

VILLAGE OF BOYLE
Financial Statements
Year Ended December 31, 2022

VILLAGE OF BOYLE
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Year Ended December 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Boyle 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 judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

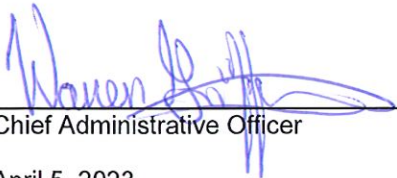
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 its Council Meetings. This Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Friesen Viney Stasiuk, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.



Chief Administrative Officer

April 5, 2023

Boyle, Alberta



Assistant Chief Administrative Officer

April 5, 2023

Boyle, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Council of the Village of Boyle

Opinion

We have audited the financial statements of the Village of Boyle (the Village), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village Of Boyle in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Tangible Capital Assets

We draw your attention to Note 20 in the financial statements, which indicates that the Village Of Boyle had a prior period adjustment relating to tangible capital assets. In 2013, the skateboard park was determined to be of nil value and was removed from use. In 2018, a spray park was donated to the Village. Neither of these transactions were recorded, causing opening tangible capital assets to be understated by \$154,803, and equity in tangible capital assets to also be understated by \$154,803.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village Of Boyle's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village Of Boyle or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village Of Boyle's financial reporting process.

(continues)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village Of Boyle'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 Of Boyle'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 Boyle 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.

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's debt limit can be found in Note 8.

The engagement partner on the audit resulting in this independent auditor's report is Kendra Stasiuk, CPA, CA.



FRIESEN VINEY STASIUK
CHARTERED PROFESSIONAL ACCOUNTANTS

Westlock, Alberta
April 5, 2023



FRIESEN
VINEY
STASIUK
CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF BOYLE
Statement of Financial Position
December 31, 2022

	2022	2021 <i>(Revised)</i> <i>(Note 20)</i>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 3,437,194	\$ 3,438,089
Taxes and grants in place of taxes <i>(Note 3)</i>	118,624	144,113
Trade and other receivables <i>(Note 4)</i>	693,228	676,553
Land for resale inventory	-	1
Investments <i>(Note 5)</i>	32,792	32,792
	<u>\$ 4,281,838</u>	<u>\$ 4,291,548</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 177,202	\$ 166,414
Deferred revenue <i>(Note 6)</i>	68,274	9,155
Long term debt <i>(Note 7)</i>	3,707,012	3,352,466
	<u>3,952,488</u>	<u>3,528,035</u>
NET FINANCIAL ASSETS	<u>329,350</u>	<u>763,513</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	15,065,916	14,763,984
Inventory for consumption	19,475	43,359
Prepaid expenses	36,608	32,193
	<u>15,121,999</u>	<u>14,839,536</u>
ACCUMULATED SURPLUS	<u>\$ 15,451,349</u>	<u>\$ 15,603,049</u>
CONTINGENCIES <i>(Note 17)</i>		
COMMITMENTS <i>(Note 18)</i>		

VILLAGE OF BOYLE
Statement of Operations
Year Ended December 31, 2022

	Budget (unaudited)	2022	2021 (revised)
REVENUE			
Net municipal taxes(Schedule 3)	\$ 1,086,200	\$ 1,088,913	\$ 1,093,730
User fees and sales of goods	2,008,476	2,077,075	1,693,299
Government transfers for operating(Schedule 4)	395,352	286,813	195,868
Rental revenue	149,640	133,135	107,083
Franchise revenue	193,300	167,782	163,577
Penalties and costs of taxes	78,300	64,337	71,297
Investment income	30,000	89,641	31,171
Licenses and permits	11,000	11,362	9,667
Other	81,000	15,534	39,325
Total Operating Revenue	4,033,268	3,934,592	3,405,017
EXPENSES			
Legislative	160,250	191,039	170,294
Administration	507,726	572,016	447,159
Protective services	173,338	126,541	141,304
Roads, streets, walks, lighting	699,208	544,020	476,000
Water supply and distribution	569,181	711,493	938,650
Wastewater treatment and disposal	72,623	50,442	61,176
Waste management	151,317	167,341	154,108
Family and community support	12,200	12,172	11,817
Land use planning, zoning and development	70,185	85,903	63,440
Subdivision land development	131,881	121,451	73,360
Parks and recreation	512,287	489,820	396,984
Gas	619,787	662,267	527,048
Amortization of tangible capital assets (unbudgeted)	664,643	664,643	618,529
Total Operating Expenses	4,344,626	4,399,148	4,079,869
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(311,358)	(464,556)	(674,852)
CAPITAL INCOME			
Government transfer for capital (Schedule 4)	313,468	90,993	753,132
Donations and local grants	9,000	24,313	7,586
Donation in kind	-	197,550	-
	322,468	312,856	760,718
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	11,110	(151,700)	85,866
ACCUMULATED SURPLUS - BEGINNING OF YEAR	15,603,049	15,603,049	15,517,183
ACCUMULATED SURPLUS - END OF YEAR	\$ 15,614,159	\$ 15,451,349	\$ 15,603,049

