

VILLAGE OF DELIA
Financial Statements
Year Ended December 31, 2023

VILLAGE OF DELIA

Contents

Year Ended December 31, 2023

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Schedule of Tangible Capital Assets <i>(Schedule 1)</i>	9
Schedule of Property and Other Taxes <i>(Schedule 2)</i>	10
Schedule of Government Transfers <i>(Schedule 3)</i>	10
Schedule of Expenses by Object <i>(Schedule 4)</i>	11
Schedule of Changes in Accumulated Operating Surplus <i>(Schedule 5)</i>	12
Schedule of Segmented Disclosure <i>(Schedule 6)</i>	13
Notes to Financial Statements	14 - 25

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Delia (the "Village") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with *Canadian Public Sector Accounting Standards (PSAS)*.

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the financial statements primarily through the Finance and Administration departments. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Ascend LLP, 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 financial statements.

Lena Beninger
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Village of Delia:

Opinion

We have audited the financial statements of Village of Delia (the "Village"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies and other explanatory explanation.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2023, and the results of its operations and 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 Financial Statements* section of our report. We are independent of the Village in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As disclosed in note 2, the Village of Delia adopted *Canadian Public Sector Accounting Standards PS 3280 - Asset Retirement Obligations*. This new standard establishes how to account for, and disclose, liabilities for asset retirement obligations ("ARO") which are legal obligations associated with the retirement of tangible capital assets. This standard was adopted using the modified retroactive application method.

We also draw your attention to note 3 of these financial statements, which describes a prior period adjustment related to the impact of adopting the asset retirement obligation standard.

Our opinion is not modified with respect to these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village'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 Village or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(continues)

Independent Auditor's Report to the Members of Council of Village of Delia: *(continued)*

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the Village is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 13.

Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke that curves upwards at the end. The letters "s", "c", "e", and "n" are smaller and more standard in style.

Ascend LLP
Chartered Professional Accountants
Hanna, Alberta
October 17, 2024

VILLAGE OF DELIA
Statement of Financial Position
As at December 31, 2023

	2023	2022 <i>(Restated)</i>
FINANCIAL ASSETS		
Cash <i>(Note 4)</i>	\$ 340,070	\$ 414,137
Receivables		
Taxes and grants in place of taxes receivable <i>(Note 5)</i>	54,255	56,034
Trade and other receivables	14,778	21,638
Receivables from other governments	272,578	144,181
Land inventory held for resale	22,882	22,882
Investments <i>(Note 6)</i>	65,527	62,249
	<u>770,090</u>	<u>721,121</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	132,604	101,919
Deposit liabilities <i>(Note 8)</i>	2,361	2,580
Deferred revenue <i>(Note 9)</i>	157,130	160,195
Long term debt <i>(Note 10)</i>	237,200	299,029
Asset retirement obligations <i>(Note 11)</i>	17,499	16,666
	<u>546,794</u>	<u>580,389</u>
NET FINANCIAL ASSETS	<u>223,296</u>	<u>140,732</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 1)</i>	4,286,231	4,361,580
Prepaid expenses	16,687	17,782
	<u>4,302,918</u>	<u>4,379,362</u>
ACCUMULATED SURPLUS <i>(Note 15)</i>	<u>\$ 4,526,214</u>	<u>\$ 4,520,094</u>

