

**VILLAGE OF ANDREW
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**



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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, 2023 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.

A handwritten signature in black ink that reads 'Karl Rude'.

Chief Administrative Officer
Andrew, Alberta
November 28, 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, 2023, 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, 2023, 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

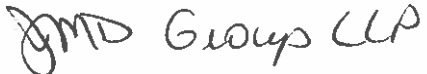
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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
November 28, 2024


Chartered Professional Accountants

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
Financial assets		
Cash (Note 2)	\$ 1,170,114	\$ 1,174,325
Taxes receivable (Note 3)	107,663	162,209
Receivable from other governments	236,080	196,381
Trade and other receivables	59,166	84,449
Land held for resale	11,245	11,245
Long term investments (Note 4)	29,686	28,207
	<u>1,613,954</u>	<u>1,656,816</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	152,368	89,771
Deposits received	1,850	675
Deferred revenue (Note 6)	425,686	405,250
	<u>579,904</u>	<u>495,696</u>
Net financial assets	<u>1,034,050</u>	<u>1,161,120</u>
Non-financial assets		
Tangible capital assets (Schedule 2)	5,606,720	5,648,050
Inventory	3,000	3,000
Prepaid expenses	8,676	6,524
	<u>5,618,396</u>	<u>5,657,574</u>
Accumulated surplus (Schedule 1, Note 7)	<u>\$ 6,652,446</u>	<u>\$ 6,818,694</u>

APPROVED BY:



Mayor

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
Revenues			
Net municipal taxes <i>(Schedule 3)</i>	\$ 469,540	\$ 486,835	\$ 482,477
Sales and user fees	557,028	390,278	375,441
Government transfers for operating <i>(Schedule 4)</i>	36,400	103,843	72,935
Investment income	9,000	44,953	21,052
Penalties and costs of taxes	24,000	29,177	30,934
Licenses and permits	3,225	1,500	2,818
Fines issued	1,000	442	2,299
Franchise and concession contracts	96,000	65,567	76,577
Rentals and leases	26,750	10,688	25,226
Other	6,000	-	-
	<u>1,228,943</u>	<u>1,133,283</u>	<u>1,089,759</u>
Expenses			
Council	49,781	32,407	51,809
Administration	499,488	470,239	456,074
Protective services	138,482	37,896	26,713
Roads, streets, walks, lighting	342,373	444,094	388,847
Water and wastewater	241,100	270,527	214,858
Waste management	62,282	55,745	52,179
Family and community support services	3,600	3,669	3,549
Planning and development	11,500	5,053	6,134
Recreation and culture	88,194	105,276	75,932
	<u>1,436,800</u>	<u>1,424,906</u>	<u>1,276,095</u>
Excess (deficiency) of revenues over expenses before other	(207,857)	(291,623)	(186,336)
Other			
Government transfers for capital <i>(Schedule 4)</i>	-	125,375	141,571
Excess (deficiency) of revenues over expenses	(207,857)	(166,248)	(44,765)
Accumulated surplus, beginning of year	6,818,694	6,818,694	6,863,459
Accumulated surplus, end of year	<u>\$ 6,610,837</u>	<u>\$ 6,652,446</u>	<u>\$ 6,818,694</u>

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
Excess (deficiency) of revenues over expenses	\$ (207,857)	\$ (166,248)	\$ (44,765)
Purchase of tangible capital assets	(222,500)	(195,425)	(287,017)
Amortization of tangible capital assets	-	230,755	219,324
Proceeds on disposal of tangible capital assets	-	6,000	-
	(222,500)	41,330	(67,693)
Decrease (increase) in prepaid expenses	-	(2,152)	(4,351)
	(222,500)	39,178	(72,044)
Increase (decrease) in net financial assets	(430,357)	(127,070)	(116,809)
Net financial assets, beginning of year	1,161,120	1,161,120	1,277,929
Net financial assets, end of year	\$ 730,763	\$ 1,034,050	\$ 1,161,120