VILLAGE OF BOYLE
Statement of Changes in Net Financial Assets
Year Ended December 31, 2022

	Budget <i>(Unaudited)</i>	2022	2021 <i>(revised)</i>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ 11,110	\$ (151,700)	\$ 85,866
Acquisition of tangible capital assets	(1,945,300)	(978,747)	(1,450,027)
Proceeds on disposal of tangible capital assets	20,000	7,476	75,664
Amortization of tangible capital assets (unbudgeted)	612,972	664,643	618,529
Gain/loss on disposal of tangible capital assets	-	4,696	(9,055)
	(1,312,328)	(301,932)	(764,889)
(Acquisition) disposal of inventory	-	23,884	(603)
(Acquisition) disposal of prepaid expenses	-	(4,415)	(6,791)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,301,218)	(434,163)	(686,417)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	763,513	763,513	1,449,930
NET FINANCIAL ASSETS - END OF YEAR	\$ (537,705)	\$ 329,350	\$ 763,513

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

	2022	2021 <i>(revised)</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (151,700)	\$ 85,866
Items not affecting cash:		
Amortization of tangible capital assets	664,643	618,529
Loss (gain) on disposal of tangible capital assets	4,696	(9,055)
	<u>517,639</u>	<u>695,340</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	25,489	73,411
Trade and other receivables	(16,675)	530,488
Accounts payable and accrued liabilities	10,788	29,541
Deferred revenue	59,119	(317,000)
Inventory for consumption	23,884	(603)
Land for resale inventory	1	-
Prepaid expenses	(4,415)	(6,791)
	<u>98,191</u>	<u>309,046</u>
Cash flow from operating activities	<u>615,830</u>	<u>1,004,386</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(978,747)	(1,450,027)
Proceeds on disposal of tangible capital assets	7,476	75,664
Cash flow used by investing activities	<u>(971,271)</u>	<u>(1,374,363)</u>
FINANCING ACTIVITY		
Long term debt issued (repaid)	<u>354,546</u>	<u>275,858</u>
Net change in cash and cash equivalents during the year	(895)	(94,119)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,438,089</u>	<u>3,532,208</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,437,194</u>	<u>\$ 3,438,089</u>

VILLAGE OF BOYLE
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2022 **(Schedule 1)**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021 <i>(revised)</i>
BALANCE, BEGINNING OF YEAR	\$ 3,296,461	\$ 895,070	\$ 11,411,518	\$ 15,603,049	\$ 15,517,183
Excess (deficiency) of revenues over expenses	(151,700)	-	-	(151,700)	85,866
Unrestricted funds designated for future use	(60,000)	60,000	-	-	-
Restricted funds used for tangible capital assets	-	(39,950)	39,950	-	-
Restricted funds used for operating	117,273	(117,273)	-	-	-
Current year funds used for tangible capital assets	(741,247)	-	741,247	-	-
Contributed tangible capital assets	(197,550)	-	197,550	-	-
Disposal of tangible capital assets	12,172	-	(12,172)	-	-
Annual amortization expense	664,643	-	(664,643)	-	-
Long term debt repaid	(245,454)	-	245,454	-	-
Addition to long term debt	600,000	-	(600,000)	-	-
BALANCE, END OF YEAR	\$ 3,294,598	\$ 797,847	\$ 11,358,904	\$ 15,451,349	\$ 15,603,049