CONTAMINATED SITES LIABILITY *(Note 12)*

COMMITMENTS *(Note 20)*

CONTINGENCIES *(Note 21)*

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Statement of Operations
Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022 <i>(Restated)</i>
REVENUES			
Net municipal taxes <i>(Schedule 2)</i>	\$ 262,217	\$ 262,841	\$ 254,642
User fees and sales of goods	147,893	134,618	159,121
Government transfers for operating <i>(Schedule 3)</i>	86,908	163,294	35,454
Return on investments	5,000	26,476	10,481
Penalties and costs on taxes	11,425	11,785	9,073
Franchise and concession contracts	40,000	30,343	33,819
Licenses and permits	675	755	690
Fines	500	-	843
Other	1,000	-	-
Total Revenue	555,618	630,112	504,123
EXPENSES			
General government			
Legislative	24,800	18,474	18,101
Administration	129,854	245,635	139,367
Protective services			
Fire	21,820	38,885	34,819
Disaster and emergency measures	-	1,803	-
Transportation services			
Roads, streets, walks and lighting	113,329	143,424	161,105
Environmental services			
Water supply and distribution	130,493	208,973	220,353
Wastewater treatment and disposal	19,702	45,694	28,864
Waste management	27,471	27,134	30,880
Public health and welfare			
Family and community support	1,641	1,641	1,641
Planning and development			
Economic and agricultural development	3,100	3,100	2,229
Subdivision land and development	-	-	21,975
Recreation and culture			
Parks and recreation	7,322	10,272	12,607
Libraries	10,165	10,390	3,013
Total Expenses	489,697	755,425	674,954
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	65,921	(125,313)	(170,831)
Government transfers for capital <i>(Schedule 3)</i>	63,783	131,433	63,783
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	129,704	6,120	(107,048)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	4,520,094	4,520,094	4,627,142
ACCUMULATED SURPLUS - END OF YEAR	\$ 4,649,798	\$ 4,526,214	\$ 4,520,094

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Statement of Changes in Net Financial Assets
Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022 <i>(Restated)</i>
Excess (Shortfall) of Revenue Over Expenses	\$ 129,704	\$ 6,120	\$ (107,048)
Acquisition of tangible capital assets	(103,783)	(69,932)	(5,750)
Amortization of tangible capital assets	-	145,281	146,868
	(103,783)	75,349	141,118
Change in prepaid expenses	-	1,095	(644)
	(103,783)	76,444	140,474
INCREASE IN NET FINANCIAL ASSETS	25,921	82,564	33,426
NET FINANCIAL ASSETS - BEGINNING OF YEAR	140,732	140,732	107,306
NET FINANCIAL ASSETS - END OF YEAR	\$ 166,653	\$ 223,296	\$ 140,732

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022 <i>(Restated)</i>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (Shortfall) of Revenue Over Expenses	\$ 6,120	\$ (107,048)
Items not affecting cash:		
Amortization of tangible capital assets	145,281	146,868
Accretion of asset retirement obligations	833	794
	152,234	40,614
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivable	1,779	(1,997)
Trade and other receivables	6,860	317
Receivables from other governments	(128,397)	186,838
Land inventory held for resale	-	21,975
Prepaid expenses	1,095	(644)
Accounts payable and accrued liabilities	30,685	14,386
Deposit liabilities	(219)	(857)
Deferred revenue	(3,065)	49,800
	(91,262)	269,818
	60,972	310,432
CAPITAL		
Acquisition of tangible capital assets <i>(Schedule 1)</i>	(69,932)	(5,750)
INVESTING		
Investments	(3,278)	(60,106)
FINANCING		
Repayment of long term debt	(61,829)	(60,033)
CHANGE IN CASH DURING THE YEAR	(74,067)	184,543
CASH - BEGINNING OF YEAR	414,137	229,594
CASH - END OF YEAR	\$ 340,070	\$ 414,137

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Schedule of Tangible Capital Assets
Year Ended December 31, 2023

(Schedule 1)

	Land	Land Improvement	Buildings <i>(Restated)</i>	Engineering Structures <i>(Restated)</i>	Machinery and Equipment	Vehicles	2023	2022 <i>(Restated)</i>
Cost:								
BALANCE, BEGINNING OF YEAR	\$ 7,480	\$ 53,683	\$ 245,102	\$ 5,606,031	\$ 221,099	\$ 474,075	\$ 6,607,470	\$ 6,601,720
Acquisition of tangible capital assets	-	-	-	67,650	2,282	-	69,932	5,750
BALANCE, END OF YEAR	7,480	53,683	245,102	5,673,681	223,381	474,075	6,677,402	6,607,470
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	45,215	141,604	1,629,401	177,061	252,609	2,245,890	2,099,022
Annual amortization	-	449	3,979	120,314	5,812	14,727	145,281	146,868
BALANCE, END OF YEAR	-	45,664	145,583	1,749,715	182,873	267,336	2,391,171	2,245,890
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 7,480	\$ 8,019	\$ 99,519	\$ 3,923,966	\$ 40,508	\$ 206,739	\$ 4,286,231	\$ 4,361,580
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 7,480	\$ 8,468	\$ 103,498	\$ 3,976,630	\$ 44,038	\$ 221,466	\$ 4,361,580	

