

VILLAGE OF CREMONA
Financial Statements
Year Ended December 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of the Village of Cremona

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management. 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 are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

The Village's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statement. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

JDP Wasserman LLP has been appointed by the Members of Council of the Village of Cremona to express an opinion on the financial statements.



Karen O'Connor
Chief Administrative Officer

Cremona, Alberta
April 26, 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Cremona

Opinion

We have audited the financial statements of the Village of Cremona (the Village), which comprise the statement of financial position as at December 31, 2023, and the statements of statement of operations and accumulated surplus, changes in net financial assets 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 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.

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 PSAS, 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.

(continues)

Independent Auditor's Report to the Members of Village of Cremona (*continued*)

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.

JDP Wasserman LLP

JDP Wasserman LLP

Chartered Professional Accountants

Wetaskiwin, Alberta
April 26, 2024



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

| | 2023 | 2022 |
|--|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents <i>(Note 2)</i> | \$ 59 | \$ 109,978 |
| Taxes and grants in place of taxes <i>(Note 3)</i> | 29,109 | 23,110 |
| Investments <i>(Note 4)</i> | 15,455 | 13,552 |
| Trade and other receivables <i>(Note 5)</i> | 335,567 | 202,492 |
| Restricted cash <i>(Note 6)</i> | 87,435 | 87,303 |
| | <u>467,625</u> | <u>436,435</u> |
| FINANCIAL LIABILITIES | | |
| Accounts payable and accrued liabilities | 87,225 | 103,505 |
| Deposit liabilities | 1,265 | 2,550 |
| Deferred revenue <i>(Note 7)</i> | 303,110 | 168,829 |
| Long-term debt <i>(Note 8)</i> | 296,017 | 355,982 |
| | <u>687,617</u> | <u>630,866</u> |
| NET FINANCIAL DEBT | <u>(219,992)</u> | <u>(194,431)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets <i>(Schedule 1)</i> | 6,787,587 | 6,775,212 |
| Land inventory | 24,398 | 24,398 |
| | <u>6,811,985</u> | <u>6,799,610</u> |
| ACCUMULATED SURPLUS <i>(Note 10)</i> | <u>\$ 6,591,993</u> | <u>\$ 6,605,179</u> |

CONTINGENCIES AND COMMITMENTS *(Note 19)*

VILLAGE OF CREMONA
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

| | 2023 Budget | 2023 (Actual) | 2022 (Actual) |
|--|---------------------|---------------------|---------------------|
| REVENUES | | | |
| Net municipal property taxes <i>(Schedule 2)</i> | \$ 452,212 | \$ 455,388 | \$ 416,385 |
| User fees and sales of goods | 401,836 | 401,692 | 228,128 |
| Government transfers for operating <i>(Schedule 3)</i> | 139,224 | 175,673 | 143,406 |
| Franchise and concession contracts <i>(Note 11)</i> | 60,898 | 71,321 | 71,858 |
| Licenses and permits | 6,185 | 1,703 | 8,487 |
| Penalties and costs on taxes | 6,500 | 6,399 | 7,328 |
| Investment income | 200 | 2,047 | 190 |
| Other revenues | 17,755 | 34,049 | 25,967 |
| | <u>1,084,810</u> | <u>1,148,272</u> | <u>901,749</u> |
| EXPENSES <i>(Schedule 6)</i> | | | |
| General administration | 277,059 | 275,438 | 285,025 |
| Utilities | 246,980 | 364,233 | 364,939 |
| Public works | 87,056 | 215,157 | 315,619 |
| Community services | 95,725 | 119,480 | 127,851 |
| Protective services | 67,135 | 83,503 | 67,992 |
| Culture | 50,405 | 60,320 | 52,973 |
| Council and legislative | 25,176 | 21,126 | 26,442 |
| Parks and recreation | 13,550 | 38,801 | 16,481 |
| Subdivision land and development | 16,150 | 650 | 10,203 |
| | <u>879,236</u> | <u>1,178,708</u> | <u>1,267,525</u> |
| ANNUAL SURPLUS (DEFICIT) BEFORE OTHER | <u>205,574</u> | <u>(30,436)</u> | <u>(365,776)</u> |
| OTHER INCOME | | | |
| Government transfers for capital <i>(Schedule 3)</i> | - | 17,250 | 178,717 |
| Other contributions for capital | - | - | 83,893 |
| | <u>-</u> | <u>17,250</u> | <u>262,610</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>205,574</u> | <u>(13,186)</u> | <u>(103,166)</u> |
| ACCUMULATED SURPLUS - TO BEGIN YEAR | <u>6,605,179</u> | <u>6,605,179</u> | <u>6,708,345</u> |
| ACCUMULATED SURPLUS - END OF YEAR | <u>\$ 6,810,753</u> | <u>\$ 6,591,993</u> | <u>\$ 6,605,179</u> |

