

VILLAGE OF ANDREW
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Andrew 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 judgements. 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 by meeting 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 Village Council with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by JMD Group LLP, Chartered Professional Accountants, 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
Andrew, Alberta
January 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of Village of Andrew (the municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net financial assets and cash flows and schedules 1 to 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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 consolidated financial statements, management is responsible for assessing the municipality'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 liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 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 municipality'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 municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 our auditor's report. However, future events or conditions may cause the municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

St Paul, Alberta
January 31, 2024



Chartered Professional Accountants

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Financial assets | | |
| Cash (Note 2) | \$ 1,174,325 | \$ 1,278,159 |
| Taxes receivable (Note 3) | 162,209 | 160,517 |
| Receivable from other governments | 196,381 | 218,606 |
| Trade and other receivables | 84,449 | 83,679 |
| Land held for resale | 11,245 | 11,245 |
| Long term investments (Note 4) | 28,206 | 27,169 |
| | <u>1,656,815</u> | <u>1,779,375</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 5) | 89,770 | 91,536 |
| Deposits received | 675 | 650 |
| Deferred revenue (Note 6) | 405,250 | 409,260 |
| | <u>495,695</u> | <u>501,446</u> |
| Net financial assets | <u>1,161,120</u> | <u>1,277,929</u> |
| Non-financial assets | | |
| Tangible capital assets (Schedule 2) | 5,648,050 | 5,580,357 |
| Inventory | 3,000 | 3,000 |
| Prepaid expenses | 6,524 | 2,173 |
| | <u>5,657,574</u> | <u>5,585,530</u> |
| Accumulated surplus (Schedule 1, Note 7) | <u>\$ 6,818,694</u> | <u>\$ 6,863,459</u> |

APPROVED BY:



Mayor

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budget (Unaudited) | 2022 | 2021 |
|---|-----------------------|---------------------|---------------------|
| Revenues | | | |
| Net municipal taxes (<i>Schedule 3</i>) | \$ 484,000 | \$ 482,477 | \$ 459,381 |
| Sales and user fees | 390,592 | 375,441 | 360,179 |
| Government transfers for operating (<i>Schedule 4</i>) | 162,200 | 72,935 | 72,603 |
| Investment income | 2,300 | 21,052 | 4,272 |
| Penalties and costs of taxes | 25,000 | 30,934 | 29,618 |
| Licenses and permits | 2,500 | 2,818 | 3,038 |
| Fines issued | 1,300 | 2,299 | 1,363 |
| Franchise and concession contracts | 53,000 | 76,577 | 58,259 |
| Rentals and leases | 1,910 | 25,226 | 12,014 |
| | <u>1,122,802</u> | <u>1,089,759</u> | <u>1,000,727</u> |
| Expenses | | | |
| Council | 71,830 | 51,809 | 32,804 |
| Administration | 420,910 | 456,074 | 358,764 |
| Protective services | 84,281 | 26,713 | 53,976 |
| Roads, streets, walks, lighting | 309,003 | 388,847 | 325,901 |
| Water and wastewater | 145,137 | 214,858 | 238,224 |
| Waste management | 43,447 | 52,179 | 50,134 |
| Family and community support services | 3,500 | 3,549 | 3,549 |
| Planning and development | 5,502 | 6,134 | 10,196 |
| Recreation and culture | 48,785 | 75,932 | 61,068 |
| | <u>1,132,395</u> | <u>1,276,095</u> | <u>1,134,616</u> |
| Excess (deficiency) of revenues over expenses before other | (9,593) | (186,336) | (133,889) |
| Other | | | |
| Government transfers for capital (<i>Schedule 4</i>) | 297,254 | 141,571 | 250,713 |
| Excess of revenues over expenses | 287,661 | (44,765) | 116,824 |
| Accumulated surplus, beginning of year | <u>6,863,459</u> | <u>6,863,459</u> | <u>6,746,635</u> |
| Accumulated surplus, end of year | <u>\$ 7,151,120</u> | <u>\$ 6,818,694</u> | <u>\$ 6,863,459</u> |