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Schedule of Property and Other Taxes
Year Ended December 31, 2023

(Schedule 2)

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 306,784	\$ 304,893	\$ 302,458
Linear property taxes	14,555	17,070	13,312
	<u>321,339</u>	<u>321,963</u>	<u>315,770</u>
REQUISITIONS			
Alberta School Foundation Fund	48,376	48,376	50,293
Seniors requisition	10,746	10,746	10,835
	<u>59,122</u>	<u>59,122</u>	<u>61,128</u>
NET MUNICIPAL TAXES	<u>\$ 262,217</u>	<u>\$ 262,841</u>	<u>\$ 254,642</u>

Schedule of Government Transfers
Year Ended December 31, 2023

(Schedule 3)

	Budget (Unaudited)	2023	2022
TRANSFER FOR OPERATING			
Provincial government	\$ 75,308	\$ 153,494	\$ 25,654
Local government	11,600	9,800	9,800
	<u>86,908</u>	<u>163,294</u>	<u>35,454</u>
TRANSFER FOR CAPITAL			
Provincial government	<u>63,783</u>	<u>131,433</u>	<u>63,783</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 150,691</u>	<u>\$ 294,727</u>	<u>\$ 99,237</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Schedule of Expenses by Object
Year Ended December 31, 2023

(Schedule 4)

	Budget <i>(Unaudited)</i>	2023	2022 <i>(Restated)</i>
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 183,873	\$ 169,683	\$ 161,260
Contracted and general services	121,573	242,303	137,243
Materials, goods, supplies and utilities	161,141	164,680	201,040
Provision for allowances	2,000	2,086	-
Transfers to individuals and organizations	21,110	21,570	16,963
Bank and interest charges	-	48	50
Interest on long term debt <i>(Note 10)</i>	-	8,941	10,736
Amortization of tangible capital assets <i>(Schedule 1)</i>	-	145,281	146,868
Asset Retirement Obligations	-	833	794
	<u>\$ 489,697</u>	<u>\$ 755,425</u>	<u>\$ 674,954</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA

Schedule of Changes in Accumulated Operating Surplus

(Schedule 5)

Year Ended December 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022 (Restated)
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 240,280	\$ 133,447	\$ 4,162,665	\$ 4,536,392	\$ 4,642,642
Prior year adjustments (Note 3)	-	-	(16,298)	(16,298)	(15,500)
BALANCE, BEGINNING OF YEAR, RESTATED	240,280	133,447	4,146,367	4,520,094	4,627,142
Shortfall of revenues over expenses	6,120	-	-	6,120	(107,048)
Unrestricted funds designated for future use	(20,556)	20,556	-	-	-
Restricted funds used for tangible capital assets	-	(2,282)	2,282	-	-
Current year funds used for tangible capital assets	(67,650)	-	67,650	-	-
Annual amortization expense	145,281	-	(145,281)	-	-
Long term debt repaid	(61,829)	-	61,829	-	-
Asset retirement obligations accretion expense	833	-	(833)	-	-
Change in accumulated surplus	2,199	18,274	(14,353)	6,120	(107,048)
BALANCE, END OF YEAR	\$ 242,479	\$ 151,721	\$ 4,132,014	\$ 4,526,214	\$ 4,520,094

