

VILLAGE OF BIG VALLEY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

VILLAGE OF BIG VALLEY

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

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**MANAGEMENTS' RESPONSIBILITY FOR
FINANCIAL REPORTING**

Management of the Village of Big Valley is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the village's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

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

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

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

The Village Council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Gitzel & Company, Chartered Professional Accountants, independent external auditors appointed by the village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the village's financial statements.

Chief Administrative Officer

Date



*Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA
*Peggy Weinzierl, CPA, CA (Associate)

INDEPENDENT AUDITORS' REPORT

TO: The Members of Council
Village of Big Valley

Opinion

We have audited the financial statements of the Village of Big Valley, which comprise the statement of financial position as at December 31, 2022 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes and schedules 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, 2022, the results of its operations, change in its net financial assets (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 *Auditors' 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 the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the village 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 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.

Auditors' 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 auditors' 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 controls.
- 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 purposes 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 auditors' 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 the auditors' 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.

We also provide 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.

Stettler, Alberta
February 11, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF BIG VALLEY
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	Restated 2021
FINANCIAL ASSETS		
Cash and short term investments (Note 3)	\$ 854,917	\$ 854,210
Taxes and grants in place of taxes receivable (Note 4)	51,160	39,734
Trade and other receivables	33,004	36,851
Receivable from other governments	22,223	21,908
Long-term investments (Note 5)	<u>177,193</u>	<u>177,193</u>
	<u>1,138,497</u>	<u>1,129,896</u>
 LIABILITIES		
Accounts payable and accrued liabilities	152,584	35,021
Payable to other governments	41,614	88,925
Trust liabilities (Note 6)	-	17,437
Deferred revenue (Note 7)	124,765	279,461
Due to Shirley McClellan Regional Water Services Commission (Note 8)	<u>85,876</u>	<u>90,322</u>
	<u>404,839</u>	<u>511,166</u>
 NET FINANCIAL ASSETS (DEBT)	 <u>733,658</u>	 <u>618,730</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,796,132	2,796,869
Land held for resale	50,166	50,166
Prepaid expenses	<u>18,955</u>	<u>10,503</u>
	<u>2,865,253</u>	<u>2,857,538</u>
 ACCUMULATED SURPLUS (Schedule 1, Note 10)	 \$ <u>3,598,911</u>	 \$ <u>3,476,268</u>
Contingencies (Note 11)		

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:

_____ Mayor

_____ Councillor

VILLAGE OF BIG VALLEY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Unaudited	2022	Restated 2021
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 294,854	\$ 304,614	\$ 302,381
Government transfers for operating (Schedule 4)	71,390	62,805	120,323
Sales of goods and user fees	216,716	219,623	226,634
Franchise and concession contracts	20,000	25,471	20,896
Investment income	4,000	20,509	4,354
Penalties and costs of taxes	10,000	6,376	17,108
Rentals	14,000	13,032	5,586
Other	<u>1,000</u>	<u>16,948</u>	<u>1,788</u>
Total Revenue	<u>631,960</u>	<u>669,378</u>	<u>699,070</u>
EXPENSES (Schedule 5)			
Legislative	15,910	8,744	15,403
Administration	186,592	175,493	213,403
Protective services	41,294	43,746	39,051
Transportation services	90,413	184,464	190,095
Water supply and distribution	146,141	151,996	180,775
Wastewater treatment and disposal	40,150	97,777	56,850
Waste management	27,500	23,528	22,490
Public health and welfare	16,150	9,102	10,070
Planning and development	1,500	-	662
Recreation and culture	<u>66,310</u>	<u>54,880</u>	<u>88,649</u>
Total Expenses	<u>631,960</u>	<u>749,730</u>	<u>817,448</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ <u> -</u>	(80,352)	(118,378)
OTHER			
Government transfers for capital (Schedule 4)		<u>202,995</u>	<u>262,132</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES		122,643	143,754
ACCUMULATED SURPLUS – BEGINNING OF YEAR		<u>3,476,268</u>	<u>3,332,514</u>
ACCUMULATED SURPLUS – END OF YEAR		\$ <u>3,598,911</u>	\$ <u>3,476,268</u>

