

# VILLAGE OF CREMONA



Independent Auditor's Report and Financial  
Statements December 31, 2022

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


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The consolidated financial statements of the Village of Cremona have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Village of Cremona's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of Council by RSM Canada LLP, in accordance with Canadian generally accepted auditing standards.



Chief Administrative Officer

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## INDEPENDENT AUDITOR'S REPORT

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### To the Members of Council of Village of Cremona

#### *Opinion*

We have audited the accompanying financial statements of Village of Cremona (the "Village"), which comprises of the statement of financial position as at December 31, 2022 and the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### *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 the 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.

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

Management is responsible for the preparation and fair presentation of these 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.

### *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.

Red Deer County, Alberta  
May 1, 2023

*RSM Canada LLP*

RSM CANADA LLP  
Chartered Professional Accountants

# VILLAGE OF CREMONA

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December 31, 2022

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**VILLAGE OF CREMONA**  
**Statement of Financial Position**  
**December 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	\$ 197,281	\$ 208,153
Taxes receivable - net (note 4)	23,110	15,358
Trade and other receivables - net	68,211	410,329
Investments	<u>13,552</u>	<u>13,552</u>
	<u>302,154</u>	<u>647,392</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	103,505	67,648
Deposit liabilities	2,550	3,300
Deferred revenue (note 5)	34,548	141,490
Long-term debt (note 6)	<u>355,982</u>	<u>414,787</u>
	<u>496,585</u>	<u>627,225</u>
<b>Contingency (note 7)</b>		
<b>NET FINANCIAL (DEBT) ASSETS</b>	<u>(194,431)</u>	<u>20,167</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (page 6)	6,775,211	6,663,779
Land inventory held for resale	<u>24,398</u>	<u>24,398</u>
	<u>6,799,609</u>	<u>6,688,177</u>
<b>ACCUMULATED SURPLUS (note 8)</b>	<u>\$ 6,605,178</u>	<u>\$ 6,708,344</u>

Approved by Council:

DEPAT  
 Mayor

Chief Administrative Officer

See accompanying schedules and notes.

# VILLAGE OF CREMONA

## Statement of Operations and Accumulated Surplus Year Ended December 31, 2022

	Budget (Note 15)	2022	2021
<b>Revenue</b>			
Net municipal taxes (page 7)	\$ 417,517	\$ 414,452	\$ 427,744
Utilities	207,100	202,552	204,678
Government transfers for operating (page 8)	141,432	143,406	319,657
Franchise and concession contracts	60,898	71,858	65,295
Other	27,100	27,136	29,454
Donations	15,900	26,341	134,861
Licenses and permits	5,900	8,487	4,597
Penalties and cost of taxes	6,500	7,328	9,838
Return on investments	500	190	609
	<u>882,847</u>	<u>901,750</u>	<u>1,196,733</u>
<b>Expenses (page 9)</b>			
Utilities	112,980	358,902	231,458
Public works	207,300	315,619	309,357
Administration	280,900	290,885	310,235
Community services	111,400	133,219	89,847
Protective services	68,135	67,992	68,970
Culture	37,697	41,905	36,066
Parks and recreation	20,550	31,130	39,637
Legislative	21,800	17,671	17,702
Subdivision land and development	16,000	10,203	9,312
	<u>876,762</u>	<u>1,267,526</u>	<u>1,112,584</u>
<b>Annual (deficiency) surplus before other</b>	<u>6,085</u>	<u>(365,776)</u>	<u>84,149</u>
<b>Other</b>			
Government transfers for capital (page 8)	398,000	262,610	451,025
Gain on disposal of tangible capital assets	-	-	4,615
	<u>398,000</u>	<u>262,610</u>	<u>455,640</u>
<b>Annual (deficit) surplus</b>	404,085	(103,166)	539,789
<b>Accumulated surplus, beginning of year</b>	<u>6,708,344</u>	<u>6,708,344</u>	<u>6,168,555</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 7,112,429</u>	<u>\$ 6,605,178</u>	<u>\$ 6,708,344</u>

See accompanying schedules and notes.

