

Independent Auditors' Report

TO THE REEVE AND COUNCIL OF MUNICIPAL DISTRICT OF ACADIA NO. 34

Opinion

We have audited the financial statements of the **Municipal District of Acadia No. 34**, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, change in net financial assets (debt) and cash flows the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Municipal District of Acadia No. 34** as at December 31, 2022, the results of its operations and its 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 **Municipal District of Acadia No. 34** 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 standard, 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 **Municipal District of Acadia No. 34'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 liquidate **Municipal District of Acadia No. 34** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Municipal District of Acadia No. 34's** financial reporting process.

Auditors' Responsibility 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:

Independent Auditors' Report (Continued)

- 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 municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 **Municipal District of Acadia No. 34** 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.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Municipal District of Acadia No. 34's debt limit can be found in note 8.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and the information required can be found in note 13.

Johnston Morrison Hunter & Co. Professional Corporation

Chartered Professional Accountants
Brooks, Alberta
April 11, 2023

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Statement of Financial Position
December 31, 2022**

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	3,798,116	3,488,525
Taxes and grants in place of taxes (Note 3)	350,293	370,965
Trade and other receivables	92,518	294,960
Land for resale inventory	213,500	213,500
Investments (Note 4)	11,534	10,304
TOTAL FINANCIAL ASSETS	4,465,961	4,378,254
LIABILITIES		
Accounts payable and accrued liabilities	122,086	355,797
Employee benefit obligations (Note 5)	38,725	39,193
Deferred revenue (Note 6)	305,693	128,710
Long-term debt (Note 7)	288,130	300,705
TOTAL LIABILITIES	754,634	824,405
NET FINANCIAL ASSETS (DEBT)	3,711,327	3,553,849
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	9,949,442	10,270,621
Inventory for consumption	106,965	130,703
Prepaid expenses	64,705	62,593
	10,121,112	10,463,917
ACCUMULATED SURPLUS (Note 11)	13,832,439	14,017,766
CONTINGENCIES (Note 16)		

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Statement of Operations
For The Year Ended December 31, 2022**

	Budget	2022	2021
	\$	\$	\$
REVENUE			
Net taxes, Schedule 3	947,051	926,557	915,830
Government transfers for operating, Schedule 4	256,244	314,110	247,449
Investment income	60,000	88,795	32,321
User fees	216,156	246,822	224,162
Penalties and costs on taxes	5,000	9,723	7,255
Rentals	29,430	38,558	45,679
Other	30,626	77,503	57,772
Total Revenue	1,544,507	1,702,068	1,530,469
EXPENSES			
Operating			
Legislative	77,987	80,278	70,059
Administration	427,041	507,007	495,227
Fire, ambulance and bylaws enforcement	107,840	114,796	124,684
Roads, streets, walks and lighting	533,698	559,864	583,767
Water and wastewater	216,783	197,456	209,200
Waste management	93,120	91,464	89,104
Agricultural services	211,228	195,723	233,840
Recreation and parks	129,602	140,807	115,421
Total Expenses	1,797,299	1,887,395	1,921,302
EXCESS OF EXPENSES OVER REVENUE BEFORE OTHER, SCHEDULE 6	(252,792)	(185,327)	(390,833)
OTHER			
Government transfers for capital, Schedule 4	339,224	-	1,490,463
EXCESS OF EXPENSES OVER REVENUE	86,432	(185,327)	1,099,630
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,859,008	14,017,766	12,918,136
ACCUMULATED SURPLUS, END OF YEAR	14,945,440	13,832,439	14,017,766

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2022**

	Budget	2022	2021
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	86,432	(185,327)	1,099,630
Acquisition of tangible capital assets	-	(24,593)	(1,752,739)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	23,895	10,572
Amortization of tangible capital assets	337,000	334,652	334,251
Gain on sale of tangible capital assets	-	(12,775)	(2,768)
	337,000	321,179	(1,410,684)
(Purchase) use of prepaid assets	-	(2,112)	(5,118)
Use of supplies inventories	-	23,738	38,969
	-	21,626	33,851
INCREASE (DECREASE) IN NET ASSETS	423,432	157,478	(277,203)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,123,924	3,553,849	3,831,052
NET FINANCIAL ASSETS, END OF YEAR	4,547,356	3,711,327	3,553,849