VILLAGE OF ANDREW
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (deficiency) of revenues over expenses	\$ (166,248)	\$ (44,765)
Item not affecting cash:		
Amortization of tangible capital assets	230,755	219,324
	<u>64,507</u>	<u>174,559</u>
Non-cash charges to operations (net change):		
Taxes receivable	54,546	(1,692)
Receivable from other governments	(39,699)	22,225
Trade and other receivables	25,283	(770)
Prepaid expenses	(2,152)	(4,351)
Accounts payable and accrued liabilities	62,598	(1,766)
Deferred revenue	20,436	(4,010)
Deposits received	1,175	25
	<u>122,187</u>	<u>9,661</u>
Net cash from operations	<u>186,694</u>	<u>184,220</u>
Investing		
Decrease (increase) in restricted cash	10,387	137,286
Long term investments	(1,480)	(1,037)
	<u>8,907</u>	<u>136,249</u>
Capital		
Purchase of tangible capital assets	(195,425)	(287,017)
Proceeds on disposal of tangible capital assets	6,000	-
	<u>(189,425)</u>	<u>(287,017)</u>
Change in cash during the year	6,176	33,452
Cash, beginning of year	952,874	919,422
Cash, end of year	\$ 959,050	\$ 952,874
Cash is made up of:		
Cash	\$ 1,170,114	\$ 1,174,325
Less restricted cash	(211,064)	(221,451)
	<u>\$ 959,050</u>	<u>\$ 952,874</u>

VILLAGE OF ANDREW
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
Balance, beginning of year	\$ 275,666	\$ 894,978	\$ 5,648,050	\$ 6,818,694	\$ 6,863,460
Excess (deficiency) of revenue over expenses	(166,248)	-	-	(166,248)	116,824
Funds used for tangible capital assets	(195,425)	-	195,425	-	-
Annual amortization expense	230,755	-	(230,755)	-	-
Net book value of assets disposed of	6,000	-	(6,000)	-	-
Funds designated for future use	(13,812)	13,812	-	-	-
Change in accumulated surplus	(138,730)	13,812	(41,330)	(166,248)	116,824
Balance, end of year	\$ 136,936	\$ 908,790	\$ 5,606,720	\$ 6,652,446	\$ 6,980,284

VILLAGE OF ANDREW
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022
Cost								
Balance, beginning of year	\$ 115,417	\$ 95,809	\$ 1,829,593	\$ 7,392,042	\$ 414,899	\$ 244,337	\$ 10,092,097	\$ 9,805,080
Acquisition of tangible capital assets	-	-	-	148,725	46,700	-	195,425	287,017
Disposal of tangible capital assets	-	-	-	-	(18,950)	-	(18,950)	-
Balance, end of year	115,417	95,809	1,829,593	7,540,767	442,649	244,337	10,268,572	10,092,097
Accumulated amortization								
Balance, beginning of year	-	26,741	979,124	3,108,074	167,279	162,829	4,444,047	4,224,723
Annual amortization	-	4,122	37,340	156,367	21,016	11,910	230,755	219,324
Disposal of tangible capital assets	-	-	-	-	(12,950)	-	(12,950)	-
Balance, end of year	-	30,863	1,016,464	3,264,441	175,345	174,739	4,661,852	4,444,047
Net book value of tangible capital assets	115,417	64,946	813,129	4,276,326	267,304	69,598	5,606,720	5,648,050
2022 Net book value of tangible capital assets	\$ 115,417	\$ 69,068	\$ 850,469	\$ 4,283,968	\$ 247,620	\$ 81,508	\$ 5,648,050	