# VILLAGE OF CREMONA

## Statement of Changes in Net Financial (Debt) Assets Year Ended December 31, 2022

	Budget (Note 15)	2022	2021
<b>Annual (deficiency) surplus</b>	\$ 404,085	\$ (103,166)	\$ 539,789
Acquisition of tangible capital assets	(72,000)	(325,832)	(785,308)
Amortization of tangible capital assets	-	214,400	204,851
Net book value of disposed tangible capital asset	<u>-</u>	<u>-</u>	<u>14,885</u>
<b>(Decrease) increase in net financial (debt) assets</b>	332,085	(214,598)	(25,783)
<b>Net financial assets, beginning of year</b>	<u>20,167</u>	<u>20,167</u>	<u>45,950</u>
<b>Net financial (debt) assets, end of year</b>	\$ <u><u>352,252</u></u>	\$ <u><u>(194,431)</u></u>	\$ <u><u>20,167</u></u>

See accompanying schedules and notes.



**VILLAGE OF CREMONA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

	2022	2021
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>Operating activities</b>		
Cash receipts from ratepayers, services and agencies	\$ 1,391,592	\$ 1,344,775
Cash paid to suppliers, employees and agencies	(1,008,763)	(913,464)
Interest received	190	609
Interest and bank charges paid	<u>(9,254)</u>	<u>(9,583)</u>
	<u>373,765</u>	<u>422,337</u>
<b>Capital activity</b>		
Purchase of tangible capital assets	(325,832)	(785,308)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>19,500</u>
	<u>(325,832)</u>	<u>(765,808)</u>
<b>Financing activities</b>		
Long-term debt repaid	<u>(58,805)</u>	<u>(57,824)</u>
<b>Decrease in cash</b>	<b>(10,872)</b>	<b>(401,295)</b>
<b>Cash, beginning of year</b>	<u><b>208,153</b></u>	<u><b>609,448</b></u>
<b>Cash, end of year</b>	<u><b>\$ 197,281</b></u>	<u><b>\$ 208,153</b></u>

See accompanying schedules and notes.

**VILLAGE OF CREMONA**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2022**

	Unrestricted	Reserves	Equity in Tangible Capital Assets	2022	2021
<b>Balance, beginning of year</b>	\$ (112,913)	\$ 572,265	\$ 6,248,992	\$ 6,708,344	\$ 6,168,555
Annual (deficit) surplus	(103,166)	-	-	(103,166)	539,789
Current year funds used for tangible capital assets	(325,832)	-	325,832	-	-
Annual amortization expense	214,400	-	(214,400)	-	-
Long-term debt repaid	<u>(58,805)</u>	<u>-</u>	<u>58,805</u>	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<b>\$ <u>(386,316)</u></b>	<b>\$ <u>572,265</u></b>	<b>\$ <u>6,419,229</u></b>	<b>\$ <u>6,605,178</u></b>	<b>\$ <u>6,708,344</u></b>

**VILLAGE OF CREMONA**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2022**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Automotive	2022	2021
<b>Cost</b>								
Beginning balance	\$ 111,940	\$ 90,257	\$ 564,451	\$ 8,611,855	\$ 373,166	\$ 65,868	\$ 9,817,537	\$ 9,069,186
Additions	-	-	44,862	272,055	8,915	-	325,832	785,308
Disposals	-	-	-	-	-	-	-	(36,957)
Ending balance	<u>111,940</u>	<u>90,257</u>	<u>609,313</u>	<u>8,883,910</u>	<u>382,081</u>	<u>65,868</u>	<u>10,143,369</u>	<u>9,817,537</u>
<b>Accumulated amortization</b>								
Beginning balance	-	57,248	100,513	2,800,187	172,759	23,051	3,153,758	2,970,979
Amortization	-	2,975	11,738	168,631	24,469	6,587	214,400	204,851
Disposals	-	-	-	-	-	-	-	(22,072)
Ending balance	-	<u>60,223</u>	<u>112,251</u>	<u>2,968,818</u>	<u>197,228</u>	<u>29,638</u>	<u>3,368,158</u>	<u>3,153,758</u>
<b>Net book value</b>	<u>\$ 111,940</u>	<u>\$ 30,034</u>	<u>\$ 497,062</u>	<u>\$ 5,915,092</u>	<u>\$ 184,853</u>	<u>\$ 36,230</u>	<u>\$ 6,775,211</u>	<u>\$ 6,663,779</u>
2021 net book value	<u>\$ 111,940</u>	<u>\$ 33,009</u>	<u>\$ 463,938</u>	<u>\$ 5,811,668</u>	<u>\$ 200,407</u>	<u>\$ 42,817</u>	<u>\$ 6,663,779</u>	