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Statement of Cash Flows
For The Year Ended December 31, 2022**

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	(185,327)	1,099,629
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	334,652	334,251
Gain on disposal of tangible capital assets	(12,775)	(2,768)
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place of taxes	20,672	36,470
Increase in trade and other receivables	202,442	(244,402)
Increase (decrease) in accounts payable and accrued liabilities	(233,711)	299,008
Increase in employee benefit obligations	(468)	452
(Decrease) increase in deferred revenue	176,983	(555,079)
Decrease in inventory for consumption	23,738	38,969
Increase in prepaid expenses	(2,112)	(5,118)
CASH PROVIDED BY OPERATING TRANSACTIONS	324,094	1,001,412
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(24,593)	(1,752,739)
Sale of tangible capital assets	23,895	10,572
CASH APPLIED TO CAPITAL TRANSACTIONS	(698)	(1,742,167)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash or cash equivalents	(176,983)	555,079
Increase in investments	(1,230)	(607)
Long-term debt repaid	(12,575)	(12,132)
CASH APPLIED TO INVESTING TRANSACTIONS	(190,788)	542,340
CHANGE IN CASH AND CASH EQUIVALENTS	132,608	(198,415)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,359,815	3,558,230
CASH AND CASH EQUIVALENTS, END OF YEAR	3,492,423	3,359,815
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	3,798,116	3,488,525
Less: restricted portion of cash and temporary investments (Note 2)	(305,693)	(128,710)
	3,492,423	3,359,815

MUNICIPAL DISTRICT OF ACADIA NO. 34

Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2022
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
	\$	\$	\$	\$	\$
Revenue:					
Balance, beginning of year	1,341,075	2,406,069	10,270,621	14,017,765	12,918,137
(Deficiency) excess of revenues over expenses	(185,326)	-	-	(185,326)	1,099,629
Unrestricted funds designated for future use	(138,874)	138,874	-	-	-
Current year funds used for tangible capital assets	(24,593)	-	24,593	-	-
Disposal of tangible capital assets	11,120	-	(11,120)	-	-
Annual amortization expense	<u>334,652</u>	<u>-</u>	<u>(334,652)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(3,021)</u>	<u>138,874</u>	<u>(321,179)</u>	<u>(185,326)</u>	<u>1,099,629</u>
Balance, end of year	<u>1,338,054</u>	<u>2,544,943</u>	<u>9,949,442</u>	<u>13,832,439</u>	<u>14,017,766</u>

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Schedule of Tangible Capital Assets
For The Year Ended December 31, 2022
Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
Balance, beginning of year	2,848,639	92,308	2,861,879	10,368,702	1,139,230	868,083	18,178,841	16,457,122
Acquisition of tangible capital assets	-	-	24,593	-	-	-	24,593	80,049
Construction-in-progress	-	-	-	-	-	-	-	1,672,690
Disposal of tangible capital assets	-	-	-	-	-	(13,900)	(13,900)	(31,020)
Balance, end of year	<u>2,848,639</u>	<u>92,308</u>	<u>2,886,472</u>	<u>10,368,702</u>	<u>1,139,230</u>	<u>854,183</u>	<u>18,189,534</u>	<u>18,178,841</u>
Accumulated Amortization:								
Balance, beginning of year	-	21,421	287,419	6,594,686	658,589	346,105	7,908,220	7,597,185
Annual amortization	-	3,539	57,730	136,704	85,871	50,808	334,652	334,251
Accumulated amortization on disposals	-	-	-	-	-	(2,780)	(2,780)	(23,216)
Balance, end of year	<u>-</u>	<u>24,960</u>	<u>345,149</u>	<u>6,731,390</u>	<u>744,460</u>	<u>394,133</u>	<u>8,240,092</u>	<u>7,908,220</u>
Net Book Value of								
Tangible Capital Assets	<u>2,848,639</u>	<u>67,348</u>	<u>2,541,323</u>	<u>3,637,312</u>	<u>394,770</u>	<u>460,050</u>	<u>9,949,442</u>	<u>10,270,621</u>