VILLAGE OF CREMONA
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2023

| | 2023 Budget | 2023 (Actual) | 2022 (Actual) |
|--|----------------|------------------|------------------|
| Annual Surplus (deficit) | \$ 205,574 | \$ (13,186) | \$ (103,166) |
| Acquisition of tangible capital assets | - | (230,796) | (325,832) |
| Amortization of tangible capital assets | - | 218,421 | 214,401 |
| | - | (12,375) | (111,431) |
| Increase (decrease) in net financial assets | 187,819 | (25,561) | (214,597) |
| Net financial assets (debt) - beginning of year | (194,431) | (194,431) | 20,166 |
| Net financial debt - end of year | \$ 11,143 | \$ (219,992) | \$ (194,431) |

VILLAGE OF CREMONA
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023

| | 2023 | 2022 |
|--|------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Annual deficit | \$ (13,186) | \$ (103,166) |
| Item not affecting cash and cash equivalents: | | |
| Amortization of tangible capital assets | <u>218,421</u> | 214,401 |
| | <u>205,235</u> | 111,235 |
| Changes in non-cash working capital: | | |
| Taxes and grants in place of taxes | (5,999) | (7,751) |
| Trade and other receivables | (133,075) | 207,837 |
| Accounts payable and accrued liabilities | (16,280) | 35,855 |
| Deferred revenue | 134,281 | 116,966 |
| Deposit liabilities | (1,285) | (90,377) |
| | <u>(22,358)</u> | 262,530 |
| Cash flow from operating activities | <u>182,877</u> | 373,765 |
| INVESTING ACTIVITIES | | |
| Acquisition of tangible capital assets | (230,796) | (325,832) |
| Net change in investments | (1,903) | - |
| Net change in restricted cash | (132) | (34,705) |
| Cash flow used by investing activities | <u>(232,831)</u> | (360,537) |
| FINANCING ACTIVITY | | |
| Repayment of long-term debt | (59,965) | (58,805) |
| Cash flow used by financing activity | <u>(59,965)</u> | (58,805) |
| CHANGE IN CASH AND CASH EQUIVALENTS | (109,919) | (45,577) |
| Cash and cash equivalents - beginning of year | <u>109,978</u> | 155,555 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 59 | \$ 109,978 |

VILLAGE OF CREMONA
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

(Schedule 1)

| | Land | Land Improvements | Buildings | Vehicles and Equipment | Engineered Structures | Assets under Construction | 2023 | 2022 |
|---|-------------------|-------------------|-------------------|------------------------|-----------------------|---------------------------|---------------------|---------------------|
| <u>Cost</u> | | | | | | | | |
| Balance, beginning of year | \$ 111,940 | \$ 90,257 | \$ 609,314 | \$ 447,948 | \$ 8,883,910 | \$ - | \$ 10,143,370 | \$ 9,817,538 |
| Acquisition of tangible capital assets | - | - | - | - | - | 230,796 | 230,796 | 325,832 |
| Net change in assets under construction | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Balance, end of year | 111,940 | 90,257 | 609,314 | 447,948 | 8,883,910 | 230,796 | 10,374,166 | 10,143,370 |
| <u>Accumulated Amortization</u> | | | | | | | | |
| Balance, beginning of year | - | 60,223 | 112,251 | 226,866 | 2,968,818 | - | 3,368,158 | 3,153,758 |
| Add: Amortization | - | 2,975 | 12,186 | 32,686 | 170,573 | - | 218,421 | 214,400 |
| Less: Accumulated amortization on disposals | - | - | - | - | - | - | - | - |
| Balance, end of year | - | 63,198 | 124,437 | 259,552 | 3,139,391 | - | 3,586,579 | 3,368,158 |
| 2023 Net book value of tangible capital assets | \$ 111,940 | \$ 27,059 | \$ 484,877 | \$ 188,396 | \$ 5,744,519 | \$ 230,796 | \$ 6,787,587 | \$ 6,775,212 |
| 2022 Net book value of tangible capital assets | \$ 111,940 | \$ 30,034 | \$ 497,062 | \$ 221,083 | \$ 5,915,093 | \$ - | \$ - | \$ 6,775,212 |