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA

Schedule of Segmented Disclosure

Year Ended December 31, 2023

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	Total
Revenue								
Net municipal taxes	\$ 262,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,841
User fees and sales of goods	934	-	250	133,434	-	-	-	134,618
Government transfers for operating	116,520	9,800	5,802	26,178	-	3,100	1,894	163,294
Return on investments	20,920	5,556	-	-	-	-	-	26,476
Penalties and costs on taxes	11,785	-	-	-	-	-	-	11,785
Franchise and concession contracts	30,343	-	-	-	-	-	-	30,343
Licenses and permits	755	-	-	-	-	-	-	755
	<u>444,098</u>	<u>15,356</u>	<u>6,052</u>	<u>159,612</u>	<u>-</u>	<u>3,100</u>	<u>1,894</u>	<u>630,112</u>
Expenses								
Salaries, wages and benefits	88,454	-	40,711	40,518	-	-	-	169,683
Contract and general services	164,650	9,993	9,881	56,080	-	-	1,699	242,303
Materials, goods, supplies and utilities	9,339	6,805	52,972	80,082	-	-	15,482	164,680
Provision for allowances	-	-	-	2,086	-	-	-	2,086
Transfers to individuals and organizations	500	7,960	-	5,289	1,641	3,100	3,080	21,570
Bank charges and interest	48	-	-	-	-	-	-	48
Interest on long term debt	-	-	-	8,941	-	-	-	8,941
	<u>262,991</u>	<u>24,758</u>	<u>103,564</u>	<u>192,996</u>	<u>1,641</u>	<u>3,100</u>	<u>20,261</u>	<u>609,311</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION AND OTHER	<u>181,107</u>	<u>(9,402)</u>	<u>(97,512)</u>	<u>(33,384)</u>	<u>(1,641)</u>	<u>-</u>	<u>(18,367)</u>	<u>20,801</u>
Government transfers for capital	-	-	-	131,433	-	-	-	131,433
Amortization of tangible capital assets	(1,092)	(15,930)	(39,857)	(88,001)	-	-	(401)	(145,281)
Accretion of asset retirement obligations	(26)	-	(3)	(804)	-	-	-	(833)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 179,989</u>	<u>\$ (25,332)</u>	<u>\$ (137,372)</u>	<u>\$ 9,244</u>	<u>\$ (1,641)</u>	<u>\$ -</u>	<u>\$ (18,768)</u>	<u>\$ 6,120</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Delia (the "Village") 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets 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, 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.

(c) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards 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.

Significant financial statement areas requiring the use of management estimates include:

- Useful life of tangible capital assets;
- Accrued liabilities;
- Fair value of contributed tangible capital assets; and
- Asset retirement obligations.

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VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Valuation of Financial Assets and Liabilities

The Village's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Trade and other receivables	Cost and amortized cost
Land inventory held for resale	Lower of cost or net realizable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long term debt	Amortized cost
Asset retirement obligations	Amortized cost

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

(f) Investments

Investments in interest bearing securities 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.

(g) Long term debt

Long term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long term debt is subsequently measured at amortized cost.

(h) 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.

(i) Land Inventories Held 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 tangible capital assets under the respective function.

(continues)

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(k) Asset Retirement

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date;

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

The Village recognizes liabilities in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are initially measured at management's best estimate of the requirements to settle the retirement obligation. Costs are only discounted where the amount and timing are known with certainty such that discounting would result in a more accurate measurement of the liability.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(l) 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 the Village is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(continues)

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue recognition

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

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

(n) 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.

(o) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets 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 asset is amortized on a straight-line basis over the estimated useful life as follows:

	<u>YEARS</u>
Land improvements	15 to 25
Buildings	25 to 50
Engineering structures	
Water system	45 to 75
Wastewater system	45 to 75
Other engineered structures	5 to 75
Machinery and equipment	5 to 40
Vehicles	10 to 25

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the Village adopted *Canadian Public Sector Accounting Standards PS 3280 - Asset Retirement Obligations*. Under this new standard, a liability for a legal obligation associated with the retirement of a tangible capital asset is now recognized when the asset is acquired. The cost base of the asset is increased by an amount equal to the liability and amortized along with the acquisition costs. The Village has adopted this standard using modified retroactive application where prior periods have been restated using assumptions and information current at the effective date. These financial statements disclose the impact of this adoption of accounting policy in note 11.