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2022

| | Budget (Unaudited) | 2022 | 2021 |
|--|-----------------------|--------------|--------------|
| Excess of revenues over expenses | \$ 287,661 | \$ (44,765) | \$ 116,824 |
| Purchase of tangible capital assets | (340,000) | (287,017) | (273,879) |
| Amortization of tangible capital assets | - | 219,324 | 216,605 |
| | (340,000) | (67,693) | (57,274) |
| Decrease (increase) in prepaid expenses | - | (4,351) | 1,800 |
| | (340,000) | (72,044) | (55,474) |
| Increase (decrease) in net financial assets | (52,339) | (116,809) | 61,350 |
| Net financial assets, beginning of year | 1,277,929 | 1,277,929 | 1,216,579 |
| Net financial assets, end of year | \$ 1,225,590 | \$ 1,161,120 | \$ 1,277,929 |

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

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Net inflow (outflow) of cash related to the following activities: | | |
| Operating | | |
| Excess of revenues over expenses | \$ (44,765) | \$ 116,824 |
| Item not affecting cash: | | |
| Amortization of tangible capital assets | 219,324 | 216,605 |
| | <u>174,559</u> | <u>333,429</u> |
| Non-cash charges to operations (net change): | | |
| Taxes receivable | (1,692) | (55,778) |
| Receivable from other governments | 22,225 | 233,178 |
| Trade and other receivables | (770) | (555) |
| Prepaid expenses | (4,351) | 1,799 |
| Accounts payable and accrued liabilities | (1,766) | 23,909 |
| Deferred revenue | (4,010) | 77,335 |
| Deposits received | 25 | - |
| | <u>9,661</u> | <u>279,888</u> |
| Net cash from operations | <u>184,220</u> | <u>613,317</u> |
| Investing | | |
| Decrease (increase) in restricted cash | 137,286 | (288,737) |
| Long term investments | (1,037) | (928) |
| | <u>136,249</u> | <u>(289,665)</u> |
| Capital | | |
| Purchase of tangible capital assets | <u>(287,017)</u> | <u>(273,879)</u> |
| Change in cash during the year | 33,452 | 49,773 |
| Cash, beginning of year | 919,422 | 869,649 |
| Cash, end of year | \$ 952,874 | \$ 919,422 |
| Cash is made up of: | | |
| Cash | \$ 1,174,325 | \$ 1,278,159 |
| Less restricted cash | <u>(221,451)</u> | <u>(358,737)</u> |
| | <u>\$ 952,874</u> | <u>\$ 919,422</u> |

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

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2022 | 2021 |
|--|-------------------------|-----------------------|---|---------------------|---------------------|
| Balance, beginning of year | \$ 408,542 | \$ 874,560 | \$ 5,580,357 | \$ 6,863,459 | \$ 6,746,635 |
| Excess of revenue over expenses | (44,765) | - | - | (44,765) | 116,824 |
| Funds used for tangible capital assets | (287,017) | - | 287,017 | - | - |
| Annual amortization expense | 219,324 | - | (219,324) | - | - |
| Funds designated for future use | (20,418) | 20,418 | - | - | - |
| Change in accumulated surplus | <u>(132,876)</u> | <u>20,418</u> | <u>67,693</u> | <u>(44,765)</u> | <u>116,824</u> |
| Balance, end of year | <u>\$ 275,666</u> | <u>\$ 894,978</u> | <u>\$ 5,648,050</u> | <u>\$ 6,818,694</u> | <u>\$ 6,863,459</u> |

VILLAGE OF ANDREW
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery & Equipment | Vehicles | 2022 | 2021 |
|--|-------------------|-------------------|-------------------|-----------------------|-----------------------|------------------|---------------------|---------------------|
| Cost | | | | | | | | |
| Balance, beginning of year | \$ 115,417 | \$ 35,659 | \$ 1,829,593 | \$ 7,288,042 | \$ 292,032 | \$ 244,337 | \$ 9,805,080 | \$ 9,531,201 |
| Acquisition of tangible capital assets | - | 60,150 | - | 104,000 | 122,867 | - | 287,017 | 273,879 |
| Balance, end of year | 115,417 | 95,809 | 1,829,593 | 7,392,042 | 414,899 | 244,337 | 10,092,097 | 9,805,080 |
| Accumulated amortization | | | | | | | | |
| Balance, beginning of year | - | 25,627 | 941,784 | 2,954,209 | 152,186 | 150,917 | 4,224,723 | 4,008,118 |
| Annual amortization | - | 1,114 | 37,340 | 153,865 | 15,093 | 11,912 | 219,324 | 216,605 |
| Balance, end of year | - | 26,741 | 979,124 | 3,108,074 | 167,279 | 162,829 | 4,444,047 | 4,224,723 |
| Net book value of tangible capital assets | \$ 115,417 | \$ 69,068 | \$ 850,469 | \$ 4,283,968 | \$ 247,620 | \$ 81,508 | \$ 5,648,050 | \$ 5,580,357 |
| 2021 Net book value of tangible capital assets | \$ 115,417 | \$ 10,032 | \$ 887,809 | \$ 4,333,833 | \$ 139,846 | \$ 93,420 | \$ 5,580,357 | |