VILLAGE OF BIG VALLEY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	Restated 2021
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>122,643</u>	\$ <u>143,754</u>
Acquisition of tangible capital assets	(141,250)	(255,466)
Proceeds on disposal of tangible capital assets	3,100	-
Amortization of tangible capital assets	138,158	145,371
(Gain) loss on sale of tangible capital assets	<u>729</u>	<u>1,649</u>
	<u>737</u>	<u>(108,446)</u>
Acquisition of prepaid assets	(18,955)	(10,503)
Use of prepaid assets	<u>10,503</u>	<u>12,563</u>
	<u>(8,452)</u>	<u>2,060</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	114,928	37,368
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>618,730</u>	<u>581,362</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u><u>733,658</u></u>	\$ <u><u>618,730</u></u>

VILLAGE OF BIG VALLEY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	Restated 2021
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ 122,643	\$ 143,754
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	138,158	145,371
(Gain) loss on disposal of tangible capital assets	729	1,649
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivables	(11,426)	36,165
Trade and other receivables	3,847	(4,034)
Receivable from other governments	(315)	8,572
Accounts payable and accrued liabilities	(29,748)	20,541
Trust liabilities	(17,437)	-
Deferred revenue	(154,696)	121,285
Prepaid expenses	<u>(8,452)</u>	<u>2,060</u>
Net cash provided by (used in) operating activities	<u>43,303</u>	<u>475,363</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(41,250)	(255,466)
Proceeds on disposal of tangible capital assets	<u>3,100</u>	<u>-</u>
Net cash provided by (used in) capital activities	<u>(38,150)</u>	<u>(255,466)</u>
INVESTING ACTIVITIES		
Disposal of long term investments	<u>-</u>	<u>11</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>11</u>
FINANCING ACTIVITIES		
Due to Shirley McClellan Regional Water Services Commission repaid	<u>(4,446)</u>	<u>(4,313)</u>
Net cash provided by (used in) financing activities	<u>(4,446)</u>	<u>(4,313)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	707	215,595
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>854,210</u>	<u>638,615</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)	<u>\$ 854,917</u>	<u>\$ 854,210</u>

VILLAGE OF BIG VALLEY

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Unrestricted Surplus	Restricted Equity in Tangible Surplus	Capital Assets	2022	Restated 2021
BALANCE - BEGINNING OF YEAR					
As previously reported	\$ 675,706	\$ 14,000	\$ 2,796,869	\$ 3,486,575	\$ 3,332,514
Prior period adjustments (Note 14)	<u>(10,307)</u>	<u>-</u>	<u>-</u>	<u>(10,307)</u>	<u>-</u>
As Restated	<u>665,399</u>	<u>14,000</u>	<u>2,796,869</u>	<u>3,476,268</u>	<u>3,332,514</u>
Excess (deficiency) of revenues over expenses	122,643	-	-	122,643	143,754
Current year funds used for tangible capital assets	(141,250)	-	141,250	-	-
Disposal of tangible capital assets	3,829	-	(3,829)	-	-
Annual amortization expense	<u>138,158</u>	<u>-</u>	<u>(138,158)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>123,380</u>	<u>-</u>	<u>(737)</u>	<u>122,643</u>	<u>143,754</u>
BALANCE - END OF YEAR	<u>\$ 788,779</u>	<u>\$ 14,000</u>	<u>\$ 2,796,132</u>	<u>\$ 3,598,911</u>	<u>\$ 3,476,268</u>