VILLAGE OF BOYLE
Schedule of Tangible Capital Assets (Schedule 2)
Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021 (revised)
COST:								
BALANCE, BEGINNING OF YEAR	\$ 1,464,395	\$ 1,123,633	\$ 17,643,682	\$ 17,166,506	\$ 1,468,161	\$ 789,972	\$ 39,656,349	\$ 38,161,676
Acquisitions	-	-	59,710	81,320	57,949	582,218	781,197	1,450,027
Contributed tangible capital assets	-	197,550	-	-	-	-	197,550	-
Disposals	-	-	-	-	(68,525)	-	(68,525)	(94,271)
Prior period adjustments (Note 20)	-	-	-	-	-	-	-	138,917
BALANCE, END OF YEAR	1,464,395	1,321,183	17,703,392	17,247,826	1,457,585	1,372,190	40,566,571	39,656,349
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	674,368	10,736,046	11,664,618	1,317,376	499,957	24,892,365	24,322,941
Annual amortization	-	39,096	351,378	181,663	30,287	62,219	664,643	618,529
Accumulated amortization on disposals	-	-	-	-	(56,353)	-	(56,353)	(27,662)
Prior period adjustments (Note 20)	-	-	-	-	-	-	-	(21,443)
BALANCE, END OF YEAR	-	713,464	11,087,424	11,846,281	1,291,310	562,176	25,500,655	24,892,365
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,464,395	\$ 607,719	\$ 6,615,968	\$ 5,401,545	\$ 166,275	\$ 810,014	\$ 15,065,916	\$ 14,763,984

During the year, a skateboard park was donated to the Village at a fair market value of \$197,550 (2021- \$0).

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

(Schedule 3)

	Budget (Unaudited)	2022	2021
TAXATION			
Residential land and improvements	\$ 797,695	\$ 797,650	\$ 804,525
Non residential land and improvements	363,020	363,614	353,834
Linear property	167,970	167,894	171,006
Machinery and equipment	10,286	10,285	10,161
Government grants in place of property taxes	21,048	21,048	20,075
	<u>1,360,019</u>	<u>1,360,491</u>	<u>1,359,601</u>
REQUISITIONS			
Alberta School Foundation Fund	263,678	261,437	254,290
Greater North Foundation	10,141	10,141	11,581
	<u>273,819</u>	<u>271,578</u>	<u>265,871</u>
NET MUNICIPAL TAXES	<u>\$ 1,086,200</u>	<u>\$ 1,088,913</u>	<u>\$ 1,093,730</u>

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

(Schedule 4)

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING:			
Federal Government	\$ -	\$ -	\$ 9,349
Provincial Government	237,011	131,209	64,349
Local Government and other	158,341	155,604	122,170
	<u>395,352</u>	<u>286,813</u>	<u>195,868</u>
TRANSFERS FOR CAPITAL:			
Federal government	-	-	242,989
Provincial government	313,468	90,993	510,143
	<u>313,468</u>	<u>90,993</u>	<u>753,132</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 708,820</u>	<u>\$ 377,806</u>	<u>\$ 949,000</u>

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

(Schedule 5)

	Budget (Unaudited)	2022	2021 (revised)
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 1,049,000	\$ 1,042,122	\$ 937,748
Contracted and general services	624,485	710,866	515,255
Materials, goods, supplies and utilities	846,550	695,653	585,332
Purchases from other governments	904,908	1,003,454	759,669
Transfer to other boards	129,950	142,842	529,883
Interest on long term debt	110,090	109,327	101,098
Grants to other organizations	12,000	12,000	12,000
Other	3,000	18,241	20,355
Amortization on tangible capital assets (unbudgeted)	664,643	664,643	618,529
	<u>\$ 4,344,626</u>	<u>\$ 4,399,148</u>	<u>\$ 4,079,869</u>