The accompanying notes are an integral part of these consolidated financial statements

VILLAGE OF CREMONA
Schedule of Property Taxes
For the Year Ended December 31, 2023

(Schedule 2)

| | 2023 Budget | 2023 (Actual) | 2022 (Actual) |
|--|-------------------|--------------------------|-------------------|
| TAXATION | | | |
| Real property taxes | \$ 586,786 | \$ 606,061 | \$ 569,483 |
| Linear property tax | 13,335 | 13,338 | 12,482 |
| Government grants in place of property tax | 1,923 | 1,923 | 1,934 |
| | - | - | - |
| | <u>602,044</u> | <u>621,322</u> | <u>583,899</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 130,170 | 130,671 | 130,170 |
| Mountain View Seniors Housing | 19,588 | 19,678 | 16,863 |
| Alberta Policing | - | 15,585 | 20,481 |
| Designated Industrial | 74 | - | - |
| | - | - | - |
| | <u>149,832</u> | <u>165,934</u> | <u>167,514</u> |
| NET MUNICIPAL PROPERTY TAXES | <u>\$ 452,212</u> | <u>\$ 455,388</u> | <u>\$ 416,385</u> |

VILLAGE OF CREMONA
Schedule of Government Transfers
For the Year Ended December 31, 2023

(Schedule 3)

| | 2023 Budget | 2023 (Actual) | 2022 (Actual) |
|-----------------------------------|-------------------|--------------------------|-------------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial government | \$ 43,260 | \$ 69,383 | \$ 37,980 |
| Local government | 90,964 | 106,290 | 100,426 |
| Federal government | 5,000 | - | 5,000 |
| | <u>139,224</u> | <u>175,673</u> | <u>143,406</u> |
| TRANSFERS FOR CAPITAL | | | |
| Provincial government | - | 17,250 | 178,717 |
| TOTAL GOVERNMENT TRANSFERS | <u>\$ 139,224</u> | <u>\$ 192,923</u> | <u>\$ 322,123</u> |

VILLAGE OF CREMONA
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 4)

| | General government | Utilities | Roads, streets, walks and lighting | Protective services | Community services | Parks and recreation | Planning and development | 2023 |
|---|--------------------|-----------|------------------------------------|---------------------|--------------------|----------------------|--------------------------|--------------|
| REVENUES | | | | | | | | |
| Net municipal taxes | \$ 455,388 | - | - | - | - | - | - | \$ 455,388 |
| User fees and sales of goods | 225 | 397,717 | - | - | 3,750 | - | - | 401,692 |
| Government transfers for operating | 54,536 | - | - | - | 86,325 | 34,812 | - | 175,673 |
| Franchise and concession contracts | 71,321 | - | - | - | - | - | - | 71,321 |
| Licenses and permits | 925 | - | - | 150 | - | - | 628 | 1,703 |
| Investment income | 6,399 | - | - | - | - | - | - | 6,399 |
| Penalties and costs on taxes | 2,047 | - | - | - | - | - | - | 2,047 |
| Other revenues | 1,765 | - | - | - | 19,434 | 12,850 | - | 34,049 |
| | 592,606 | 397,717 | - | 150 | 109,509 | 47,662 | 628 | 1,148,272 |
| EXPENSES | | | | | | | | |
| Salaries, wages and benefits | 164,261 | 21,936 | 41,261 | - | 42,525 | 28,573 | - | 298,556 |
| Contracted and general services | 83,348 | 187,742 | 51,831 | 62,211 | 56,403 | 4,255 | 650 | 446,440 |
| Materials, goods and utilities | 25,306 | 42,421 | 37,841 | 16,946 | 14,352 | 16,819 | - | 153,685 |
| Transfers to local boards and agencies | - | - | - | - | 6,200 | 46,499 | - | 52,699 |
| Interest on long-term debt | 5,491 | - | - | - | - | - | - | 5,491 |
| Provision for allowances | 968 | - | - | - | - | - | - | 968 |
| Other expenses | 2,448 | - | - | - | - | - | - | 2,448 |
| Amortization of tangible capital assets | 14,742 | 112,134 | 84,224 | 4,346 | - | 2,975 | - | 218,421 |
| | 296,564 | 364,233 | 215,157 | 83,503 | 119,480 | 99,121 | 650 | 1,178,708 |
| ANNUAL SURPLUS (DEFFICIT) | \$ 296,042 | \$ 33,484 | \$ (215,157) | \$ (83,353) | \$ (9,971) | \$ (51,459) | \$ (22) | \$ (30,436) |