VILLAGE OF ANDREW
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budget (Unaudited) | 2022 | 2021 |
|---|-----------------------|-------------------|-------------------|
| Taxation | | | |
| Residential taxes | \$ 477,000 | \$ 485,948 | \$ 469,051 |
| Non-residential taxes | 92,201 | 83,797 | 84,631 |
| Linear property taxes | 17,500 | 17,772 | 16,755 |
| Grants in place of taxes | 6,700 | 6,755 | 5,491 |
| | <u>593,401</u> | <u>594,272</u> | <u>575,928</u> |
| Requisitions | | | |
| Alberta School Foundation | 95,400 | 97,695 | 95,400 |
| Lamont Housing Foundation | 14,001 | 14,100 | 12,847 |
| Over (under) levy adjustment | - | - | 8,300 |
| | <u>109,401</u> | <u>111,795</u> | <u>116,547</u> |
| Net taxes for general municipal operations | <u>\$ 484,000</u> | <u>\$ 482,477</u> | <u>\$ 459,381</u> |

SCHEDULE 4 - GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budget (Unaudited) | 2022 | 2021 |
|-----------------------------------|-----------------------|-------------------|-------------------|
| Transfers for operations | | | |
| Federal government | \$ - | \$ 7,260 | \$ - |
| Provincial government | 133,700 | 37,022 | 43,950 |
| Local governments | 28,500 | 28,653 | 28,653 |
| | <u>162,200</u> | <u>72,935</u> | <u>72,603</u> |
| Transfers for capital | | | |
| Provincial government | 297,254 | 141,571 | 250,713 |
| Total government transfers | <u>\$ 459,454</u> | <u>\$ 214,506</u> | <u>\$ 323,316</u> |

VILLAGE OF ANDREW
SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budget (Unaudited) | 2022 | 2021 |
|---|-----------------------|---------------------|---------------------|
| Expenses | | | |
| Salaries, wages and benefits | \$ 430,030 | \$ 436,037 | \$ 324,509 |
| Contracted and general services | 358,645 | 297,194 | 277,309 |
| Purchases from other governments | 97,577 | 102,124 | 92,148 |
| Materials, goods, supplies and utilities | 200,746 | 189,788 | 163,180 |
| Transfers to local boards and organizations | 8,000 | 1,982 | 24,890 |
| Bank charges and short-term interest | 250 | 2,150 | 1,169 |
| Shared cost agreement/government transfers | 28,447 | 27,496 | 28,787 |
| Amortization | 8,700 | 219,324 | 216,605 |
| Provision for allowance, bad debts | - | - | 6,019 |
| Total expenses | \$ 1,132,395 | \$ 1,276,095 | \$ 1,134,616 |

VILLAGE OF ANDREW
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2022

| | General Government | Protective Services | Transportation Services | Environmental Services | FCSS and Planning and Development | Recreation and Culture | 2022 |
|--|--------------------|---------------------|-------------------------|------------------------|-----------------------------------|------------------------|--------------------|
| Revenues | | | | | | | |
| Net municipal taxes | \$ 482,477 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 482,477 |
| Sales and user fees | 8,663 | - | - | 354,126 | - | 12,652 | 375,441 |
| Government transfers for operating | 37,022 | - | 7,260 | - | - | 28,653 | 72,935 |
| Investment income | 21,052 | - | - | - | - | - | 21,052 |
| Other operating revenues | 113,617 | 1,220 | - | - | 898 | 22,119 | 137,854 |
| Government transfers for capital | - | - | - | 104,000 | - | 37,571 | 141,571 |
| | 662,831 | 1,220 | 7,260 | 458,126 | 898 | 100,995 | 1,231,330 |
| Expenses | | | | | | | |
| Salaries, wages and benefits | 226,878 | - | 182,445 | - | - | 26,714 | 436,037 |
| Contracted and general services | 226,919 | 14,345 | 28,404 | 35,814 | 5,300 | 3,088 | 313,870 |
| Materials, goods, supplies and utilities | 46,418 | 8,596 | 86,469 | 111,731 | 834 | 21,188 | 275,236 |
| Transfers to others | - | - | - | 23,947 | 3,549 | 1,982 | 29,478 |
| Other expenses | 2,150 | - | - | - | - | - | 2,150 |
| | 502,365 | 22,941 | 297,318 | 171,492 | 9,683 | 52,972 | 1,056,771 |
| Net revenue before amortization | 160,466 | (21,721) | (290,058) | 286,634 | (8,785) | 48,023 | 174,559 |
| Amortization expense | (5,517) | (3,773) | (91,529) | (95,545) | - | (22,960) | (219,324) |
| Net revenues | \$ 154,949 | \$ (25,494) | \$ (381,587) | \$ 191,089 | \$ (8,785) | \$ 25,063 | \$ (44,765) |

VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Significant Accounting Policies

The consolidated financial statements are the representations of management prepared in accordance with Canadian 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:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 and are, therefore, accountable to the village council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education 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.

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.

Measurement Uncertainty

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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Such estimates include allowance for uncollectable receivables and providing for amortization of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

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VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Significant Accounting Policies *(continued)*

Cash

Cash is defined as petty cash and cash in bank accounts adjusted for outstanding cheques and deposits.

Investments

Investments are recorded at amortized cost.

Inventory of 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 leveling 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 their respective function.

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.

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.

Government Transfers

Government transfers are the transfer of assets from senior levels of government and other local governments 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.

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.

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VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Significant Accounting Policies (continued)

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.

1. 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 20-75 |
| Engineered structures | |
| Roadway system | 20 |
| Water system | 45-75 |
| Wastewater system | 45-75 |
| Machinery and equipment | 10-30 |
| Vehicles | 10-25 |
| Land improvements | 25 |

No amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

2. 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

2. Cash

| | <u>2022</u> | <u>2021</u> |
|------------------|--------------|--------------|
| Petty cash | \$ 340 | \$ 340 |
| Current account | 1,075,296 | 708,977 |
| Savings accounts | 98,689 | 568,842 |
| | \$ 1,174,325 | \$ 1,278,159 |

Council has designated \$894,978 (2021 – \$874,560) to fund the reserves.

Included in cash is a restricted amount of \$221,451 (2021 – \$358,737) comprised of deferred revenue received and not expended (see note 6).

VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. Taxes and Grants in Place Receivable

| | 2022 | 2021 |
|-----------|------------|------------|
| Current | \$ 115,112 | \$ 98,425 |
| Arrears | 142,388 | 157,383 |
| Allowance | (95,291) | (95,291) |
| | \$ 162,209 | \$ 160,517 |

4. Long-Term Investments

| | 2022 | 2021 |
|------------------------------|-----------|-----------|
| Equity in Beaver Creek Co-op | \$ 1,200 | \$ 1,200 |
| Equity in Credit Union | 27,006 | 25,969 |
| | \$ 28,206 | \$ 27,169 |

5. Employee Benefit Obligation

Included in wages and benefits payable is a vacation liability of \$NIL (2021 - \$14,128). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

6. Deferred Revenue

| | 2022 | 2021 |
|----------------------------|------------|------------|
| Federal Gas Tax Fund | \$ 405,250 | \$ 350,000 |
| MSI Capital | - | 50,523 |
| Municipal Stimulus Program | - | 8,737 |
| | \$ 405,250 | \$ 409,260 |

In the current year, funding in the amount of \$224,423 was received and an additional \$82,311 was allocated from various federal and provincial government programs and local governments. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Unexpended funds of \$221,451 are supported by cash in the bank account, the remaining deferred revenue has not been received and is supported by receivables from other governments.

VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

7. Accumulated Surplus

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

| | 2022 | 2021 |
|-----------------------------------|---------------------|---------------------|
| Unrestricted surplus | \$ 275,666 | \$ 408,542 |
| Restricted surplus | | |
| General operations | 163,971 | 163,971 |
| Centennial | 26,648 | 26,648 |
| Rainbow Club | 1,637 | 1,637 |
| General capital | 313,769 | 293,351 |
| Roads | 26,953 | 26,953 |
| Contingency | 362,000 | 362,000 |
| | 894,978 | 874,560 |
| Equity in tangible capital assets | 5,648,050 | 5,580,357 |
| | \$ 6,818,694 | \$ 6,863,459 |

Sewer reserve funds of \$88,452 are included in the general capital reserve.

