

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

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Independent Auditors' Report

TO THE MAYOR AND COUNCIL OF THE VILLAGE OF ROSEMARY

Opinion

We have audited the financial statements of the **Village of Rosemary**, 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 **Village of Rosemary** 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 **Village of Rosemary** 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 **Village of Rosemary'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 **Village of Rosemary** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Village of Rosemary'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 **Village of Rosemary** 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 **Village of Rosemary'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
February 21, 2023

VILLAGE OF ROSEMARY

Statement of Financial Position
December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	233,751	177,327
Taxes and grants in place of taxes (Note 3)	18,548	25,507
Trade and other receivables	70,553	48,579
Land held for resale inventory	155,908	162,908
Investments (Note 4)	10	10
TOTAL FINANCIAL ASSETS	<u>478,770</u>	<u>414,331</u>
LIABILITIES		
Accounts payable and accrued liabilities	124,517	44,587
Deferred revenue (Note 6)	90,670	112,439
Long-term debt (Note 7)	32,952	38,467
	<u>248,139</u>	<u>195,493</u>
NET FINANCIAL ASSETS (DEBT)	<u>230,631</u>	<u>218,838</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	6,109,332	6,107,955
Inventory for consumption	2,074	2,995
Prepaid expenses	8,205	8,452
	<u>6,119,611</u>	<u>6,119,402</u>
ACCUMULATED SURPLUS (Note 11)	<u>6,350,242</u>	<u>6,338,240</u>

VILLAGE OF ROSEMARY

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

	Budget	2022	2021
	\$	\$	\$
REVENUE			
Net municipal taxes, Schedule 3	290,137	288,465	288,330
Government transfers for operating, Schedule 4	207,443	160,346	191,447
Investment income	1,003	6,727	1,274
User fees and sale of goods	238,400	232,789	224,455
Penalties and costs of taxes	11,500	9,402	11,919
Franchise and concession contracts	54,000	53,958	48,005
Other	3,420	11,280	7,900
	805,903	762,967	773,330
EXPENSES			
Legislative	25,000	21,183	24,300
Administration	179,829	183,301	200,084
Fire, ambulance and bylaws enforcement	148,195	169,815	133,517
Roads, streets, walks and lighting	230,109	189,047	187,161
Water and wastewater	213,935	202,056	285,824
Waste management	37,461	37,609	38,372
Parks and recreation	54,339	58,165	51,082
Other	84,035	68,942	78,732
	972,903	930,118	999,072
SHORTFALL OF REVENUE OVER EXPENSES BEFORE OTHER	(167,000)	(167,151)	(225,742)
OTHER			
Government transfers for capital, Schedule 4	170,000	179,153	80,013
	170,000	179,153	80,013
EXCESS OF REVENUE OVER EXPENSES	3,000	12,002	(145,729)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,338,240	6,338,240	6,483,969
ACCUMULATED SURPLUS, END OF YEAR, Schedule 1	6,341,240	6,350,242	6,338,240

VILLAGE OF ROSEMARY

**Statement of Change in Net Financial Assets
For the Year Ended December 31, 2022**

	Budget	2022	2021
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	3,000	12,002	(145,729)
Acquisition of tangible capital assets	(204,000)	(200,521)	(145,696)
Writedown tangible capital assets	-	-	44,645
Proceeds on the disposal of tangible capital assets	-	-	39,282
Amortization of tangible capital assets	198,500	199,144	197,517
Loss on sale of tangible capital assets	-	-	782
	(5,500)	(1,377)	136,530
Acquisition of prepaid assets	-	(8,205)	(8,452)
Use of prepaid assets	-	8,452	8,450
Purchase of supplies inventories	-	(2,074)	(2,995)
Use of supplies inventories	-	2,995	-
	-	1,168	(2,997)
INCREASE IN NET ASSETS	(2,500)	11,793	(12,196)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	218,838	218,838	231,034
NET FINANCIAL ASSETS, END OF YEAR	216,338	230,631	218,838

