

VILLAGE OF SPRING LAKE
Financial Statements
Year Ended December 31, 2023

VILLAGE OF SPRING LAKE
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the financial statements.

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

Management reports directly to Council on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

Prior to their submission to Council, the financial statements have been reviewed and recommended for approval by management. The financial statements have been audited by the independent firm of Seniuk and Company, Chartered Professional Accountants. Their report to the Council, stating their opinion, basis for opinion, other information, responsibilities of management and those charged with governance for the financial statements, and auditors' responsibilities for the audit of the financial statements, follows.

Ms. Emily House, CAO

Spring Lake, Alberta
April 09, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Village of Spring Lake

Opinion

We have audited the financial statements of Village of Spring Lake (the "municipality"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the municipality'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 municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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:

(continues)

Independent Auditor's Report to the Members of Council of Village of Spring Lake *(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 municipality 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.

Edmonton, Alberta
April 9, 2024

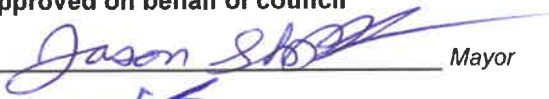

Seniuk & Company
Seniuk and Company,
Chartered Professional Accountants

VILLAGE OF SPRING LAKE
Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash (Note 2)	\$ 860,462	\$ 817,468
Term deposits (Notes 2, 3)	2,892	2,871
Restricted cash (Note 2)	826,937	1,244,011
Taxes and grants in place of taxes receivable (Note 4)	73,363	58,889
Grants and receivables from other governments (Note 5)	502,015	589,776
Trade and other receivables	35	1,024
	2,265,704	2,714,039
LIABILITIES		
Accounts payable	69,936	47,763
Deferred income (Note 7)	1,276,255	1,825,570
	1,346,191	1,873,333
NET FINANCIAL ASSETS	919,513	840,706
NON-FINANCIAL ASSETS		
Prepaid expenses	11,143	12,208
Tangible capital assets (Note 6)	4,233,565	3,726,667
	4,244,708	3,738,875
ACCUMULATED SURPLUS	\$ 5,164,221	\$ 4,579,581

CONTRACTUAL OBLIGATIONS (Note 8)

Approved on behalf of council

 Mayor
 Councilor

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE**Statement of Operations and Accumulated Surplus****Year Ended December 31, 2023**

	Budget (Unaudited) 2023	2023	2022
REVENUES			
Net municipal taxes (Schedule 1)	\$ 851,943	\$ 851,939	\$ 698,580
User fees	4,770	4,013	6,749
Government transfers for operating (Schedule 2)	42,042	55,272	28,848
Investment income	10,000	22,549	4,184
Penalties and costs of taxes	13,000	17,948	15,346
Licenses and permits	4,000	4,319	4,213
Rentals	12,100	12,400	11,700
Other	500	3,145	1,409
	938,355	971,585	771,029
EXPENSES			
Administration and legislative	302,420	294,209	288,874
Protective services	150,603	149,516	111,118
Transportation services	347,032	503,382	400,249
Environmental services	81,000	89,191	72,205
Land use planning, zoning and development	18,750	13,511	21,034
Parks and recreation	23,350	67,105	61,750
	923,155	1,116,914	955,230
SURPLUS (DEFICIT) FROM OPERATIONS	15,200	(145,329)	(184,201)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	169,970	729,969	42,126
ANNUAL SURPLUS (DEFICIT)	185,170	584,640	(142,075)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	4,579,581	4,579,581	4,721,656
ACCUMULATED SURPLUS - END OF YEAR	\$ 4,764,751	\$ 5,164,221	\$ 4,579,581

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE
Statement of Changes in Net Financial Assets
Year Ended December 31, 2023