**VILLAGE OF CREMONA**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2022**

	Budget (Note 15)	2022	2021
<b>Taxation</b>			
Real property taxes	\$ 467,381	\$ <b>464,015</b>	\$ 448,419
Non-residential and linear property taxes	<u>107,781</u>	<u><b>117,951</b></u>	<u>119,659</u>
	<u>575,162</u>	<u><b>581,966</b></u>	<u>568,078</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	123,447	<b>130,170</b>	123,456
Mountain View Seniors Housing	17,000	<b>16,863</b>	16,878
Alberta Policing Requisition	<u>17,199</u>	<u><b>20,481</b></u>	<u>-</u>
	<u>157,646</u>	<u><b>167,514</b></u>	<u>140,334</u>
<b>Net municipal taxes</b>	\$ <u>417,516</u>	\$ <u><b>414,452</b></u>	\$ <u>427,744</u>

**VILLAGE OF CREMONA**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2022**

	Budget (Note 15)	2022	2021
<b>Operating transfers</b>			
Other Local Governments	\$ 109,172	\$ <b>116,138</b>	\$ 290,389
Provincial Government	<u>27,260</u>	<u><b>27,268</b></u>	<u>29,268</u>
	<u>136,432</u>	<u><b>143,406</b></u>	<u>319,657</u>
<b>Capital transfers</b>			
Other Local Governments	176,000	<b>106,942</b>	234,000
Provincial Government	<u>222,000</u>	<u><b>155,668</b></u>	<u>217,025</u>
	<u>398,000</u>	<u><b>262,610</b></u>	<u>451,025</u>
	\$ <u>534,432</u>	\$ <u><b>406,016</b></u>	\$ <u>770,682</u>

**VILLAGE OF CREMONA**  
**Schedule of Expenses by Object**  
**Year Ended December 31, 2022**

	Budget (Note 15)	2022	2021
Salaries, wages and benefits	\$ 340,750	\$ <b>306,572</b>	\$ 360,989
Materials, goods, supplies and utilities	191,780	<b>325,804</b>	230,871
Contracted and purchased services	230,885	<b>305,730</b>	211,508
Amortization	-	<b>214,400</b>	204,851
Grants to other organizations	105,947	<b>105,766</b>	94,782
Bank charges	<u>7,400</u>	<u><b>9,254</b></u>	<u>9,583</u>
	\$ <u>876,762</u>	\$ <u><b>1,267,526</b></u>	\$ <u>1,112,584</u>

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**1. Nature of Activities**

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The Village of Cremona (the "Village") is incorporated under the Municipal Government Act and carries out the administration and operation of the Village.

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**2. Significant Accounting Policies**

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The financial statements of the Village of Cremona are the representations of management prepared in accordance with public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted are as follows:

**Reporting entity**

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets (debt) and cash flows of the reporting entity.

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.

**Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

**i. Revenue**

Revenue is recognized as it is earned and measurable. Funds from external parties, and earnings thereon, restricted by agreement or legislation are accounted for as deferred revenue until the related expenses are incurred, services performed or tangible capital assets are acquired. Charges for sewer and water usage are recorded as utilities revenue when consumed or when the connection has been established.

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**2. Significant Accounting Policies (Continued)**

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ii. 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.

iii. 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.

iv. Deferred revenue

Deferred revenue represents government transfers, donations, and other fees which 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.

v. Expenses

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

**Measurement uncertainty**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant areas requiring the use of estimates include: estimated useful lives of tangible capital assets and valuation of contributed tangible capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

**Cash**

Cash is comprised of cash on deposit with Connect First Credit Union.

**Investments**

The investment in Connect First Credit Union is recorded at amortized cost.



**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**2. Significant Accounting Policies (Continued)**

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**Reserves**

Certain amounts, as approved by Village Council, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from reserves are adjustments to the respective fund when approved.

**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 annual surplus, provides the changes in net financial assets for the year.

Non-financial assets consist of the following:

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 assets. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

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

One half the amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Village's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus.

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 other revenue.

iii. Cultural and historical tangible capital assets

Cultural and historical assets are not recorded in these financial statements.

**VILLAGE OF CREMONA**  
Notes to the Financial Statements  
December 31, 2022

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**2. Significant Accounting Policies (Continued)**

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iv. Land inventory held for resale

Land inventory 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 leveling 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 their respective functions.