VILLAGE OF CREMONA
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022

(Schedule 5)

| | General government | Utilities | Roads, streets, walks and lighting | Protective services | Community services | Parks and recreation | Planning and development | 2022 |
|---|--------------------|----------------------|------------------------------------|---------------------|---------------------|----------------------|--------------------------|----------------------|
| REVENUES | | | | | | | | |
| Net municipal taxes | \$ 416,385 | - | - | - | - | - | - | \$ 416,385 |
| User fees and sales of goods | - | 225,878 | - | - | 2,250 | - | - | 228,128 |
| Government transfers for operating | 27,268 | - | - | - | 78,291 | 37,847 | - | 143,406 |
| Franchise and concession contracts | 71,858 | - | - | - | - | - | - | 71,858 |
| Licenses and permits | 1,234 | - | - | 435 | - | - | 6,818 | 8,487 |
| Investment income | 7,328 | - | - | - | - | - | - | 7,328 |
| Penalties and costs on taxes | 190 | - | - | - | - | - | - | 190 |
| Other revenues | 3,363 | - | - | - | 14,190 | 8,414 | - | 25,967 |
| | <u>527,626</u> | <u>225,878</u> | <u>-</u> | <u>435</u> | <u>94,731</u> | <u>46,261</u> | <u>6,818</u> | <u>901,749</u> |
| EXPENSES | | | | | | | | |
| Salaries, wages and benefits | 151,678 | - | 112,936 | - | 41,958 | - | - | 306,572 |
| Contracted and general services | 102,126 | 211,045 | 64,621 | 56,909 | 71,686 | 5,983 | 10,203 | 522,573 |
| Materials, goods and utilities | 42,886 | 42,894 | 48,690 | 5,253 | 14,073 | 19,421 | - | 173,217 |
| Transfers to local boards and agencies | - | - | - | - | 134 | 41,075 | - | 41,209 |
| Interest on long-term debt | 6,651 | - | - | - | - | - | - | 6,651 |
| Provision for allowances | 300 | - | - | - | - | - | - | 300 |
| Other expenses | 2,603 | - | - | - | - | - | - | 2,603 |
| Amortization of tangible capital assets | 5,223 | 111,000 | 89,372 | 5,830 | - | 2,975 | - | 214,400 |
| | <u>311,467</u> | <u>364,939</u> | <u>315,619</u> | <u>67,992</u> | <u>127,851</u> | <u>69,454</u> | <u>10,203</u> | <u>1,267,525</u> |
| ANNUAL SURPLUS (DEFFICIT) | \$ 216,159 | \$ (139,061) | \$ (315,619) | \$ (67,557) | \$ (33,120) | \$ (23,193) | \$ (3,385) | \$ (365,776) |