VILLAGE OF ANDREW
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
Taxation			
Residential taxes	\$ 475,902	\$ 471,252	\$ 485,947
Non-residential taxes	95,000	93,173	83,797
Linear property taxes	18,000	15,276	17,772
Grants in place of taxes	6,700	6,638	6,755
	<u>595,602</u>	<u>586,339</u>	<u>594,271</u>
Requisitions			
Alberta School Foundation	95,396	95,396	97,695
Lamont Housing Foundation	18,866	18,866	14,100
Over (under) levy adjustment	11,800	(14,758)	-
	<u>126,062</u>	<u>99,504</u>	<u>111,795</u>
Net taxes for general municipal operations	<u>\$ 469,540</u>	<u>\$ 486,835</u>	<u>\$ 482,476</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
Transfers for operations			
Federal government	\$ -	\$ -	\$ 7,260
Provincial government	36,400	74,044	37,022
Local governments	-	29,799	28,653
	<u>36,400</u>	<u>103,843</u>	<u>72,935</u>
Transfers for capital			
Provincial government	-	125,375	141,571
Total government transfers	<u>\$ 36,400</u>	<u>\$ 229,218</u>	<u>\$ 214,506</u>

VILLAGE OF ANDREW
SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
Expenses			
Salaries, wages and benefits	\$ 459,778	\$ 435,760	\$ 436,037
Contracted and general services	490,736	379,851	297,194
Purchases from other governments	175,582	105,446	102,125
Materials, goods, supplies and utilities	262,704	230,182	189,788
Transfers to local boards and organizations	5,600	4,194	1,982
Bank charges and short-term interest	3,800	3,112	2,148
Shared cost agreement/government transfers	30,600	30,522	27,497
Amortization	-	230,755	219,324
Provision for allowance, bad debts	8,000	5,084	-
Total expenses	\$ 1,436,800	\$ 1,424,906	\$ 1,276,095

VILLAGE OF ANDREW
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protective Services	Transportation Services	Environmental Services	FCSS and Planning and Development	Recreation and Culture	2023
Revenues							
Net municipal taxes	\$ 486,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,835
Sales and user fees	6,460	50	-	369,671	-	14,097	390,278
Government transfers for operating	74,044	-	-	-	-	29,799	103,843
Investment income	44,953	-	-	-	-	-	44,953
Other operating revenues	96,946	841	-	-	259	9,328	107,374
Government transfers for capital	-	-	125,375	-	-	-	125,375
	<u>709,238</u>	<u>891</u>	<u>125,375</u>	<u>369,671</u>	<u>259</u>	<u>53,224</u>	<u>1,258,658</u>
Expenses							
Salaries, wages and benefits	212,717	-	197,236	-	-	25,807	435,760
Contracted and general services	234,876	23,827	36,620	83,731	1,898	16,274	397,226
Materials, goods, supplies and utilities	40,452	10,296	113,912	117,782	3,155	32,655	318,252
Transfers to others	-	-	-	26,854	3,669	4,194	34,717
Other expenses	8,196	-	-	-	-	-	8,196
	<u>496,241</u>	<u>34,123</u>	<u>347,768</u>	<u>228,367</u>	<u>8,722</u>	<u>78,930</u>	<u>1,194,151</u>
Net revenue before amortization	212,997	(33,232)	(222,393)	141,304	(8,463)	(25,706)	64,507
Amortization expense	(6,405)	(3,773)	(96,326)	(97,905)	-	(26,346)	(230,755)
Net revenues	\$ 206,592	\$ (37,005)	\$ (318,719)	\$ 43,399	\$ (8,463)	\$ (52,052)	\$ (166,248)

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

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued and subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried a amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

(continues)

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

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.

Deferred Revenue

Deferred revenue represents government transfers (collected or allocated), donations, and other amounts that have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

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

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.

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

1. Significant Accounting Policies (continued)

Government Transfers

Government transfers are the transfer of assets from other 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.

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

(continues)

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

1. Significant Accounting Policies (continued)

Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

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

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

2. Cash

	2023	2022
Petty cash	\$ 340	\$ 340
Current account	1,034,464	1,075,296
Savings accounts	135,310	98,689
	\$ 1,170,114	\$ 1,174,325

Included in cash is a restricted amount of \$221,064 (2022 – \$221,451) comprised of deferred revenue received and not expended (see note 6).