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Schedule of Property And Other Taxes
For The Year Ended December 31, 2022
Schedule 3**

	Budget	2022	2021
	\$	\$	\$
TAXATION			
Real property taxes	975,779	988,360	953,938
Linear property taxes	216,944	191,875	203,099
Government grants in lieu of property taxes	1,898	1,898	1,895
	<u>1,194,621</u>	<u>1,182,133</u>	<u>1,158,932</u>
REQUISITIONS			
Alberta school foundation fund	216,219	218,870	213,055
Acadia seniors program	31,351	36,706	30,047
	<u>247,570</u>	<u>255,576</u>	<u>243,102</u>
NET TAXES	<u>947,051</u>	<u>926,557</u>	<u>915,830</u>

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Schedule of Government Transfers
For The Year Ended December 31, 2022
Schedule 4

	Budget	2022	2021
	\$	\$	\$
TRANSFERS FOR OPERATING			
Federal government	-	6,200	6,300
Provincial government	256,244	307,910	241,149
	<u>256,244</u>	<u>314,110</u>	<u>247,449</u>
TRANSFERS FOR CAPITAL			
Federal government	-	-	-
Provincial government	339,224	-	1,490,463
	<u>339,224</u>	<u>-</u>	<u>1,490,463</u>
TOTAL GOVERNMENT TRANSFERS	<u>595,468</u>	<u>314,110</u>	<u>1,737,912</u>

MUNICIPAL DISTRICT OF ACADIA NO. 34

Schedule of Expenses by Object
For The Year Ended December 31, 2022
Schedule 5

	Budget	2022	2021
	\$	\$	\$
EXPENSES			
Salaries, wages and benefits	520,318	528,202	533,837
Contracted and general services	414,294	469,689	490,283
Materials, goods and utilities	425,830	422,671	451,903
Transfers to local boards, individuals and organizations	57,987	65,919	67,035
Interest on long-term debt	10,770	10,770	11,213
Amortization of tangible capital assets	337,000	334,652	334,251
Other expenditures	31,100	55,492	32,780
TOTAL EXPENSES	<u>1,797,299</u>	<u>1,887,395</u>	<u>1,921,302</u>

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Schedule of Segmented Disclosure
For The Year Ended December 31, 2022
Schedule 6**

	General Government	Protective Services	Transportation Services	Water and Waste Management	Agricultural Services	Recreation and Culture	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue:							
Net municipal taxes	926,557	-	-	-	-	-	926,557
Government transfers	76,265	-	80,458	-	157,387	-	314,110
User fees and sales of goods	1,626	-	29,368	193,730	-	22,098	246,822
Investment income	88,795	-	-	-	-	-	88,795
Penalties and cost on taxes	9,723	-	-	-	-	-	9,723
Rentals	38,558	-	-	-	-	-	38,558
Other revenues	43,000	-	-	16,853	-	17,650	77,503
	<u>1,184,524</u>	<u>-</u>	<u>109,826</u>	<u>210,583</u>	<u>157,387</u>	<u>39,748</u>	<u>1,702,068</u>
Expenses:							
Contract & general services	183,512	37,514	82,644	95,319	39,456	31,244	469,689
Salaries & wages	238,050	750	182,945	-	106,457	-	528,202
Goods & supplies	18,693	30,568	126,332	142,049	37,229	67,800	422,671
Transfers to organization	65,919	-	-	-	-	-	65,919
Long-term debt interest	-	-	-	10,770	-	-	10,770
Other expenses	55,492	-	-	-	-	-	55,492
	<u>561,666</u>	<u>68,832</u>	<u>391,921</u>	<u>248,138</u>	<u>183,142</u>	<u>99,044</u>	<u>1,552,743</u>
Net revenue, before amortization	<u>622,858</u>	<u>(68,832)</u>	<u>(282,095)</u>	<u>(37,555)</u>	<u>(25,755)</u>	<u>(59,296)</u>	<u>149,325</u>
Amortization expense	<u>(25,619)</u>	<u>(45,965)</u>	<u>(167,942)</u>	<u>(40,782)</u>	<u>(12,581)</u>	<u>(41,763)</u>	<u>(334,652)</u>
Net Revenue	<u>597,239</u>	<u>(114,797)</u>	<u>(450,037)</u>	<u>(78,337)</u>	<u>(38,336)</u>	<u>(101,059)</u>	<u>(185,327)</u>

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

1. Significant Accounting Policies

The financial statements of the Municipal District of Acadia No. 34 are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Municipal District of Acadia No. 34 are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and change in financial position of the Municipal District of Acadia No. 34.