VILLAGE OF ROSEMARY
Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	12,002	(145,729)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	199,144	197,517
Loss on disposal of tangible capital assets	-	44,645
Loss on sale of tangible capital assets	-	782
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place	6,959	10,144
(Increase) decrease in trade and other receivables	(21,974)	16,574
Decrease (increase) in inventory	921	(2,995)
Decrease in land held for resale inventory	7,000	-
Decrease (increase) in prepaid expenses	247	(2)
Increase (decrease) in accounts payable and accrued liabilities	79,930	(151,361)
(Decrease) in deferred revenue	(21,769)	(4,536)
CASH PROVIDED BY OPERATING TRANSACTIONS	262,460	(34,961)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(200,521)	(145,696)
Proceeds on sale of tangible capital assets	-	39,282
CASH APPLIED TO CAPITAL TRANSACTIONS	(200,521)	(106,414)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash or cash equivalents	26,244	20,115
CASH APPLIED TO INVESTING TRANSACTIONS	26,244	20,115
FINANCING ACTIVITIES		
Long-term debt repaid	(5,515)	(5,203)
CASH APPLIED TO FINANCING TRANSACTIONS	(5,515)	(5,203)
CHANGE IN CASH AND CASH EQUIVALENTS	82,668	(126,463)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	102,845	229,308
CASH AND CASH EQUIVALENTS, END OF YEAR	185,513	102,845
CASH AND CASH EQUIVALENTS ARE MADE UP OF:		
Cash and temporary investments (Note 2)	233,751	177,327
Less: restricted portion of cash and temporary investments (Note 2)	(48,238)	(74,482)
	185,513	102,845

VILLAGE OF ROSEMARY

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
	\$	\$	\$	\$	\$
Balance, beginning of year	141,617	127,136	6,069,487	6,338,240	6,483,969
Excess (deficiency) of revenues over expenses	12,002	-	-	12,002	(145,729)
Current year funds used for tangible capital assets	(200,521)	-	200,521	-	-
Annual amortization expense	199,144	-	(199,144)	-	-
Long term debt repaid	<u>(5,515)</u>	<u>-</u>	<u>5,515</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>5,110</u>	<u>-</u>	<u>6,892</u>	<u>12,002</u>	<u>(145,729)</u>
Balance, end of year	<u>146,727</u>	<u>127,136</u>	<u>6,076,379</u>	<u>6,350,242</u>	<u>6,338,240</u>

VILLAGE OF ROSEMARY

**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	191,045	345,058	206,101	7,980,608	326,412	299,999	9,349,223	9,380,935
Acquisition of tangible capital assets	-	-	-	-	21,368	-	21,368	145,695
Construction-in-progress	-	179,153	-	-	-	-	179,153	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(76,268)
Write down of tangible capital assets	-	-	-	-	-	-	-	(101,139)
Balance, end of year	<u>191,045</u>	<u>524,211</u>	<u>206,101</u>	<u>7,980,608</u>	<u>347,780</u>	<u>299,999</u>	<u>9,549,744</u>	<u>9,349,223</u>
Accumulated Amortization:								
Balance, beginning of year	-	142,254	79,705	2,606,429	184,222	228,658	3,241,268	3,136,449
Annual amortization	-	14,902	4,123	142,015	23,239	14,865	199,144	197,517
Accumulated amortization on disposals	-	-	-	-	-	-	-	(36,204)
Accumulated amortization on write down of tangible capital assets	-	-	-	-	-	-	-	(56,494)
Balance, end of year	<u>-</u>	<u>157,156</u>	<u>83,828</u>	<u>2,748,444</u>	<u>207,461</u>	<u>243,523</u>	<u>3,440,412</u>	<u>3,241,268</u>
Net Book Value of Tangible Capital Assets	<u>191,045</u>	<u>367,055</u>	<u>122,273</u>	<u>5,232,164</u>	<u>140,319</u>	<u>56,476</u>	<u>6,109,332</u>	<u>6,107,955</u>

VILLAGE OF ROSEMARY

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

	Budget	2022	2021
	\$	\$	\$
TAXATION			
Real property taxes	370,586	368,914	363,160
	<u>370,586</u>	<u>368,914</u>	<u>363,160</u>
REQUISITIONS			
Alberta School foundation fund	75,419	75,419	70,455
Christ the Redeemer separate school division	2,044	2,044	1,931
Newell seniors foundation	2,986	2,986	2,444
	<u>80,449</u>	<u>80,449</u>	<u>74,830</u>
NET MUNICIPAL TAXES	<u>290,137</u>	<u>288,465</u>	<u>288,330</u>

VILLAGE OF ROSEMARY

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

	Budget	2022	2021
	\$	\$	\$
TRANSFERS FOR OPERATING			
Federal government	6,300	3,938	6,300
Provincial government	68,600	18,616	87,492
Other local governments	132,543	137,792	97,655
	<u>207,443</u>	<u>160,346</u>	<u>191,447</u>
TRANSFERS FOR CAPITAL			
Provincial government	77,000	79,526	80,013
Other local governments	93,000	99,627	-
	<u>170,000</u>	<u>179,153</u>	<u>80,013</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>377,443</u></u>	<u><u>339,499</u></u>	<u><u>271,460</u></u>