VILLAGE OF BOYLE
Schedule of Segmented Disclosure
Year Ended December 31, 2022

(Schedule 6)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas	Other	2022
REVENUE:									
Net municipal taxes	\$ 1,088,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,088,913
Government transfers	-	-	74,302	13,447	169,630	66,860	53,567	-	377,806
User fees and sales of goods	3,129	169,873	1,510	-	10,810	947,823	943,930	-	2,077,075
Investment income	89,641	-	-	-	-	-	-	-	89,641
Rental revenue	1,800	15,000	3,545	71,470	41,320	-	-	-	133,135
Other revenues	58,753	24,553	166,889	9,518	202,033	8,651	10,471	-	480,878
	1,242,236	209,436	246,246	94,435	423,793	1,023,334	1,007,968	-	4,247,448
EXPENSES:									
Contract & general services	279,843	18,888	49,740	48,926	97,777	174,772	40,910	-	710,866
Salaries & wages	303,717	45,937	259,238	61,680	173,171	105,537	92,842	-	1,042,122
Goods & supplies	43,745	35,944	235,042	68,875	185,324	103,911	20,812	-	695,653
Purchases from other	-	25,762	-	-	-	469,989	507,703	-	1,003,454
Grants to other	12,000	-	-	27,873	33,548	69,249	-	12,172	154,842
Other expenses	123,750	-	-	-	-	3,818	-	-	127,568
	763,055	126,541	544,020	207,354	489,820	929,276	662,267	12,172	3,734,505
NET REVENUE, BEFORE AMORTIZATION	479,181	82,895	(297,774)	(112,919)	(66,027)	94,058	345,701	(12,172)	512,943
Amortization expense	157,032	35,551	136,158	-	209,110	83,904	42,888	-	664,643
NET REVENUE	\$ 322,149	\$ 47,344	\$ (433,932)	\$ (112,919)	\$ (275,137)	\$ 10,154	\$ 302,813	\$ (12,172)	\$ (151,700)

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Village of Boyle are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village of Boyle are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village of Boyle and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources.

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.

b) 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.

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 expenditure 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.

(continues)

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

d) Financial instruments policy

Initial and subsequent measurement

The Village initially measures its financial assets and liabilities at fair value. Subsequent measurement of all financial assets and liabilities is at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, taxes and grants in place of taxes, and trade and other receivables.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transactions costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the assets or liability and recognized in net income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Village determines whether there are indications for possible impairment. When there is an indication of impairment, and the Village determines that a significant adverse change has occurred during the period in the expected timing or amount of futures cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvements. The carrying amount of the financial assets may not be 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. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets are reported at amortized costs, and tested for impairment at each reporting date. Transactions costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

e) Cash and temporary investments

Cash consists of cash on hand and cash kept in the bank accounts of the Village.

f) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. 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.

(continues)

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

g) 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.

h) 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 and 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.

i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(continues)

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

j) 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 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:

Land improvements	25 years	straight-line method
Buildings	15 to 40 years	straight-line method
Engineered structures	30 to 50 years	straight-line method
Machinery and equipment	5 to 40 years	straight-line method
Vehicles	10 to 20 years	straight-line method

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

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as 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 capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

2. CASH AND TEMPORARY INVESTMENTS

	2022	2021
Cash and temporary investments	<u>\$ 3,437,194</u>	<u>\$ 3,438,089</u>

Council has designated \$797,847 (2021 - \$895,071) of cash for future operating and capital reserves.

Included in cash and temporary investments is a restricted amount of \$68,274 (2021 - \$9,155) received from the provincial government and others, held exclusively for a variety of capital and operating projects.

The Village has amounts held in trust of \$15,982 (2021 - \$15,857) received on behalf of other organizations also included in cash and temporary investments.

The Village does not have any temporary investments at December 31, 2022.

3. TAXES AND GRANTS IN PLACE OF TAXES

	2022	2021
Taxes and grants in place of taxes	\$ 77,871	\$ 94,980
Property taxes - arrears	<u>40,753</u>	<u>49,133</u>
	<u>\$ 118,624</u>	<u>\$ 144,113</u>

4. TRADE AND OTHER RECEIVABLES

	2022	2021
Utilities receivable	\$ 318,867	\$ 268,080
Receivables from other governments	218,584	236,913
Trade accounts receivable	<u>155,777</u>	<u>171,560</u>
	<u>\$ 693,228</u>	<u>\$ 676,553</u>

5. INVESTMENTS

	2022	2021
Gas Alberta - Debenture Receivable	\$ 32,500	\$ 32,500
Gas Alberta - Class A Shares	<u>105</u>	<u>105</u>
Subtotal	<u>32,605</u>	32,605
Other investment	<u>187</u>	<u>187</u>
	<u>\$ 32,792</u>	<u>\$ 32,792</u>

The Village of Boyle has signed an agreement with Gas Alberta Inc. to exclusively buy natural gas from Gas Alberta Inc. The Village was required to invest in common shares and provide a loan to assist with initial operating capital. The loan is secured by a debenture and is non-interest bearing.