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 records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

Cash and Cash Equivalents

The Municipal District's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting 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 revenues and expenditures 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.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

Significant Accounting Policies (Continued)

Investments

Investments 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.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual 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.

Inventories 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 capital assets under their respective function.

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.

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.

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 revenue over expenses, provides the Change in Net Financial Assets (Debt) for the year.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

Significant Accounting Policies (Continued)

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:

	Years
Buildings	50
Engineered structures	
Roadway system	25 - 60
Sidewalks, curbs and gutters	25
Water system	45 -100
Wastewater system	75
Machinery and equipment	5 - 20
Vehicles	15 - 40

Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

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

Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

Significant Accounting Policies (Continued)

Measurement of Financial Instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, preferred shares of a private company and note receivable.

Financial liabilities measured at amortized cost include the bank overdraft, the bank loan, accounts payable, amounts due to directors and officers and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Cash and Temporary Investments

	2022	2021
	\$	\$
Cash	660,483	182,471
Temporary investments	<u>3,137,633</u>	<u>3,306,054</u>
	<u><u>3,798,116</u></u>	<u><u>3,488,525</u></u>

Temporary investments are short-term savings accounts bearing interest at 0.75% and are cashable on demand.

Included in the above are restricted amounts of \$305,693 (2021 - \$128,710) received from external sources and held exclusively for capital and operating projects .

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

3. Taxes and Grants in Place of Taxes

	2022	2021
	\$	\$
Current taxes and grants in place of taxes	16,458	17,029
Local improvement taxes receivable	<u>333,835</u>	<u>353,936</u>
	<u>350,293</u>	<u>370,965</u>

4. Investments

	2022	2021
	\$	\$
Medicine Hat Co-op Ltd. equity account	6,481	5,452
United Farmers of Alberta Co-operative Limited equity account	<u>5,053</u>	<u>4,852</u>
	<u>11,534</u>	<u>10,304</u>

5. Employee Benefit Obligations

	2022	2021
	\$	\$
Post-employment benefits	<u>38,725</u>	<u>39,193</u>

Post-Employment Benefits

The municipality sponsors a sick time allowance to qualifying employees at the time of retirement. This allowance is dependent on the number of years of service the employee has provided to the municipality and the amount of unused sick time accumulated. The cost of these benefits is recognized as a program expenditure as the employees provide service and the plan is unfunded.

MUNICIPAL DISTRICT OF ACADIA NO. 34

**Notes to the Financial Statements
For The Year Ended December 31, 2022**

6. Deferred Revenue

	2022	2021
	\$	\$
Canada Community Building Fund	59,819	84,669
Municipal Sustainability Initiative - Capital	241,974	40,141
Miscellaneous deferred funds	<u>3,900</u>	<u>3,900</u>
	<u>305,693</u>	<u>128,710</u>

Conditional grants and funding were received from external sources and have not been expended in the current year. The use of these funds is restricted to eligible projects which are scheduled for completion in 2023. The unspent funds are supported by cash and temporary investments of \$305,693.

7. Long-Term Debt

	2022	2021
	\$	\$
Tax supported debentures	<u>288,130</u>	<u>300,705</u>

The current portion of long-term debt is \$13,034.

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2023	13,034	10,310	23,344
2024	13,510	9,835	23,345
2025	14,004	9,341	23,345
2026	15,414	8,830	24,244
2027	15,595	8,300	23,895
2028 and on	<u>216,573</u>	<u>50,445</u>	<u>267,018</u>
	<u>288,130</u>	<u>97,061</u>	<u>385,191</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 3.6% per annum and matures in 2039. The average annual interest rate is 3.6% for 2022. Debenture debt is issued on the credit and security of the municipality at large.