	Budget (Unaudited) 2023	2023	2022
ANNUAL SURPLUS (DEFICIT)	\$ 185,170	\$ 584,640	\$ (142,075)
Amortization of tangible capital assets	-	235,263	221,835
Purchase of tangible capital assets	(800,000)	(742,159)	(42,126)
Decrease (increase) in prepaid expenses	-	1,063	(323)
	(800,000)	(505,833)	179,386
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(614,830)	78,807	37,311
NET FINANCIAL ASSETS - BEGINNING OF YEAR	840,706	840,706	803,395
NET FINANCIAL ASSETS - END OF YEAR	\$ 225,876	\$ 919,513	\$ 840,706

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus (deficit) for the year	\$ 584,640	\$ (142,075)
Item not affecting cash:		
Amortization of tangible capital assets	235,263	221,835
	819,903	79,760
Changes in non-cash working capital:		
Trade and other receivables	989	(1,011)
Grants and receivables from other governments	87,761	(149,772)
Taxes and grants in place of taxes	(14,474)	3,264
Accounts payable	22,171	22,895
Deferred income	(549,315)	149,318
Prepaid expenses	1,065	(323)
	(451,803)	24,371
Cash flow from operating activities	368,100	104,131
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(742,159)	(42,126)
Cash flow used by capital activities	(742,159)	(42,126)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	417,074	25,050
Decrease (increase) in term deposits	(21)	(16)
Cash flow from investing activities	417,053	25,034
INCREASE IN CASH FLOW	42,994	87,039
Cash - beginning of year	817,468	730,429
CASH - END OF YEAR (Note 2)	\$ 860,462	\$ 817,468

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE
Schedule of Property and Other Taxes
Year Ended December 31, 2023

(Schedule 1)

	Budget (Unaudited) 2023	2023	2022
TAXATION			
Real property tax	\$ 1,211,066	\$ 1,206,376	\$ 1,028,618
Linear property taxes	-	4,654	3,833
	1,211,066	1,211,030	1,032,451
REQUISITIONS	(359,123)	(359,091)	(333,871)
NET MUNICIPAL TAXES	\$ 851,943	\$ 851,939	\$ 698,580

Schedule of Government Transfers

(Schedule 2)

	Budget (Unaudited) 2023	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	\$ 42,042	\$ 55,272	\$ 28,848
	42,042	55,272	28,848
TRANSFERS FOR CAPITAL			
Provincial Government	169,970	729,969	42,126
TOTAL GOVERNMENT TRANSFERS	\$ 212,012	\$ 785,241	\$ 70,974

Schedule of Expenditures by Object
Year Ended December 31, 2023

(Schedule 3)

	Budget (Unaudited) 2023	2023	2022
EXPENSES			
Salaries, wages & benefits	\$ 462,344	\$ 443,096	\$ 372,960
Contracted and general services	357,661	358,647	291,080
Materials, goods and utilities	91,350	71,268	65,818
Transfer to local boards and agencies	8,831	8,641	3,537
Amortization	-	235,262	221,835
Total Expenditures by Object	\$ 920,186	\$ 1,116,914	\$ 955,230

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2023

(Schedule 4)

	Unrestricted Surplus	Operating Reserve	Capital Reserve	Equity in Tangible Capital Assets	Total 2023	Total 2022
BALANCE, BEGINNING OF YEAR	\$ 504,170	\$ 97,080	\$ 251,662	\$ 3,726,669	\$ 4,579,581	\$ 4,721,656
Excess (deficiency) of revenues over expenses	584,640	-	-	-	584,640	(142,075)
Current year funds used to purchase of tangible capital assets	(742,159)	-	-	742,159	-	-
Annual amortization expense	235,263	-	-	(235,263)	-	-
	77,744	-	-	506,896	584,640	(142,075)
BALANCE, END OF YEAR	\$ 581,914	\$ 97,080	\$ 251,662	\$ 4,233,565	\$ 5,164,221	\$ 4,579,581

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE
Schedule of Segmented Disclosure
Year Ended December 31, 2023