3. PRIOR PERIOD ADJUSTMENTS

The Village adopted *Canadian Public Sector Accounting Standards PS 3280 - Asset Retirement Obligations* as described in note 2 of these financial statements. The December 31, 2022, statement of financial position is adjusted in providing corresponding figures in the December 31, 2023, financial statements. Previously reported December 31, 2022, shortfall of revenue over expenses is impacted by a net increase of \$798 due to the new standard for the increase in ARO Accretion expense of \$794 and amortization of ARO Assets of \$4. The opening balance of accumulated surplus as at January 1, 2022 is decreased by \$15,500, asset retirement obligations increased by \$15,872, and cost of tangible capital assets increased by \$372, due to adoption of the new standard. In addition, the opening cost of tangible capital assets and annual amortization increased by \$372 and \$4, respectively.

4. CASH

Contained in cash is \$62,125 (2022 - \$44,724) that is restricted for the fire department and cannot be utilized for general operating purposes.

The Village received certain Federal and Alberta Government grants that are restricted in their use and are to be utilized as funding for certain projects. In the prior year, certain projects had not been completed for which this restricted funding had been received, \$57,130 (2022 - \$110,195) of the cash on hand was not available for general use by the Village.

The Village has an operating line of credit with Connect First credit union, with a maximum authorized limit of \$100,000, bearing interest at 7.20%, of which the full balance is available for use as at year end.

5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place receivables	\$ 23,650	\$ 28,007
Arrears taxes	<u>30,605</u>	<u>28,027</u>
	<u>\$ 54,255</u>	<u>\$ 56,034</u>

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

6. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Term deposit	\$ 63,155	\$ 60,000
Connect First Credit Union common shares	<u>2,372</u>	<u>2,249</u>
	<u>\$ 65,527</u>	<u>\$ 62,249</u>

The term deposit, bears interest at 1.5% and matures on January 3, 2025, which is restricted for the fire department and cannot be utilized for general operating purposes.

The cost of investments approximate market value.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 101,494	\$ 71,547
Accrued liabilities	<u>27,000</u>	<u>27,000</u>
Accounts payable to other governments	<u>4,110</u>	<u>3,372</u>
	<u>\$ 132,604</u>	<u>\$ 101,919</u>

The Village has a Mountain View Mastercard with a maximum authorized limit of \$5,000, bearing interest at 19.99%. As at year end, the Village had \$1,904 (2022 - \$4,610) available for use. The Mastercard payable is included in trade payables.

8. DEPOSIT LIABILITIES

The Village maintains utility deposits.

9. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Canada Community - Building Fund	\$ 142,545	\$ 160,195
Alberta Community Partnership - Viability Review Support	<u>14,585</u>	<u>-</u>
	<u>\$ 157,130</u>	<u>\$ 160,195</u>

Canada Community - Building Fund

Federal and provincial government funding is receivable in the current and prior years to undertake certain eligible infrastructure expenditures within the Village that have not yet been expended.

Alberta Community Partnership - Viability Review Support

Provincial government funding was received to undertake a viability review study for the Village that have not yet been fully expended.

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

10. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Mountain View Financial	<u>\$ 237,200</u>	<u>\$ 299,029</u>

The current portion of the long term debt amounts to \$63,657 (2022 - \$61,829).

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 63,657	\$ 7,112	\$ 70,769
2025	29,317	14,665	43,982
2026	31,795	12,187	43,982
2027	34,481	9,501	43,982
2028	37,395	6,587	43,982
Thereafter	40,555	3,427	43,982
	<u>\$ 237,200</u>	<u>\$ 53,479</u>	<u>\$ 290,679</u>

The Mountain View Financial fixed rate term loan bears interest at 2.99% and repayable in annual payments of \$70,769.

The loan was extended on October 1, 2024 and now bears interest at prime plus 2.00% and is repayable in annual payments of \$43,982. The loan matures on October 1, 2029.