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**3. Cash**

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Cash consists of various Connect First Credit Union treasury bill interest savings accounts totaling \$52,755 (2021 - \$52,598) that earn interest at 0.35% per annum, payable monthly.

The Village has an undrawn \$250,000 operating line of credit, bearing interest at 1.95% per annum.

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**4. Taxes Receivable**

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Current taxes receivable	\$ 17,557	\$ 14,374
Arrears taxes	7,688	3,119
Allowance for doubtful accounts	<u>(2,135)</u>	<u>(2,135)</u>
	<u>\$ 23,110</u>	<u>\$ 15,358</u>

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**5. Deferred Revenue**

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	Beginning Balance, December 31, 2021	Received	Recognized	Ending Balance, December 31, 2022
Federal Access Grant	\$ 51,863	\$ -	\$ 32,143	\$ 19,720
Canada Community Building Fund (CCBF)	89,627	-	78,760	10,867
Municipal Sustainability Initiative (MSI)	<u>-</u>	<u>103,918</u>	<u>99,957</u>	<u>3,961</u>
	<b><u>\$ 141,490</u></b>	<b><u>\$ 103,918</u></b>	<b><u>\$ 210,860</u></b>	<b><u>\$ 34,548</u></b>

The Federal Access Grant is restricted for the accessibility project at the Cremona Community building.

The MSI and CCBF deferred funds are restricted to projects approved by the Government of Alberta.

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**6. Long-Term Debt**

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Debenture payable bearing interest at 1.782% per annum, repayable in semi-annual blended payments of \$16,443 due September 2026.	\$	<b>126,421</b>	\$	156,649
Debenture payable bearing interest at 1.592% per annum, repayable in semi-annual blended payments of \$16,285 due June 2030.		<u>229,561</u>		<u>258,138</u>
	\$	<u><b>355,982</b></u>	\$	<u>414,787</u>

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

The estimated principal and interest repayments for the next five years and thereafter are as follows:

	Principal	Interest	Total
2023	\$ 59,802	\$ 5,653	\$ 65,455
2024	60,817	4,638	65,455
2025	61,849	3,606	65,455
2026	62,899	2,557	65,456
2027	30,935	1,636	32,571
Subsequent	<u>79,680</u>	<u>1,909</u>	<u>81,589</u>
	\$ <u>355,982</u>	\$ <u>19,999</u>	\$ <u>375,981</u>

**7. Contingency**

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The Village is a member of the Alberta Municipal Insurance Exchange. Under the terms of 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.

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

8. Accumulated Surplus	2022	2021
<b>Unrestricted deficit</b>	<b>\$ (386,316)</b>	<b>\$ (112,913)</b>
<b>Reserves</b>		
Operating contingency	2,000	2,000
Roads, streets, walks and lighting	278,856	278,856
Water and wastewater	<u>291,409</u>	<u>291,409</u>
	<u>572,265</u>	<u>572,265</u>
<b>Equity in tangible capital assets</b>		
Tangible capital assets (page 6)	6,775,211	6,663,779
Long-term debt (note 7)	<u>(355,982)</u>	<u>(414,787)</u>
	<u>6,419,229</u>	<u>6,248,992</u>
	<u>\$ 6,605,178</u>	<u>\$ 6,708,344</u>

**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 as follows:

Total debt limit	<b>\$ 1,352,625</b>	\$ 1,795,100
Total debt	<u>355,982</u>	<u>414,624</u>
Amount of debt limit unused	<u>\$ 996,643</u>	<u>\$ 1,380,476</u>
Service limit of debt	<b>\$ 225,438</b>	\$ 299,183
Service on debt	<u>64,737</u>	<u>65,456</u>
Amount of debt servicing limit unused	<u>\$ 160,701</u>	<u>\$ 233,727</u>

The debt limit is calculated at 1.5 times the 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 Village. Rather, the financial statements must be interpreted as a whole.