VILLAGE OF CREMONA**Schedule of Expenses by Object
For the Year Ended December 31, 2023****(Schedule 6)**

| | 2023 Budget | 2023 (Actual) | 2022 (Actual) |
|---|-------------------|---------------------|---------------------|
| Salaries, wages and benefits | \$ 218,876 | \$ 298,556 | \$ 306,572 |
| Contracted and general services | 443,550 | 446,440 | 522,573 |
| Materials, goods and utilities | 155,827 | 153,685 | 173,217 |
| Transfers to local boards and agencies | 47,375 | 52,699 | 41,209 |
| Interest on long-term debt | 5,854 | 5,491 | 6,651 |
| Provision for allowances | 600 | 968 | 300 |
| Bank charges and short-term interest | 7,153 | 2,448 | 2,603 |
| Amortization of tangible capital assets | - | 218,421 | 214,400 |
| | <u>\$ 879,235</u> | <u>\$ 1,178,708</u> | <u>\$ 1,267,525</u> |

VILLAGE OF CREMONA**Schedule of Equity in Tangible Capital Assets****(Schedule 7)****For the Year Ended December 31, 2023**

| | 2023 | 2022 |
|---|---------------------|--------------|
| BALANCE, BEGINNING OF YEAR | \$ 6,419,230 | \$ 6,248,993 |
| Purchase of tangible capital assets | 230,796 | 325,832 |
| Amortization of tangible capital assets | (218,421) | (214,400) |
| Repayment of long-term debt | 59,965 | 58,805 |
| BALANCE, END OF YEAR | \$ 6,491,570 | \$ 6,419,230 |
| Equity in tangible capital assets is comprised of: | | |
| Net book value of tangible capital assets (<i>Schedule 1</i>) | \$ 6,787,587 | \$ 6,775,212 |
| Long-term debt (<i>Note 10</i>) | (296,017) | (355,982) |
| | \$ 6,491,570 | \$ 6,419,230 |

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

1. ACCOUNTING POLICIES

The financial statements of the Village of Cremona (the "Village") are the representations of management, prepared in accordance with Canadian Public Sector Accounting Standards. 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 expenses, cash flows, changes in accumulated surplus and change in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

The financial statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The Village follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) Use of Estimates

The preparation of consolidated 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. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Village has used estimates to determine accrued liabilities, tangible capital asset useful lives and as well as provisions made for allowances for amounts receivable or any provision for impairment.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

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

1. ACCOUNTING POLICIES (continued)

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

(f) Land 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 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 the respective function.

(g) 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 (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(h) Inventories

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

Inventories consisting of land and improvements not currently available for resale are recorded as non-financial assets.

(i) 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.

(continues)

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

1. ACCOUNTING POLICIES (continued)

(j) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | |
|-------------------------|---------------|
| Buildings | 50 years |
| Engineered structures: | |
| Water system | 45 - 75 years |
| Wastewater system | 45 - 75 years |
| Other | 20 years |
| Machinery and equipment | 5 -15 years |
| Vehicles | 10 - 25 years |

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

Works of art for display are not recorded as tangible capital assets but are disclosed.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(k) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Village is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(continues)

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

1. ACCOUNTING POLICIES (continued)

(l) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Village and are recognized as revenue in the year in which the local improvement project is completed.

(m) Other Revenue

Sales and user charges are recognized as revenue as goods are transferred or services are rendered.

Contributed assets are recognized as revenue at fair market value of the assets at the date of receipt.

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(n) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(o) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2023, PS3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Effective for fiscal years beginning on or after April 1, 2023, PSG-8 This new guideline allows for recognition of intangibles purchased through an exchange transaction.

Effective for fiscal years beginning on or after April 1, 2023, PS3160 establishes standards on how to account for public private partnership arrangements.

(continues)

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

1. ACCOUNTING POLICIES (continued)

(p) Asset Retirement Obligations

A liability 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.

No asset retirement obligations (ARO's) have been identified as at December 31, 2023. If the Village had identified an ARO, the Village would use the modified retroactive method to record the effect on the financial statements. The liability would be measured at the present value of the estimated future costs. Any resulting costs would have been capitalized into the carrying amount of tangible capital assets and would be amortized on the same basis as the related tangible capital asset (Note 1(j)). All asset retirement obligations are adjusted for the passage of time, which is then recognized as an accretion expense, and as revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the excess of revenues over expenses when remediation is completed.