Bank debt is issued on the credit and security of the Village at large.

The Village's total cash payments for interest in 2023 were \$8,941 (2022 - \$10,736).

11. ASSET RETIREMENT OBLIGATIONS

Asbestos abatement

The Village owns buildings which contain asbestos and, therefore, the Village is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

The liability is based on management's best estimate. Undiscounted future cash flows expected are an abatement cost between the year 2061 and 2081 of \$4,500. The estimated total liability of \$607 (2022 - \$578) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 5%. The Village has not designated assets for settling the abatement activities.

Lagoon reclamation

The Village operates lagoon sites and is legally required to perform reclamation of the land surface upon retirement of these sites. Reclamation activities include disposal of waste, removal of overflow culvert and other structures, lagoon deconstruction, surface restoration, and landscaping. A liability for the total obligation has been accrued. The Village estimates that no obligation is incurred incrementally due to volume of wastewater accepted; therefore, no further obligation is being accrued based on volume of wastewater.

The liability is based on management's best estimate. Discounted future cash flows expected include closure costs in year 2127 of \$2,700,000. The estimated total liability of \$16,892 (2022 - \$16,088) is based on the discounted future cash flows for reclamation activities using a discount rate of 5%. The Village has not designated assets for settling the reclamation activities.

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VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

11. ASSET RETIREMENT OBLIGATIONS (continued)

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 16,666	\$ 15,872
Accretion expense	833	794
	<u>\$ 17,499</u>	<u>\$ 16,666</u>

12. CONTAMINATED SITES LIABILITY

The Village owns certain properties that contain levels of hydrocarbon contaminants that could pose an environmental liability. In prior years, the Village has utilized conditional grant funding from the provincial government for remediation. Monitoring from an engineering firm is ongoing on the two locations that contain these contaminants. It is undetermined as to the costs that the Village will suffer in the process to clean up the properties, and as such have not been reported on these financial statements.

13. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Village of Delia be disclosed as follows

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 945,168	\$ 756,185
Total debt	237,200	299,029
Amount of debt limit unused	<u>707,968</u>	457,156
Service on debt limit	\$ 157,528	\$ 126,031
Service on debt	70,769	70,769
Amount of debt servicing limit unused	<u>\$ 86,759</u>	<u>\$ 55,262</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

Total debt includes long term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long term debt in the 12 months subsequent to year-end less amounts that are recoverable.

14. EQUITY IN TANGIBLE CAPITAL ASSET

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Tangible capital assets (<i>Schedule 1</i>)	\$ 6,677,402	\$ 6,607,470
Accumulated amortization (<i>Schedule 1</i>)	(2,391,171)	(2,245,890)
Long term debt related to tangible capital assets	(136,718)	(198,547)
Asset retirement obligations	<u>(17,499)</u>	<u>(16,666)</u>
	<u>\$ 4,132,014</u>	<u>\$ 4,146,367</u>

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

15. ACCUMULATED SURPLUS

	2023	2022 <i>(Restated)</i>
Unrestricted surplus	\$ 242,479	\$ 240,280
Restricted surplus:		
Fire	125,280	104,724
Operating - capital expenses	26,441	28,723
Equity in tangible capital assets <i>(Note 14)</i>	<u>4,132,014</u>	<u>4,146,367</u>
	<u>\$ 4,526,214</u>	<u>\$ 4,520,094</u>

16. SEGMENTED DISCLOSURE

The Village of Delia 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 the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure *(Schedule 6)*.

General government includes legislative and administration. Protective services includes fire and disaster and emergency measures. Transportation services includes roads, streets, walks and lighting. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management. Public health and welfare includes family and community support. Planning and development includes economic and agricultural development. Recreation and culture includes parks and recreation and libraries.

17. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by the Council. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>Budget Amount</u>
<u>Revenue</u>	
Budgeted revenues	\$ 669,401
Less:	
Transfer to other funds	<u>(50,000)</u>
Total revenues	<u>619,401</u>
<u>Expenses</u>	
Budgeted expenses	555,618
Capital budget	103,783
Less:	
Transfer to other funds	(65,921)
Capital expenses	<u>(103,783)</u>
Total expenses	<u>489,697</u>
Excess of revenue over expenses	<u>\$ 129,704</u>

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

18. SALARY AND BENEFITS

	Salary	Benefits and allowances	2023	2022
<u>Councillors</u>				
David Sisley	\$ 7,025	\$ -	\$ 7,025	\$ 7,100
Jordan Elliot	4,475	73	4,548	3,116
Adams Ronald James	4,600	82	4,682	-
Melody Christofferson	-	-	-	4,804
	<u>\$ 16,100</u>	<u>\$ 155</u>	<u>\$ 16,255</u>	<u>\$ 15,020</u>
Chief Administrative Officers	\$ 63,531	\$ 2,187	\$ 65,718	\$ 54,689
Village Assessor	\$ 6,617	\$ -	\$ 6,617	\$ 6,545

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.
3. The Village has entered into an agreement for assessment services with an independent contractor. Total cost was \$6,617 (2022 - \$6,545).

19. 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 *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 services are recorded as expenditures in the year in which they become due.

	2023	2022
Current service contributions by the Village	\$ 2,666	\$ 1,892
Current service contributions by the employees	<u>2,355</u>	<u>1,674</u>
	<u>\$ 5,021</u>	<u>\$ 3,566</u>

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 11.23% on pensionable earnings above this amount.

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion. This amount is not specifically allocated to the participating government organizations.

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

20. COMMITMENTS

The Village is committed under an agreement with the Marigold Library System to funding certain library initiatives annually based on a per capita formula. The Village provided funding of \$1,568 in 2023 (2022 - \$1,441). It is the understanding of the Village that it can withdraw from the agreement at anytime by giving a one-year notice period.

The Village is committed under an agreement with the Drumheller & District Solid Waste Management Association to contribute annually, based on an annual budget of expenditures for the management, operation and maintenance of the solid waste management facilities. The requisition for 2023 was \$5,289 (2022 - \$4,249). The agreement allows for the Village to terminate the agreement by giving notice in writing to all of the other participating municipalities of its intention to withdraw from the agreement at least one year in advance of the effective withdrawal date.

The Village is committed under an agreement with the Drumheller and District Seniors Foundation and under a Ministerial Order from the Government of Alberta, Department of Seniors, contributed annually 0.95% of an annual budget of net expenditures of the housing foundation. The requisition for 2023 was \$10,746 (2022 - \$10,835).

On January 24, 2007 the Village became a shareholder of Palliser Regional Municipal Services Company Limited, a Part IX company under The Companies Act of Alberta. The company provides municipal planning services to its members. This investment commits the Village to funding the annual operational and special needs of the company. Annually, the Village is requisitioned an amount determined by the Board, in the ordinary course of business, and based on the population and the tax assessment as determined by the Village who is a shareholder. The requisition for 2023 was \$3,100 (2022 - \$2,229). The Village has the right to cease being a shareholder by giving 600 days notice.

21. CONTINGENCIES

The Village is a member of the Alberta Local Authorities Reciprocal 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.

22. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, trade and other receivables, investments, accounts payable and accrued liabilities, long term debt, deposit liabilities, and asset retirement obligations.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables 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.

It is management's opinion that the Village is not exposed to significant liquidity or market risks arising from these financial instruments.

VILLAGE OF DELIA
Notes to Financial Statements
Year Ended December 31, 2023

23. BUDGET AMOUNTS

The 2023 budget for the Village was approved by Council on June 13, 2023, and has been reported in the financial statement for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

24. SUBSEQUENT EVENTS

For the purpose of the accompanying financial statements, subsequent events have been evaluated by management.

There were no subsequent events that would have a material impact on these financial statements.

25. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to the financial statement presentation adopted for the current year.

26. APPROVAL OF FINANCIAL STATEMENTS

The Council and Management have approved these financial statements.