VILLAGE OF ROSEMARY

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

	Budget	2022	2021
	\$	\$	\$
EXPENDITURES			
Salaries, wages and benefits	289,999	299,652	298,133
Contracted and general services	245,995	191,890	231,484
Materials, goods and utilities	173,974	169,431	172,846
Interest on long-term debt	2,308	2,308	2,620
Amortization of tangible capital assets	198,500	199,144	197,517
Transfers to local boards and other expenditures	62,127	67,693	96,472
	<u>972,903</u>	<u>930,118</u>	<u>999,072</u>

VILLAGE OF ROSEMARY

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

	General Government	Protective Services	Transportation Services	Water & Waste Management	Recreation & Culture	Total
	\$	\$	\$	\$	\$	\$
Revenue:						
Net municipal taxes	288,465	-	-	-	-	288,465
Government transfers	-	141,972	-	7,020	190,507	339,499
Investment income	6,651	-	-	-	76	6,727
User fees and sale of goods	8,324	1,042	840	174,898	47,686	232,790
Penalties and cost of taxes	9,402	-	-	-	-	9,402
Franchise and concession contracts	53,958	-	-	-	-	53,958
Other revenues	7,962	-	-	-	3,317	11,279
	<u>374,762</u>	<u>143,014</u>	<u>840</u>	<u>181,918</u>	<u>241,586</u>	<u>942,120</u>
Expenses:						
Salaries & wages	120,472	36,400	45,694	39,183	57,903	299,652
Contracted & general services	31,482	37,202	13,945	89,413	19,848	191,890
Goods & supplies	47,026	41,677	44,528	22,303	13,897	169,431
Transfers to local boards	3,424	26,585	1,076	16,051	20,557	67,693
Long-term debt interest	-	2,308	-	-	-	2,308
	<u>202,404</u>	<u>144,172</u>	<u>105,243</u>	<u>166,950</u>	<u>112,205</u>	<u>730,974</u>
Net revenue, before amortization	<u>172,358</u>	<u>(1,158)</u>	<u>(104,403)</u>	<u>14,968</u>	<u>129,381</u>	<u>211,146</u>
Amortization expense	<u>(2,082)</u>	<u>(25,641)</u>	<u>(83,804)</u>	<u>(72,715)</u>	<u>(14,902)</u>	<u>(199,144)</u>
Net Revenue	<u>170,276</u>	<u>(26,799)</u>	<u>(188,207)</u>	<u>(57,747)</u>	<u>114,479</u>	<u>12,002</u>

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

1. Significant Accounting Policies

The financial statements of the Village of Rosemary 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 Village of Rosemary 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 Village of Rosemary.

The schedule of taxes levied also includes requisitions for education, 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 or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

Cash and Cash Equivalents

The Village'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.

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.

VILLAGE OF ROSEMARY

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

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 and other inventories are 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, road, 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 revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

VILLAGE OF ROSEMARY

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

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	15-20
Buildings	25-50
Engineered structures	
Water system	35-65
Wastewater system	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20

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

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.

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 and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable 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.

VILLAGE OF ROSEMARY

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

2. Cash and Temporary Investments

	2022	2021
	\$	\$
Cash	133,751	177,327
Temporary investments	<u>100,000</u>	<u>-</u>
Cash	<u><u>233,751</u></u>	<u><u>177,327</u></u>

Temporary investments are guaranteed investments certificates having effective interest rates of 4.69% to 5.08% with maturity dates from June 20, 2023 to December 20, 2023.

Included in cash is a restricted amount of \$48,238 (2021 - \$74,482) received from external sources and held exclusively for capital and operating projects .

3. Taxes and Grants in Place of Taxes

	2022	2021
	\$	\$
Current taxes	13,902	17,903
Non-current taxes	<u>4,646</u>	<u>7,604</u>
	<u><u>18,548</u></u>	<u><u>25,507</u></u>

4. Investments

	2022	2021
	\$	\$
Newell Regional Services Corporation, common shares	<u><u>10</u></u>	<u><u>10</u></u>

5. Bank Advances

A line of credit facility of up to \$100,000. Secured by Municipal Borrowing By-Law 494/22 (Chief Elected Officer and Chief Administrative Officer are authorized on behalf of the Village to execute promissory notes or other negotiable instruments and transfer any present and future property, real or personal, movable or immovable, to furnish security for the debt). Due on demand with interest calculated at prime plus 1%. No balance was outstanding at year-end.