The Village reviews its assets on an ongoing basis to identify potential ARO's, assumptions and applicable estimates used in the calculations are also reviewed annually.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of twelve months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

| | <u>2023</u> | <u>2022</u> |
|----------------------------|-----------------|-------------------|
| Connect First Credit Union | \$ 87,094 | \$ 196,881 |
| Cash on hand | 400 | 400 |
| Restricted cash | <u>(87,435)</u> | <u>(87,303)</u> |
| | <u>\$ 59</u> | <u>\$ 109,978</u> |

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

3. TAXES AND GRANTS IN PLACE OF TAXES

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| <u>Taxes and grants in place of taxes</u> | | |
| Taxes and grants in place of taxes | \$ 31,244 | \$ 25,245 |
| Provision for doubtful accounts | <u>(2,135)</u> | <u>(2,135)</u> |
| | <u>\$ 29,109</u> | <u>\$ 23,110</u> |

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

4. INVESTMENTS

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|------------------|------------------|
| Connection First Credit Union | \$ 15,455 | \$ 13,552 |

Total common share value as at December 31, 2023 includes Common Share dividends as well as Investment Share dividends. Common shares paid out at a rate of 5.50% in 2023

5. TRADE AND OTHER RECEIVABLES

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| Canada Community-Building Fund | \$ 100,000 | \$ 50,000 |
| Municipal Sustainability Initiative - Capital | 168,562 | 84,281 |
| Goods and services tax | 11,678 | 35,158 |
| Utilities | 36,272 | 16,175 |
| Other | 19,055 | 16,878 |
| | <u>\$ 335,567</u> | <u>\$ 202,492</u> |

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

6. RESTRICTED CASH

Restricted cash is comprised of cash on deposit as follows:

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Municipal Sustainability Initiative - capital | 3,961 | 3,961 |
| Canada Community-Building Fund | 10,867 | 10,867 |
| Federal Access Grant | 19,720 | 19,720 |
| Disaster Services Reserve | 11,454 | 11,425 |
| Fire Capital Reserve | 6,554 | 6,537 |
| Capital Plan Reserve | 34,879 | 34,793 |
| | \$ 87,435 | \$ 87,303 |

7. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Municipal Sustainability Initiative - Capital | \$ 172,523 | \$ 88,242 |
| Canada Community-Building Fund | 110,867 | 60,867 |
| Federal Access Grant | 19,720 | 19,720 |
| | \$ 303,110 | \$ 168,829 |

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

8. LONG-TERM DEBT

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Debenture payable bearing interest at 1.782% per annum, repayable in semi-annual blended payments of \$16,443 due September 2026. | \$ 95,651 | \$ 126,421 |
| Debenture payable bearing interest at 1.592% per annum, repayable in semi-annual blended payments of \$16,285 due June 2030. | <u>200,366</u> | <u>229,561</u> |
| | <u>\$ 296,017</u> | <u>\$ 355,982</u> |

Principal and interest payments are due as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|-------------------|------------------|-------------------|
| 2024 | \$ 60,817 | \$ 4,638 | \$ 65,455 |
| 2025 | 61,849 | 3,606 | 65,455 |
| 2026 | 62,899 | 2,556 | 65,455 |
| 2027 | 30,935 | 1,636 | 32,571 |
| 2028 | 31,429 | 1,141 | 32,570 |
| Thereafter | <u>48,088</u> | <u>1,909</u> | <u>49,997</u> |
| | <u>\$ 296,017</u> | <u>\$ 15,486</u> | <u>\$ 311,503</u> |

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

9. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 294/2020 for the Village be disclosed as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|-------------------|
| Total debt limit | \$ 1,722,408 | \$ 1,352,624 |
| Total debt | <u>(296,017)</u> | <u>(355,982)</u> |
| Total debt limit remaining | \$ 1,426,391 | \$ 996,642 |
| | | |
| Service on debt limit | \$ 287,068 | \$ 225,437 |
| Service on debt | <u>(65,455)</u> | <u>65,455</u> |
| Total service on debt limit remaining | \$ 221,613 | \$ 290,892 |

The debt limit is calculated at 1.5 times revenues of the Village (as defined by Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Village. Rather, the financial statements must be interpreted as a whole.