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2023
REVENUE							
Net municipal taxes	\$ 851,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 851,939
Government transfers	37,842	-	4,200	-	4,452	8,778	55,272
User fees and sales of goods	4,013	-	-	-	-	-	4,013
Investment income	22,549	-	-	-	-	-	22,549
Other revenues	36,926	885	-	-	-	-	37,811
	953,269	885	4,200	-	4,452	8,778	971,584
EXPENSES							
Contract and general services	88,635	149,516	11,888	13,511	9,646	85,450	358,646
Salaries and wages	196,239	-	246,858	-	-	-	443,097
Materials, goods and utilities	5,876	-	62,393	-	917	2,082	71,268
Transfers to local boards	-	-	-	-	8,641	-	8,641
Amortization	3,460	-	182,242	-	47,900	1,659	235,261
	294,210	149,516	503,381	13,511	67,104	89,191	1,116,913
Excess (deficiency) of revenue over expenses before other	659,059	(148,631)	(499,181)	(13,511)	(62,652)	(80,413)	(145,329)
OTHER							
Government transfers for capital	-	-	322,535	-	13,585	393,849	729,969
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 659,059	\$ (148,631)	\$ (176,646)	\$ (13,511)	\$ (49,067)	\$ 313,436	\$ 584,640

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE
Schedule of Tangible Capital Assets
Year Ended December 31, 2023

(Schedule 6)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2023				
Cost				
Land	\$ 1,329,022	\$ -	\$ -	\$ 1,329,022
Land improvements	700,310	-	-	700,310
Buildings	791,707	-	-	791,707
Engineered structures	2,890,316	635,360	39,046	3,564,722
Machinery and equipment	378,840	3,400	-	382,240
Assets under construction	39,046	103,399	(39,046)	103,399
	6,129,241	742,159	-	6,871,400
Accumulated Amortization				
Land improvements	(220,195)	(36,062)	-	(256,257)
Buildings	(263,949)	(30,044)	-	(293,993)
Engineered structures	(1,648,437)	(148,509)	-	(1,796,946)
Machinery and equipment	(269,992)	(20,647)	-	(290,639)
	(2,402,573)	(235,262)	-	(2,637,835)
Net Book Value	\$ 3,726,668	\$ 506,897	\$ -	\$ 4,233,565

For the year ended December 31, 2022

Cost				
Land	\$ 1,329,022	\$ -	\$ -	\$ 1,329,022
Land improvements	697,230	3,080	-	700,310
Buildings	791,707	-	-	791,707
Engineered structures	2,890,316	-	-	2,890,316
Machinery and equipment	378,840	-	-	378,840
Assets under construction	-	39,046	-	39,046
	6,087,115	42,126	-	6,129,241
Accumulated Amortization				
Land improvements	(183,993)	(36,202)	-	(220,195)
Buildings	(233,906)	(30,043)	-	(263,949)
Engineered structures	(1,514,236)	(134,201)	-	(1,648,437)
Machinery and equipment	(248,603)	(21,390)	-	(269,993)
	(2,180,738)	(221,836)	-	(2,402,574)
Net Book Value	\$ 3,906,377	\$ (179,710)	\$ -	\$ 3,726,667

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Spring Lake (the "Municipality") are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality Council in accordance with legislation and the Municipality Council approved policies to raise the tax revenue required to meet the Municipality's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

Segment disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes.

Segments include:

- a) Transportation Services includes roadway and parking services.
- b) Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue.
- c) Recreation and Culture includes parks and recreation, community and family services, planning and corporate properties and public housing.
- d) General Government includes municipal administration and council governance.
- e) Planning and Development includes related services for the betterment of the municipality.
- f) Environmental Services include water, sewage, and garbage services.

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

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

Cash and Short Term Investments

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within 90 days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the Municipality's cash position throughout the year.

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.

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Municipality are in the form of tangible capital assets, grants and subsidies.

Measurement Uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include:

- Estimated accrued receivables.
- Useful lives for tangible capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.
- Prepaid expenses

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

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

Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

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.

Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period that the project expenditures are completed.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

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

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

Non-Financial Assets

Non-financial assets are not available to discharge 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. Non-financial assets include tangible capital assets, inventory of materials and supplies, and other assets.