8. Debt Limits

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

| | 2022 | 2021 |
|------------------------------|---------------------|---------------------|
| Total debt limit | \$ 1,634,640 | \$ 1,501,090 |
| Total debt | - | - |
| Debt limit remaining | \$ 1,634,640 | \$ 1,501,090 |
| Debt servicing limit | \$ 272,440 | \$ 250,182 |
| Debt servicing | - | - |
| Debt service limit remaining | \$ 272,440 | \$ 250,182 |

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.

VILLAGE OF ANDREW
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9. Local Authorities Pension Plan

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 282,000 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The village is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.8% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.8% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP in 2022 were \$13,250 (2021 - \$16,690). Total current service contributions by the employees of the village to the LAPP in 2022 were \$11,870 (2021 - \$14,936).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion

10. Segmented Disclosure

The Village of Andrew 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 consolidated financial statements as disclosed in note 1.

Refer to Schedule 6 – Segmented Disclosure.

11. Other Credit Facilities

The village has a prime plus 1% authorized revolving line of credit of \$200,000 with the Alberta Treasury Branch. No balance was outstanding as at December 31, 2022.

The village also has an Alberta Treasury Branch MasterCard with a limit of \$10,000. Interest is calculated on principal owing beyond one month at the rate of 19.9%.

These credit facilities are issued on the credit and security of the village at large.

12. Financial Instruments

The village's financial instruments consist of cash and temporary investments, receivables, long-term investments and accounts payable and accrued liabilities. 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 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 village has recorded a total allowance of \$105,281 (2021 - \$105,281) against the receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

The village is subject to interest rate risk with respect to its operating line-of credit. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.

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

VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and designated officers as required by Alberta Regulation 313/2000 is as follows:

| | Salary (1) | Benefits & Allow (2) | 2022 | 2021 |
|-------------------------------|-------------------|-------------------------|-------------------|-------------------|
| Council | | | | |
| Goertz | \$ 5,865 | \$ 698 | \$ 6,563 | \$ 1,267 |
| Haight | 7,595 | 1,238 | 8,833 | 1,969 |
| Dubitz | 6,655 | 333 | 6,988 | 1,781 |
| Pickett | 7,160 | 1,016 | 8,176 | 1,456 |
| Hamed | 2,250 | 105 | 2,355 | 4,060 |
| Genung | 2,960 | 796 | 3,756 | - |
| Lupul | - | - | - | 3,648 |
| Fedun | - | - | - | 3,325 |
| Leppek | - | - | - | 4,604 |
| Hamaliuk | - | - | - | 3,467 |
| | <u>32,485</u> | <u>4,186</u> | <u>36,671</u> | <u>25,577</u> |
| Others | | | | |
| CAO - Upham | 37,200 | 1,804 | 39,004 | - |
| CAO - Lupul | 46,789 | 5,431 | 52,220 | - |
| CAO - Kozakiewicz | 16,026 | 3,698 | 19,724 | - |
| CAO - Skoreyko | - | - | - | 82,976 |
| Designated officer - assessor | 7,845 | - | 7,845 | 7,750 |
| Designated officer - bylaw | - | - | - | 13,117 |
| | <u>107,860</u> | <u>10,933</u> | <u>118,793</u> | <u>103,843</u> |
| | <u>\$ 140,345</u> | <u>\$ 15,119</u> | <u>\$ 155,464</u> | <u>\$ 129,420</u> |

- (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 and group benefit plans. Benefits and allowances also include travel reimbursements.

14. Contaminated Sites Liability

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2022 (2021 – nil) as a result of this standard.

15. Approval of Financial Statements

Council has approved these financial statements.

16. Budget Amounts

Budget amounts are included for information purposes only and are not audited. Amortization expense is not budgeted.

VILLAGE OF ANDREW
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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17. Recent Accounting Pronouncements Published But Not Yet Adopted

Conceptual Framework for Financial Reporting in the Public Sector

This standard describes the concepts underlying the development and use of accounting principles in government financial statements. It also identifies the objectives of government financial statements that are generally acceptable to the users and preparers of the statements. It applies to years beginning on or after April 1, 2026.

PSAS Section 3160, Public Private Partnerships

This standard establishes standards on how to account for public private partnership arrangements. It applies in years beginning on or after April 1, 2023.

PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2023.