10. ACCUMULATED SURPLUS

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Unrestricted surplus | \$ (471,843) | \$ (386,317) |
| Restricted surplus | | |
| Operating Contingency - Reserve | 2,000 | 2,000 |
| Capital Reserve - Roads | 278,854 | 278,854 |
| Capital Reserve - Water | 291,412 | 291,412 |
| Equity in tangible capital assets (<i>Schedule 7</i>) | <u>6,491,570</u> | <u>6,419,230</u> |
| | \$ 6,591,993 | \$ 6,605,179 |

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

11. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Village as required by Alberta Regulation 313/2000 is as follows:

| | 2023 Budget | 2023 (Actual) | 2022 (Actual) |
|---------------------|------------------|--------------------------|------------------|
| Fortis Alberta Inc. | \$ 12,000 | \$ 13,789 | \$ 14,318 |
| ATCO Gas | 48,898 | 57,532 | 57,540 |
| | <u>\$ 60,898</u> | <u>\$ 71,321</u> | <u>\$ 71,858</u> |

12. SALARIES AND BENEFITS DISCLOSURE

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

| | Salary (i) | Benefits (ii) | 2023 | 2022 |
|-------------------------------------|------------------|------------------|--------------------------|------------------|
| Hagen, T (Mayor) | \$ 2,930 | \$ 12 | \$ 2,942 | \$ 4,144 |
| Councillors | | | | |
| Canaday, J (Deputy Mayor) | 2,580 | 5 | 2,585 | 5,170 |
| Goebel, S | 2,100 | - | 2,100 | 4,200 |
| Thompson, T | 1,750 | - | 1,750 | 2,308 |
| Dick, J | 1,050 | - | 1,050 | 2,100 |
| Shi, J | 440 | - | 440 | 3,152 |
| Reid, R | - | - | - | 2,319 |
| Schibiner, B | - | - | - | 1,652 |
| Chief Administrative Officer | | | | |
| Friesen, R | - | - | - | 66,192 |
| O'Connor, K | 80,629 | 12,254 | 92,883 | 4,966 |
| | <u>\$ 91,479</u> | <u>\$ 12,271</u> | <u>\$ 103,750</u> | <u>\$ 96,203</u> |

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

(ii) 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. Benefits also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

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

13. BUDGET FIGURES

| | 2023 (Budget) | 2023 (Actual) |
|---|-------------------|-------------------|
| Annual surplus (deficit) | \$ 205,574 | \$ (13,186) |
| Amortization of tangible capital assets | - | 218,421 |
| Repayment of long-term debt | (65,455) | (59,965) |
| Results of operations | \$ 140,119 | \$ 145,270 |

The budget data presented in these financial statements is based on the operating and capital budgets approved by Village Council on May 16, 2023. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Village is not exposed to significant market or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Village is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the Village's credit risk.

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

15. SEGMENTED INFORMATION

The Village provides a range of services to its citizens. Segmented information has been identified based upon lines of service provided by the Village. Village services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

- a) General government:
The mandate of general government includes all taxation, Council and administrative functional activities.
- b) Protective services:
The mandate of protective services is to provide for the rescue and protection of people and property within the Village through effective and efficient management and coordination of emergency service systems and resources.
- c) Transportation services:
Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks and lighting.
- d) Planning and development:
Planning and development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Village.
- e) Parks and recreation:
The parks and recreation department is responsible for operation and maintenance of parks, sports fields, recreation, community and cultural facilities within the Village.
- f) Utilities:
Utility services is responsible for water supply and distribution services within the Village, as well as wastewater treatment and disposal activities and waste management functions.
- g) Community services:
Community services provides funding for programs that support individuals, families, and communities. Programs and services are delivered through Family and Community Support Services.

For additional information see the Schedules of Segmented Disclosure (*Schedule 4 & Schedule 5*).

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

16. CONTINGENCIES AND COMMITMENTS

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.

17. 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.

Contributions for current and past 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% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 - 11.80%) on pensionable salary above this amount.

Total current and past service contributions by the Village to the LAPP in 2023 totalled \$10,350 (2022 - \$9,202). Total current and past service contributions by the employees of the Village to the LAPP in 2023 totalled \$9,252 (2022 - \$8,155).

As at December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$5.0 billion). This amount was not specifically allocated to the participating government organizations. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years.

18. COMPARATIVE INFORMATION

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by Village Council and management on April 26, 2024.