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

**10. Salary and Benefits Disclosure**

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

	<u>Salary (1)</u>	<u>Benefits and allowances (2)</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>Mayor</b>				
Hagen, T	\$ 4,030	\$ 114	\$ 4,144	\$ 3,159
<b>Councilors</b>				
Shi, J	3,090	62	<b>3,152</b>	2,481
Reid, R	2,280	39	<b>2,319</b>	2,896
Thompson, T	2,270	38	<b>2,308</b>	558
Schibiner, B	1,625	27	<b>1,652</b>	2,046
Temple, S	-	-	-	1,781
Gobel, S	-	-	-	558
	<u>13,295</u>	<u>280</u>	<u><b>13,575</b></u>	<u>13,479</u>
<b>Chief Administrative Officer</b>				
Friesen, R	55,419	10,773	<b>66,192</b>	21,169
O'Connor, K	4,616	350	<b>4,966</b>	-
Gertzen, A	-	-	-	63,165
	<u>60,035</u>	<u>11,123</u>	<u><b>71,158</b></u>	<u>84,334</u>
	<u>\$ 73,330</u>	<u>\$ 11,403</u>	<u><b>\$ 84,733</b></u>	<u>\$ 97,813</u>

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorariums and any other direct cash remuneration.

(2) Employer's share of all employee benefits including Canada Pension Plan (CPP) and Worker's Compensation.

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**11. Local Authorities Pension Plan**

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Certain 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 serves 281,764 employees and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings in the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

Contributions for current service are recorded as expenses 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 12.23% on pensionable earnings above that 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.

Total current service contributions by the Village to the LAPP in 2022 were \$9,202 (2021 - \$14,496). Total current service contributions by employees of the municipality to the LAPP in 2022 were \$8,155 (2021 - \$13,009).

As this is a multi-employer pension plan, these contributions are the Village's pension benefit expense. As at December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$5 billion). The 2022 amounts are not yet available.

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**12. Contractual Rights**

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The Village has contractual rights to franchise fees from ATCO Gas for 25% and Fortis Alberta for 10% of the gross usage charges for gas and electricity respectively each year.

**VILLAGE OF CREMONA**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**13. Financial Instruments**

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The Village's financial instruments consist of cash, taxes receivable, trade and other receivables, investments, accounts payable and accruals, long-term debt and deposit liabilities. It is management's opinion that the Village is not exposed to significant interest, currency, credit, market or liquidity risks arising from these financial instruments except as follows:

**Credit risk**

The Village is exposed to credit risk with respect to taxes and grants in place of taxes, trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

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**14. Contingent Assets**

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The Village qualifies to receive Canada Community Building Fund funding of \$50,000 and Municipal Sustainability Initiative funding of \$84,281 for 2022. Project applications need to be submitted and the payment conditions must be met in order to receive the government transfers. Receipt of the funds are contingent on meeting the payment conditions.

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**15. Budget Amounts**

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Council and management approved the 2022 budget for the Village of Cremona on February 16, 2021 and the revised budget on May 17, 2022.

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**16. Approval of Financial Statements**

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Council and management have approved these financial statements.



**VILLAGE OF CREMONA**  
**Supplementary Financial Information**  
**Year Ended December 31, 2022**

**Reconciliation of 2022 Budget to Operating Results**

Effective January 1, 2009 the Village adopted the changes required under the Public Sector Accounting Board (PSAB) Handbook, including Section 1200, "Financial Statement Presentation". Under these requirements, the Village is required to use a full accrual reporting model for preparation of its consolidated financial statements. However, the Village continues to use a cash requirement basis in determining its annual budget. The reconciliation below is for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated financial statements provided and users should note that this information may not be appropriate for their purposes.

	Budget (Note 15)	2022	2021
<b>Annual (deficit) surplus per financial statements</b>	\$ 404,085	\$ (103,166)	\$ 539,789
<b>Capital expenditures:</b>			
Add: amortization expense	-	214,400	204,851
Less: tangible capital assets acquired	(72,000)	(325,832)	(785,308)
Add: Net book value of disposed tangible capital asset	<u>-</u>	<u>-</u>	<u>14,885</u>
Excess (deficiency) of operating and capital revenues over expenditures	332,085	(214,598)	(25,783)
<b>Capital financing:</b>			
Add: interest on long-term capital debt	-	4,934	5,466
Less: repayment of capital debt	<u>(66,721)</u>	<u>(63,739)</u>	<u>(63,290)</u>
<b>(Increase) decrease in unrestricted deficiency</b>	\$ <u>265,364</u> *	\$ <u>(273,403)</u>	\$ <u>(83,607)</u>

\* The budgeted (increase) decrease in unrestricted deficiency consists of the budgeted operating surplus of \$6,085 plus the budgeted capital surplus of \$259,279.