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

6. DEFERRED REVENUE

	2022	2021
Canada Community Building Fund (formerly Federal Gas Tax Fund)	\$ 55,432	\$ -
Other non-government	12,842	9,155
	\$ 68,274	\$ 9,155

Funding in the amount of \$194,729 was allocated in the current year from the Municipal Sustainability Initiative, of which all was used during the year. The total received is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement.

Funding in the amount of \$55,432 was allocated in the current year from the Canada Community Building Fund, and was not utilized during the year. These funds are restricted to eligible capital projects, as approved under the funding agreement.

7. LONG TERM DEBT

	2022	2021
Province of Alberta loan bearing interest at 3.127% per annum, repayable in semi-annual blended payments of \$90,347. The loan matures January 15, 2045.	\$ 2,879,001	\$ 2,991,459
Province of Alberta loan bearing interest at 4.36% per annum, repayable in semi-annual blended payments of \$67,427. The loan matures June 15, 2027.	545,654	-
Province of Alberta loan bearing interest at 1.13% per annum, repayable in semi-annual blended payments of \$41,254. The loan matures June 15, 2026.	282,357	361,007
Tax supported debentures	\$ 3,707,012	\$ 3,352,466

Principal and interest repayment terms are as follows:

	PRINCIPAL	INTEREST	TOTAL
2023	\$ 281,646	\$ 114,877	\$ 396,523
2024	290,327	106,195	396,522
2025	299,325	97,197	396,522
2026	267,400	87,869	355,269
2027	167,691	78,897	246,588
Thereafter	2,400,623	734,712	3,135,335
	\$ 3,707,012	\$ 1,219,747	\$ 4,926,759

The current portion of the long-term debt amounts to \$281,646 (2021 - \$166,785).

Interest on long term debt amounted to \$109,327 (2021 - \$101,098).

VILLAGE OF BOYLE
Notes to Financial Statements
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 Boyle be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 5,901,888	\$ 5,107,526
Total debt	<u>3,707,012</u>	<u>3,352,466</u>
Amount of debt limit unused	<u>2,194,876</u>	1,755,060
Debt servicing limit	983,648	851,254
Debt servicing	<u>396,523</u>	<u>263,201</u>
Amount of debt servicing limit unused	<u>\$ 587,125</u>	<u>\$ 588,053</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (<i>Schedule 2</i>)	\$ 40,566,571	\$ 39,656,349
Accumulated amortization (<i>Schedule 2</i>)	(25,500,655)	(24,892,365)
Long term debt	<u>(3,707,012)</u>	<u>(3,352,466)</u>
	<u>\$ 11,358,904</u>	<u>\$ 11,411,518</u>

10. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 3,294,598	\$ 3,296,461
Restricted surplus		
Utility Reserves (incl. gas)	482,206	568,679
Recreation Reserves	112,692	123,442
Public Works Reserves (incl. roads)	160,205	160,205
Other Reserves	42,744	42,744
Equity in tangible capital assets	<u>11,358,904</u>	<u>11,411,518</u>
	<u>\$ 15,451,349</u>	<u>\$ 15,603,049</u>

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

11. 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:

	Salary/ Contract Cost ¹	Benefits & allowances ²	2022 Total	2021 Total
Councillors:				
Antal	\$ 15,415	\$ 2,080	\$ 17,495	\$ 13,881
Ferguson	17,965	2,420	20,385	18,096
Kiteley	17,220	2,400	19,620	18,287
Smith	24,140	4,407	28,547	25,627
Mayor: Derko				
	29,530	4,638	34,168	29,264
CAO: Griffin				
	92,800	14,866	107,666	54,080
Interim CAO: Jorgensen				
	-	-	-	66,039
Designated Officers (4) (2021-5)				
	53,591	-	53,591	57,222
	\$ 250,661	\$ 30,811	\$ 281,472	\$ 282,496

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.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Boyle participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta 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 Village of Boyle 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 Village of Boyle 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 by the Village of Boyle to the LAPP in 2022 were \$52,896 (2021 - \$52,980). Total current service contributions by the employees of the Village of Boyle to LAPP in 2022 were \$47,022 (2021 - \$43,572).

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

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

13. FINANCIAL INSTRUMENTS

The Village is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Village's risk exposure and concentration as of December 31, 2022.