Interest on long-term debt amounted to \$10,770 in 2022 and total cash payments for interest in 2022 were \$10,770.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

8. 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 Municipal District of Acadia No. 34 be disclosed as follows:

	2022	2021
	\$	\$
Total debt limit	2,553,105	2,642,856
Total debt	<u>288,130</u>	<u>300,705</u>
Amount of debt limit unused	<u>2,264,975</u>	<u>2,342,151</u>
Debt servicing limit	425,518	440,476
Debt servicing	<u>23,345</u>	<u>23,344</u>
Amount of debt servicing limit unused	<u>402,173</u>	<u>417,132</u>

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

9. Tangible Capital Assets

	2022	2021
Net Book Value	\$	\$
Land	2,848,639	2,848,639
Land improvements	67,348	70,889
Buildings	2,541,323	2,574,461
Engineered structures		
Roadway system	1,724,954	1,820,913
Sidewalk, curb and gutter	20,892	26,702
Water system	951,741	970,599
Wastewater system	939,725	955,789
Machinery and equipment	394,770	480,643
Vehicles	<u>460,050</u>	<u>521,986</u>
	<u>9,949,442</u>	<u>10,270,621</u>

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

10. Equity in Tangible Capital Assets

	2022	2021
	\$	\$
Tangible capital assets, Schedule 2	18,189,534	18,178,841
Accumulated amortization, Schedule 2	<u>(8,240,092)</u>	<u>(7,908,220)</u>
	<u>9,949,442</u>	<u>10,270,621</u>

11. Accumulated Surplus

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

	2022	2021
	\$	\$
Unrestricted surplus	1,338,054	1,341,075
Restricted surplus		
Contingencies, gravel and general operations	1,871,806	1,836,932
Transportation and general capital	488,496	443,495
Water and sewer	184,641	125,643
Equity in tangible capital assets	<u>9,949,442</u>	<u>10,270,621</u>
	<u>13,832,439</u>	<u>14,017,766</u>

12. Segmented Disclosure

The Municipal District of Acadia No. 34 provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure (Schedule 6) and Schedule of Tangible Capital Assets (Schedule 2) for full reporting.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

13. 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:

	2022			2021
	Salary	Benefits and allowances	Total	Total
	\$	\$	\$	\$
Reeve				
Peter Rafa	11,595	1,363	12,958	12,700
Councillors				
William Vandelight	-	-	-	2,260
Tim Peers	7,560	874	8,434	8,366
Scott Heeg	9,390	913	10,303	1,974
Aaron Skappak	8,150	450	9,534	9,534
Ron Hoyt	5,420	-	5,420	7,266
Designated officers (2 positions)	124,778	7,830	132,608	128,687
Municipal administrator Jason Wallsmith	96,603	14,897	111,500	110,307
	263,496	26,327	290,757	281,094

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, per diems 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, healthcare, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

14. Financial Instruments

The Municipal District's financial instruments consist of cash and temporary investments, receivables, other financial assets, accounts payable and accrued liabilities, deferred revenue, and long-term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risk arising from these financial statements.

The Municipal District is subject to credit risk with respect to taxes and grants in place of taxes and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District 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 fair value of the financial instruments approximates their carrying values.

MUNICIPAL DISTRICT OF ACADIA NO. 34

Notes to the Financial Statements For The Year Ended December 31, 2022

15. Local Authorities Pension Plan

Employees of the Municipal District participate in the Local Authorities Pension Plan (LAPP), which is 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 service are recorded as expenditures in the year in which they become due.

The Municipal District 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 12.80% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions of the Municipal District of Acadia No. 34 to the LAPP in 2022 were \$21,494 (2021 - \$23,820).

Total current service contributions by the employees of the Municipal District of Acadia No. 34 to the LAPP in 2022 were \$19,160 (2021 - \$21,505).

At December 31, 2021, the LAPP disclosed a surplus of \$11.9 billion.

16. Contingencies

The Municipal District of Acadia No. 34 is a member of both the Genesis Reciprocal Insurance Exchange and Jubilee Reciprocal Insurance Exchange. Under the terms of each membership, the municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchanges. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

17. Budgeted Figures

The budgeted figures have not been audited and are presented for information purposes only.

18. Approval of Financial Statements

These financial statements were approved by Council and Administration on April 11, 2023.