<u>355,719</u>	<u>46,483</u>	<u>86,775</u>	<u>115,329</u>	<u>16,232</u>	<u>15,902</u>	<u>36,996</u>	<u>673,436</u>
NET REVENUE, BEFORE AMORTIZATION	<u>40,355</u>	<u>(17,666)</u>	<u>(86,775)</u>	<u>35,911</u>	<u>(7,514)</u>	<u>(14,387)</u>	<u>(29,051)</u>	<u>(79,127)</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	14,833	-	44,438	41,053	-	-	807	101,131
Accretion of asset retirement obligation	448	-	318	-	-	-	732	1,498
	<u>15,281</u>	<u>-</u>	<u>44,756</u>	<u>41,053</u>	<u>-</u>	<u>-</u>	<u>1,539</u>	<u>102,629</u>
NET REVENUE	<u><u>25,074</u></u>	<u><u>(17,666)</u></u>	<u><u>(131,531)</u></u>	<u><u>(5,142)</u></u>	<u><u>(7,514)</u></u>	<u><u>(14,387)</u></u>	<u><u>(30,590)</u></u>	<u><u>(181,756)</u></u>

VILLAGE OF DONALDA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

	2024	2023
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)		
Canada Community Building Fund	30,896	29,473
Municipal Sustainability Initiative - capital	414,132	391,373
Alberta Water Wastewater Program	303,660	306,520
Total restricted cash and term deposits	748,688	727,366

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2024	2023
Current taxes and grants in place of taxes	66,154	40,614
Arrears taxes	13,939	9,846
	80,093	50,460

4. ASSET RETIREMENT OBLIGATION

The village owns various buildings that may contain asbestoes and, therefore, the village is leagally required to perform abatement activities upon removal or demolition of these buildings. Future abatement and demolition costs of the town buildings in 2073 is 284,836 and the village's standpipe in 2024 in the amount of 150,000. the current estimated liability is based on a discount of 5% and annual inflation of 2%. The village has not designated assets for settling the liabilities.

	2024	2023
Balance, beginning of year	214,973	96,300
Accretion expense	1,949	118,673
Balance, end of year	216,922	214,973

VILLAGE OF DONALDA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

5. DEFERRED INCOME

Deferred income consists of the following:

	<u>2024</u>	<u>2023</u>
Canada Community Building Fund	294,062	229,473
Municipal Sustainability Initiative - capital	476,736	453,977
Local Government Fiscal Framework	204,626	-
Alberta Water Wastewater Program	303,660	306,520
Prepaid property taxes	6,092	3,269
	<u>1,285,176</u>	<u>993,239</u>

6. 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>2024</u>	<u>2023</u>
Total debt limit	891,464	1,081,574
Total debt	-	-
Surplus debt limit	<u>891,464</u>	<u>1,081,574</u>
Debt servicing limit	148,577	180,262
Debt servicing	-	-
Surplus debt servicing	<u>148,577</u>	<u>180,262</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, 2024

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule 2)	4,786,189	4,771,366
Accumulated amortization (Schedule 2)	(2,559,414)	(2,458,283)
Asset retirement obligation	(216,922)	(214,973)
	2,009,853	2,098,110

8. ACCUMULATED SURPLUS

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

	2024	2023
Unrestricted surplus	140,578	234,528
Restricted surplus		
Fire department	13,000	13,000
Roads and streets	5,000	5,000
	18,000	18,000
Equity in tangible capital assets	2,009,853	2,098,110
	2,168,431	2,350,638

9. 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, 2024

10. 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:

	2024			2023
	Salary	Benefits & Allowances	Total	Total
Booker	1,020	-	1,020	4,440
Briscoe	1,940	-	1,940	-
Fox	1,700	-	1,700	-
Knudtson	1,400	-	1,400	-
Nelson	1,040	-	1,040	4,560
Williams	160	-	160	3,720
CAO - Vallet	86,146	803	86,949	85,294
CAO - Bridges	59,006	4,813	63,819	-
CAO - Veale	42,619	3,422	46,041	-
Designated Officer (4)	11,982	-	11,982	11,243

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.

11. 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, 2024

12. 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.

13. 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.

14. COMPARITIVE FIGURES

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

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.