3. Taxes and Grants in Place Receivable

	2023	2022
Current	\$ 79,530	\$ 115,111
Arrears	104,133	142,389
Allowance	(76,000)	(95,291)
	\$ 107,663	\$ 162,209

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

4. Long-Term Investments

	2023	2022
Equity in Beaver Creek Co-op	\$ 1,200	\$ 1,200
Equity in Credit Union	28,486	27,007
	\$ 29,686	\$ 28,207

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation liability of \$NIL (2022 - \$NIL). The vacation liability is comprised of the vacation that employees have earned and are entitled to within the next budgetary year.

6. Deferred Revenue

	2023	2022
Federal Gas Tax Fund	\$ 343,375	\$ 405,250
MSI Capital	82,311	-
	\$ 425,686	\$ 405,250

In the current year, funding in the amount of \$205,331 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 \$211,064 are supported by cash in the bank account, the remaining deferred revenue has not been received and is supported by receivables from other governments.

7. Accumulated Surplus

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

	2023	2022
Unrestricted surplus	\$ 136,936	\$ 275,667
Restricted surplus		
General operations	163,971	163,971
Centennial	26,648	26,648
Rainbow Club	1,637	1,637
General capital	327,581	313,768
Roads	26,953	26,953
Contingency	362,000	362,000
	908,790	894,977
Equity in tangible capital assets	5,606,720	5,648,050
	\$ 6,652,446	\$ 6,818,694

Sewer reserve funds of \$102,254 (2022 - \$88,452) are included in the general capital reserve.

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

8. 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 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.

	2023	2022
Current service contributions by employer	\$ 11,477	\$ 13,250
Current service contributions by employees	10,161	11,870
	\$ 21,638	\$ 25,120

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 12.23% 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 11.23% on pensionable salary above this amount.

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 billion.

For further information of the amount of LAPP deficiency/surplus see: www.lapp.ca/page/annual-reports.

9. Debt Limits

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

	2023	2022
Total debt limit	\$ 1,699,925	\$ 1,634,640
Total debt	-	-
Debt limit remaining	\$ 1,699,925	\$ 1,634,640
Debt servicing limit	\$ 283,321	\$ 272,440
Debt servicing	-	-
Debt service limit remaining	\$ 283,321	\$ 272,440

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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. 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)	2023	2022
<u>Council</u>				
Goertz	\$ 5,875	\$ 312	\$ 6,187	\$ 6,563
Haight	7,720	1,153	8,873	8,833
Dubitz	3,825	106	3,931	6,988
Pickett	5,957	244	6,201	8,176
Hamed	-	-	-	2,355
Genung	2,550	78	2,628	3,756
Lupul	890	36	926	-
Vyfeyken	890	36	926	-
	<u>27,707</u>	<u>1,965</u>	<u>29,672</u>	<u>36,671</u>
<u>Others</u>				
CAO - Upham	1,200	-	1,200	39,004
CAO - Glover	11,598	-	11,598	-
CAO - Melnyk	51,000	4,069	55,069	-
CAO - Donald	18,000	1,402	19,402	-
CAO - Lupul	-	-	-	52,220
CAO - Kozakiewicz	-	-	-	19,724
Designated officer - assessor	7,950	-	7,950	7,845
	<u>89,748</u>	<u>5,471</u>	<u>95,219</u>	<u>118,793</u>
	<u>\$ 117,455</u>	<u>\$ 7,436</u>	<u>\$ 124,891</u>	<u>\$ 155,464</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.

12. 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, 2023.

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.

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

13. 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 \$85,990 (2022 - \$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.

14. Contaminated Sites Liability

The village has not identified any financial liabilities in 2023 (2022 – nil) as a result of contaminated sites.

15. Asset Retirement Obligations

The village has adopted PS3280 - Asset Retirement Obligations. The village did not identify any financial obligations in 2023 (2022 - nil) as a result of the standard.

16. Approval of Financial Statements

Council has approved these financial statements.

17. Budget Amounts

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

18. 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 1202, Financial Statement Presentation

This standard responds to the need for understandable financial statements. The new reporting model will consist of:

- a statement of financial position;
- a statement of operations;
- a statement of changes in net assets (net liabilities);
- a statement of cash flows; and
- accompanying notes and schedules.