VILLAGE OF ROSEMARY

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

6. Deferred Revenue

	2022	2021
	\$	\$
Municipal Sustainability Initiative - Operating	64,059	38,253
Alberta Community Partnership Grant		52,050
Funds held in trust for Rosemary Historical Society	5,772	
Taxes paid in advance	20,839	20,636
Land sale	-	1,500
	<u>90,670</u>	<u>112,439</u>

Alberta conditional grants were received from external sources and have not been expended in the current year.

The use of these funds is restricted to eligible capital and operating projects, as approved under the funding agreements, scheduled for completion in 2023. Unexpended funds related to the advance are supported by cash and temporary investments of \$48,238.

7. Long-Term Debt

	2022	2021
	\$	\$
Tax supported debentures	<u>32,952</u>	<u>38,467</u>

The current portion of long-term debt is \$5,846 (2021 - \$5,515).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2023	5,846	1,977	7,823
2024	6,196	1,627	7,823
2025	6,568	1,255	7,823
2026	6,962	860	7,823
2027	<u>7,380</u>	<u>442</u>	<u>7,822</u>
	<u>32,952</u>	<u>6,161</u>	<u>39,113</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 6% per annum and matures in 2027. The average annual interest rate is 6.00% for 2021 (6.38% for 2021). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8% to 12.5% depending on the date borrowed. Debenture debt is issued on the credit and security of the Village of Rosemary at large.

Interest on long-term debt amounted to \$2,308 (2021 - \$2,620).

The Village's total cash payments for interest in 2022 was \$2,308 (2021 - \$2,620).

VILLAGE OF ROSEMARY

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 Village of Rosemary be disclosed as follows:

	2022	2021
	\$	\$
Total debt limit	1,144,450	1,159,995
Total debt	<u>32,952</u>	<u>38,467</u>
Amount of debt limit unused	<u>1,111,498</u>	<u>1,121,528</u>
Debt servicing limit	190,472	193,333
Debt servicing	<u>7,823</u>	<u>7,823</u>
Amount of debt servicing limit unused	<u>182,919</u>	<u>185,510</u>

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada (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.

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

9. Tangible Capital Assets

	2022	2021
Net Book Value	\$	\$
Land	191,045	191,045
Land improvements	367,056	202,804
Buildings	122,273	126,396
Engineered Structures		
Roadway system	1,190,683	1,228,056
Sidewalk, curb and gutter	342,904	360,349
Water distribution system	1,631,097	1,676,546
Wastewater system	1,082,673	1,109,939
Storm system	984,806	999,289
Machinery and equipment	140,319	142,190
Vehicles	<u>56,476</u>	<u>71,341</u>
	<u>6,109,332</u>	<u>6,107,955</u>

VILLAGE OF ROSEMARY

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

10. Equity in Capital Assets

	2022	2021
	\$	\$
Tangible capital assets, Schedule 2	9,549,744	9,349,223
Accumulated amortization, Schedule 2	(3,440,412)	(3,241,268)
Long-term debt (Note 7)	<u>(32,952)</u>	<u>(38,468)</u>
	<u>6,076,379</u>	<u>6,069,487</u>

11. Accumulated Surplus

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

	2022	2021
	\$	\$
Unrestricted surplus	146,727	141,617
Restricted surplus		
Fire department	15,000	15,000
General operations	112,136	112,136
Equity in tangible capital assets	<u>6,076,379</u>	<u>6,069,487</u>
	<u>6,350,242</u>	<u>6,338,240</u>

12. Segmented Disclosure

The Village of Rosemary 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).

VILLAGE OF ROSEMARY

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
	\$	\$	\$	\$
Mayor	6,263	210	6,473	7,263
Deputy Mayor	5,100	318	5,418	5,449
Councillor	5,250	326	5,576	5,764
Municipal Administrator	56,334	15,615	71,949	74,221
Designated Officers (2)	23,400	-	23,400	22,075

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, per diems and any other direct cash remuneration.
- 2) Benefits and allowances includes 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, professional memberships and tuition.

14. Financial Instruments

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

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

Unless otherwise noted, the fair value of the financial instruments approximates their carrying values.

VILLAGE OF ROSEMARY

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

15. Subsequent Event

Subsequent to the year, the Village of Rosemary is committed to Tomko Sports Systems to install surfacing for the sport court disclosed as construction-in-progress. The estimated cost is \$34,947 exclusive of goods and services tax.

16. Budgeted Figures

The budgeted figures, approved by Council on April 19, 2022, have not been audited and are presented for information purposes only.

17. Approval of Financial Statements

These financial statements were approved by Council and Administration on February 21, 2023.