VILLAGE OF BIG VALLEY

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
COST:							
BALANCE - BEGINNING OF YEAR	\$ 71,038	\$ 340,708	\$ 5,397,862	\$ 263,934	\$ 100,581	\$ 6,174,123	\$ 5,951,026
Acquisition of tangible capital assets	-	141,250	-	-	-	141,250	255,466
Disposal of tangible capital assets	-	-	-	(14,358)	(16,271)	(30,629)	(32,369)
BALANCE - END OF YEAR	<u>71,038</u>	<u>481,958</u>	<u>5,397,862</u>	<u>249,576</u>	<u>84,310</u>	<u>6,284,744</u>	<u>6,174,123</u>
ACCUMULATED AMORTIZATION:							
BALANCE - BEGINNING OF YEAR	-	198,761	2,904,971	189,608	83,914	3,377,254	3,262,604
Annual amortization	-	4,585	119,045	12,147	2,381	138,158	145,371
Disposal of tangible capital assets	-	-	-	(10,529)	(16,271)	(26,800)	(30,721)
BALANCE - END OF YEAR	<u>-</u>	<u>203,346</u>	<u>3,024,016</u>	<u>191,226</u>	<u>70,024</u>	<u>3,488,612</u>	<u>3,377,254</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 71,038</u>	<u>\$ 278,612</u>	<u>\$ 2,373,846</u>	<u>\$ 58,350</u>	<u>\$ 14,286</u>	<u>\$ 2,796,132</u>	<u>\$ 2,796,869</u>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 71,038</u>	<u>\$ 141,947</u>	<u>\$ 2,492,891</u>	<u>\$ 74,326</u>	<u>\$ 16,667</u>	<u>\$ 2,796,869</u>	

VILLAGE OF BIG VALLEY

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	\$ 358,411	\$ 357,677	\$ 348,159
Linear property taxes	25,000	38,680	40,192
Government grants in place of property taxes	<u>620</u>	<u>818</u>	<u>848</u>
	<u>384,031</u>	<u>397,175</u>	<u>389,199</u>
REQUISITIONS			
Alberta School Foundation Fund	76,500	79,428	74,236
Heart Haven Lodge Seniors' Foundation	<u>12,677</u>	<u>13,133</u>	<u>12,582</u>
	<u>89,177</u>	<u>92,561</u>	<u>86,818</u>
NET MUNICIPAL TAXES	<u>\$ 294,854</u>	<u>\$ 304,614</u>	<u>\$ 302,381</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
TRANSFER FOR OPERATING			
Provincial government	\$ 58,658	\$ 61,123	\$ 106,041
Federal government	9,450	-	12,600
Local government	<u>3,282</u>	<u>1,682</u>	<u>1,682</u>
	71,390	62,805	120,323
TRANSFERS FOR CAPITAL			
Provincial government	<u>-</u>	<u>202,995</u>	<u>262,132</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 71,390</u>	<u>\$ 265,800</u>	<u>\$ 382,455</u>

VILLAGE OF BIG VALLEY

SCHEDULE 5 – EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	Restated 2021
EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 227,663	\$ 196,330	\$ 237,854
Contracted and general services	131,269	174,826	125,312
Materials, goods, supplies and utilities	196,108	169,556	217,580
Transfers to other Governments	25,000	25,000	27,944
Transfer to local boards and agencies	48,605	40,422	48,615
Bank charges and short-term interest	2,815	2,351	2,318
Bad debts	500	2,358	10,805
Loss on disposal of tangible capital assets	-	729	1,649
Amortization of tangible capital assets	-	<u>138,158</u>	<u>145,371</u>
TOTAL EXPENDITURES	\$ <u>631,960</u>	\$ <u>749,730</u>	\$ <u>817,448</u>