(a) Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Village is exposed to credit risk from customers. In order to reduce its credit risk, the Village utilizes sound collection policies. The Village has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Village is exposed to this risk mainly in respect of its receipts of funds from its customers and other related sources, and the ability to pay its accounts payable amounts as they come due.

Unless otherwise noted, it is management's opinion that the Village is not exposed to significant other price risks arising from these financial instruments.

14. SEGMENTED DISCLOSURE

The Village of Boyle 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).

15. CONTAMINATED SITES LIABILITY

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2022 (2021-nil) as a result of this standard.

16. RELATED PARTY TRANSACTIONS

The following is a summary of the municipality's related party transactions:

	2022	2021
Aspen Regional Waste Services Commission		
Landfill deficit requisition	\$ (69,249)	\$ (62,640)
Landfill usage expense	(51,898)	(49,277)
	\$ (121,147)	\$ (111,917)

(continues)

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

16. RELATED PARTY TRANSACTIONS *(continued)*

	2022	2021
Aspen Regional Water Services Commission		
Water purchases	\$ (469,989)	\$ (382,027)
Grant for capital project	-	(400,000)
	\$ (469,989)	\$ (782,027)
Northern Lights Library System		
Municipal levy	\$ (4,958)	\$ (4,838)
Annual funding	(28,590)	(28,590)
	\$ (33,548)	\$ (33,428)
Greater Athabasca Community Foundation <i>until October 2022</i>		
Donation in kind	\$ 197,550	\$ -

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. CONTINGENCIES

The Village of Boyle is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Boyle 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.

The Village of Boyle is a member of the Joint Modified Landfill Committee. Under the terms of this agreement, the Village is liable for its proportionate share of closure and post-closure costs associated with the landfill. The Committee has established a reserve for landfill closure and post-closure costs and plans to fund this reserve annually. When the landfill reaches capacity, the Village of Boyle may become liable for its proportionate share of the actual closure and post-closure costs should they exceed the reserve established by the Committee. Due to the uncertainty surrounding this potential liability and since the closure and post-closure costs are not determinable at this time, no amount has been recorded in the financial statements to reflect this contingency.

The Village of Boyle is a member of the Greater North Foundation. Under the terms of this agreement, the Village is liable for its proportionate share of the maintenance, replacement, and renewal of the facilities of the Foundation. The Foundation has established a reserve fund for this purpose. Due to the uncertainty surrounding these potential costs and since they are not determinable at this time, no amount has been recorded in the financial statements to reflect this contingency. As of December 31, 2022, the Village has not been requisitioned to contribute to the reserve.

The Village has access to a bank line of credit with a limit of \$840,000 and a credit card with a \$10,000 limit. The credit card limit will be increased to \$20,000 in 2023.

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

18. COMMITMENTS

In March 2020, the Village entered into a lease agreement for a photocopier. The lease term is 66 months with quarterly payments of \$899. In January 2018, the Village entered into a lease agreement for a postage machine. The lease term is 60 months with monthly payments of \$156. Both leases have been classified as an operating lease for financial statement purposes.

19. LEGAL MATTERS

The Village of Boyle has been named in a lawsuit where another municipality is the principal defendant. The suit seeks damages of \$600,000 total from both defendants. It is unclear at this time what the legal liability for the Village is.

20. PRIOR PERIOD ADJUSTMENTS

The Village of Boyle has restated its financial statements to recognize the spray park that was contributed in 2018, and the retirement of the existing skate park in 2013, both of which were not recorded in the Village's records. In addition, amortization from contributed assets has been included in expenses. These adjustments are as follows:

	2021
Adjustments to opening accumulated surplus:	
As previously reported	\$ 15,356,823
Adjustment to net book value of tangible capital assets	160,360
As restated	<u>\$ 15,517,183</u>
Adjustments to surplus of revenues over expenses:	
As previously reported	\$ 91,423
Annual amortization expense	(5,557)
As restated	<u>\$ 85,866</u>
Adjustments to tangible capital assets:	
As previously reported	\$ 14,609,181
Addition of contributed tangible capital asset	231,917
Write down of tangible capital asset	(93,000)
Accumulated amortization recorded	15,886
As restated	<u>\$ 14,763,984</u>

VILLAGE OF BOYLE
Notes to Financial Statements
Year Ended December 31, 2022

21. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