VILLAGE OF BIG VALLEY

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2022

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Health & Welfare	Recreation & Culture	Total
REVENUE								
Net municipal taxes	\$ 304,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,614
Government transfers	24,807	25,000	1,682	-	-	10,476	840	62,805
User fees and sales of goods	5,605	1,000	210	192,496	17,437	170	2,705	219,623
Franchise and Concessions	25,471	-	-	-	-	-	-	25,471
Investment income	20,509	-	-	-	-	-	-	20,509
Penalties and costs of taxes	6,376	-	-	-	-	-	-	6,376
Rentals	13,032	-	-	-	-	-	-	13,032
Other revenues	16,948	-	-	-	-	-	-	16,948
	<u>417,362</u>	<u>26,000</u>	<u>1,892</u>	<u>192,496</u>	<u>17,437</u>	<u>10,646</u>	<u>3,545</u>	<u>669,378</u>
EXPENSES								
Salaries and wages	102,942	-	23,060	40,476	-	-	29,852	196,330
Contract and general services	62,363	18,534	22,382	67,440	-	-	4,107	174,826
Materials, goods, supplies and utilities	7,529	212	51,588	102,157	-	-	8,070	169,556
Transfer to other government	-	25,000	-	-	-	9,102	7,792	25,000
Transfers to local agencies	-	-	-	23,528	-	-	-	40,422
Interest and bank charges	556	-	-	1,795	-	-	-	2,351
Bad debts	2,358	-	-	-	-	-	-	2,358
Loss on disposal of capital assets	-	-	(1,500)	-	-	-	2,229	729
	<u>175,748</u>	<u>43,746</u>	<u>95,530</u>	<u>235,396</u>	<u>-</u>	<u>9,102</u>	<u>52,050</u>	<u>611,572</u>
NET REVENUE, BEFORE AMORT AND OTHER	<u>241,614</u>	<u>(17,746)</u>	<u>(93,638)</u>	<u>(42,900)</u>	<u>17,437</u>	<u>1,544</u>	<u>(48,505)</u>	<u>57,806</u>
Capital Government transfers	-	-	10,400	192,595	-	-	-	202,995
Amortization expense	(8,489)	-	(88,934)	(37,905)	-	-	(2,830)	(138,158)
NET REVENUE	<u>\$ 233,125</u>	<u>\$ (17,746)</u>	<u>\$ (172,172)</u>	<u>\$ 111,790</u>	<u>\$ 17,437</u>	<u>\$ 1,544</u>	<u>\$ (51,335)</u>	<u>\$ 122,643</u>

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting and Auditing Board of Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures 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.

Realized and unrealized gains and losses are reported in the statement of operations.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with 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 financial statements, and the reported amounts of revenue 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.

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates – Continued

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

(d) Revenue Recognition

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

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

(e) Contaminated Sites Liability

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

(f) 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.

(g) 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

VILLAGE OF BIG VALLEY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Cash and Cash Equivalent

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term investments.

(i) Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(j) Investments

Investments are recorded at cost. 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.

(k) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

(l) Requisition Over-levies and Under-levies

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.

VILLAGE OF BIG VALLEY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(m) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

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

	YEARS
Land Improvements	15 - 35
Buildings	50
Engineered structures	
Water system	75
Wastewater system	45 - 75
Road system	20 - 30
Machinery and equipment	5 - 15
Vehicles	10 - 25

(ii) 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.

(iii) Leases

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 a capital lease. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Land Held For Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

(a) Section PS 1201 - Financial Statement Presentation

This section provides guidance on general reporting principles and disclosure of information in financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(b) Section PS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency. Effective for the fiscal years beginning on or after April 1, 2022.

(c) Section PS 3041 - Portfolio Investments

This section establishes standards on how to account for and report portfolio investments in government financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(d) Section PS 3050 – Loans Receivable

Loan discounts are to be amortized using the effective interest rate method. Effective for the fiscal years beginning on or after April 1, 2022.

(e) Section PS 3450 – Financial Instruments

This section establishes guidance on the recognition, measurement and disclosure requirements for financial instruments. Effective for the fiscal years beginning on or after April 1, 2022.

(f) Section PS 3280 – Asset Retirement Obligations

This section establishes standards on how to account for a liability for retirement of a tangible capital asset. Effective for the fiscal years beginning on or after April 1, 2022.

(g) Section PS 3160 – Public Private Partnerships

This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.

(h) Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.

(i) Section PSG – 8 – Purchased Intangibles

This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED - Continued

(j) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework, a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgment is applied. Effective for the fiscal years beginning on or after April 1, 2026.

(k) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

(l) Section PS3150 – Tangible Capital Assets

This section establishes guidance on the recognition and measurement for tangible capital assets. Effective for the fiscal years beginning on or after April 1, 2030.

3. CASH AND SHORT TERM INVESTMENTS

	2022	2021
Cash	\$ <u>854,917</u>	\$ <u>854,210</u>

Council has designated funds of \$14,000 (2021 - \$14,000) included in the above amounts to restricted surplus.

Included in cash and short term investments is a balance of \$124,765 (2021 - \$279,461) relating to deferred grant revenue (Note 7) and a balance of \$NIL (2021 - \$17,437) related to a trust liability which the Village administers (Note 6).

Accounts payable in the amount of \$100,000 (2021 - \$NIL) is in relation to the purchase of tangible capital assets and has been excluded from the statement of cash flow.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2022	2021
Current taxes and grants in place of taxes	\$ 35,999	\$ 31,377
Arrears taxes	<u>22,776</u>	<u>17,215</u>
	58,775	48,592
Less: Allowance for uncollectible taxes	<u>(7,615)</u>	<u>(8,858)</u>
	\$ <u>51,160</u>	\$ <u>39,734</u>

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5. INVESTMENTS

	2022	2021
Shirley McClellan Regional Water Services Commission	\$ <u>177,193</u>	\$ <u>177,193</u>

6. TRUST LIABILITIES

The Village of Big Valley administers the following trust:

	2022	2021
Tax Sale Surplus Liability	\$ <u>-</u>	\$ <u>17,437</u>

7. DEFERRED REVENUE

	2022	2021
Municipal sustainability initiative grant – capital	\$ 73,263	\$ 275,708
Canada Community Building Fund	50,150	-
Beautification grant	16	398
Donations	<u>1,336</u>	<u>3,355</u>
	\$ <u>124,765</u>	\$ <u>279,461</u>

8. DUE TO SHIRLEY MCCLELLAN REGIONAL WATER SERVICE COMMISSION

	2022	2021
Payable to Shirley McClellan Regional Water Services Commission due \$3,595 semi-annually including interest at 3.0757%, maturing December 2037	\$ <u>85,876</u>	\$ <u>90,322</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 4,584	\$ 2,606	\$ 7,190
2023	4,726	2,464	7,190
2024	4,872	2,318	7,190
2025	5,023	2,167	7,190
2026	5,179	2,011	7,190
Thereafter	<u>61,492</u>	<u>10,409</u>	<u>71,901</u>
	\$ <u>85,876</u>	\$ <u>21,975</u>	\$ <u>107,851</u>

VILLAGE OF BIG VALLEY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 municipality be disclosed as follows:

	2022	Restated 2021
Total debt limit	\$ 1,004,067	\$ 1,048,605
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit (exceeded) available	<u>1,004,067</u>	<u>1,048,605</u>
Debt servicing limit	167,345	174,768
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit (exceeded) available	<u>\$ 167,345</u>	<u>\$ 174,768</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.

10. ACCUMULATED SURPLUS

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

	2022	Restated 2021
Unrestricted surplus (deficit)	\$ 788,779	\$ 665,399
Equity in tangible capital assets	2,796,132	2,796,869
Restricted surplus	<u>14,000</u>	<u>14,000</u>
	<u>\$ 3,598,911</u>	<u>\$ 3,476,268</u>

11. CONTINGENCIES

The village is a member of the Stettler Waste Management Authority. The village may be liable for a portion of future site reclamation costs if these costs prove to be in excess of the authority's restricted surplus. An estimate of this amount cannot be made.

The village is a member of the Alberta Local Authorities Reciprocal 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 BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

11. CONTINGENCIES - Continued

The village is a member of the County of Stettler Housing Authority. The village is liable for their portion of any budget shortfall or capital expenditure incurred by the authority and not covered by the authority's reserves or through the payment of annual requisitions. Any liability that arises would be accounted for in the year the funds are requisitioned.

The village is a member of the Shirly McClellan Regional Water Services Commission, which is a related party. The village has agreed to purchase water from the commission. The village could be liable for any future capital expenses. During the year, the village purchased water from the commission in the amount of \$83,344 (2021 - \$102,907). Included in accounts payable is \$5,289 (2021 - \$NIL) due to the commission.

12. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2022			2021
	Salary (1)	Benefits & Allowances (2)	Total	
Daniel Houle, Mayor	\$ 1,342	\$ 353	\$ 1,695	\$ 865
Amber Hoogenberg, Councillor	2,860	355	3,215	1,105
Gail Knudson, Councillor	1,677	25	1,702	710
Clark German, Mayor	608	17	625	3,906
Harry Nibourg, Councillor	-	-	-	2,871
Art Tizzard, Councillor	-	-	-	819
Elaine MacDonald, CAO	47,687	1,089	48,776	-
Tracy Mindus, CAO	19,867	1,958	21,825	56,159
Sandra Schell, CAO	\$ -	\$ -	\$ -	\$ 47,096

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

13. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The village's financial instruments consist of cash, receivables, long term investments, accounts payable and due to Shirley McClellan Regional Water Services Commission. In management's opinion these financial instruments are not exposed to significant interest rate or currency risks.

The village is exposed to various risks through its financial instruments. The following analysis provides a measure of the village's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the village is not exposed to significant currency or other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The village has fixed rate debt which is subject to fair value risk, as the value will fluctuate as a result of changes in market rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge on obligation. The village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes this risk. The carrying value of taxes and other accounts receivable reflects management's assessment of the credit risk associated with these customers.

Liquidity Risk

Liquidity risk is the risk that the village will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The village has sufficient cash available from its operations as well as its operating account to meet its obligations. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from the prior year.

VILLAGE OF BIG VALLEY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

14. PRIOR PERIOD ADJUSTMENTS

The comparative period has been restated. Accounts payable of \$2,000 have been recorded, accounts payable of \$3,544 have been reversed and accounts receivable of \$11,713 have been reversed.

STATEMENT OF FINANCIAL POSITION

	As Restated	As Previously Reported	Adjustment
FINANCIAL ASSETS			
Trade and other receivables	\$ 36,851	\$ 48,565	\$ (11,714)
Receivable from other governments	21,908	22,045	(137)
LIABILITIES			
Accounts payable and accrued liabilities	35,021	36,565	(1,544)
NET FINANCIAL ASSETS (DEBT)	618,730	629,037	(10,307)
ACCUMULATED SURPLUS	\$ 3,476,268	\$ 3,486,575	\$ (10,307)

STATEMENT OF OPERATIONS

REVENUES			
Rentals	\$ 5,586	\$ 16,638	\$ (11,052)
Total Revenue	699,070	710,122	(11,052)
EXPENSES			
Administration	213,403	214,097	(694)
Transportation services	190,095	192,776	(2,681)
Water supply and distribution	180,775	180,145	630
Recreation and culture	88,649	86,649	2,000
Total Expenses	\$ 817,448	\$ 818,193	\$ (745)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER	\$ (118,378)	\$ (108,071)	\$ (10,307)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	143,754	154,061	(10,307)
ACCUMULATED SURPLUS – END OF YEAR	\$ 3,476,268	\$ 3,486,575	\$ (10,307)

SCHEDULE 5 – EXPENSES BY OBJECT

EXPENDITURES			
Contracted and general services	\$ 125,312	\$ 125,376	\$ (64)
Materials, goods, supplies and utilities	217,580	220,261	(2,681)
Transfers to local boards and agencies (Note 13)	48,615	46,615	2,000
TOTAL EXPENDITURES	\$ 817,448	\$ 818,193	\$ (745)

VILLAGE OF BIG VALLEY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

15. SEGMENTED DISCLOSURE

The Village of Big Valley 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.

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks, lighting and airport. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support and cemeteries. Recreation and culture includes parks and recreation, libraries, museums and halls.

Refer to Schedule 6 – Segmented Disclosure.

16. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2022 are for information purposes only and have not been audited.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.