Tangible Capital Assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	15 - 25 years
Machinery and equipment	5 - 20 years
Engineered structures	5 - 75 years

The municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of Long Lived Assets

The municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

Cultural and Historical Tangible Capital Assets

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

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 expenses as incurred.

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

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

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

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.

Asset Retirement Obligations

Asset retirement obligations are a result of obligations associated with the retirement of tangible capital assets controlled by the municipality. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

2. CASH, TEMPORARY INVESTMENTS, AND RESTRICTED CASH

	2023	2022
Cash	\$ 860,462	\$ 817,468
Term deposits	2,892	2,871
Restricted portion of cash	826,937	1,244,011
	\$ 1,690,291	\$ 2,064,350

Temporary investments are short term deposits with original maturities of one year or less.

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 7)

3. TERM DEPOSITS

	2023 Cost	2023 Market value	2022 Cost	2022 Market value
1 Year term deposit maturing February 2023 at 0.75% per annum	\$ -	\$ -	\$ 2,871	\$ 2,871
1 Year term deposit maturing February 2024 at 1.4% per annum	2,892	2,892	-	-
	\$ 2,892	\$ 2,892	\$ 2,871	\$ 2,871

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

4. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2023	2022
Current taxes and grants in place of taxes	\$ 44,948	\$ 25,792
Arrears taxes and grants in place of taxes	28,415	33,097
	\$ 73,363	\$ 58,889

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2023	2022
Canada Community-Building Fund	\$ 200,000	\$ 150,000
Municipal Sustainability Initiative - Capital	239,940	415,813
Subtotal	439,940	565,813
Goods and services tax refundable	62,075	23,963
	\$ 502,015	\$ 589,776

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 1,329,022	\$ -	\$ 1,329,022	\$ 1,329,022
Land improvements	700,310	256,257	444,053	480,115
Engineered structures	3,456,395	1,792,795	1,663,600	1,136,259
Engineering structures - waste water	108,327	4,152	104,175	105,619
Buildings	791,707	293,991	497,716	527,758
Machinery and equipment	382,240	290,640	91,600	108,848
Assets under construction	103,399	-	103,399	39,046
	\$ 6,871,400	\$ 2,637,835	\$ 4,233,565	\$ 3,726,667

For additional information, see the Schedule of Tangible Capital Assets. (Schedule 6)

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

7. DEFERRED REVENUE

Deferred revenue is comprised of:

	2023	2022
Canada Community-Building Fund	\$ 208,679	\$ 156,559
Municipal Sustainability Initiative - Capital	1,058,198	1,653,265
Subtotal	1,266,877	1,809,824
Prepaid property taxes	2,378	8,746
Prepaid rent	7,000	7,000
	\$ 1,276,255	\$ 1,825,570

Municipal Sustainability Initiative - Capital

Funding from the Provincial Government was allocated to the Municipality in the current year from the Municipal Sustainability Initiative - Capital Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

Canada Community-Building Fund

Funding from the Provincial Government was allocated to the Municipality in the current year from the Canada Community-Building Fund and is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future project. Unexpended funds related to the advance, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

8. CONTRACTUAL OBLIGATIONS

The Village has entered into an agreement for operational functions related to commitments for office equipment. Commitments over the next five years and thereafter are as follows:

Contractual obligation repayment schedule:

2024	\$ <u>1,988</u>
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VILLAGE OF SPRING LAKE
Notes to Financial Statements
Year Ended December 31, 2023

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00 for the Village of Spring Lake, be disclosed as follows:

	2023	2022
Total debt limit	\$ 1,457,378	\$ 1,156,544
Total debt	-	-
Amount of debt limit unused	1,457,378	1,156,544
Debt servicing limit	242,896	192,757
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 242,896	\$ 192,757

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. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2023	2022
Tangible capital assets (Note 6.)	\$ 6,871,400	\$ 6,129,240
Accumulated amortization (Note 6.)	(2,637,835)	(2,402,572)
	\$ 4,233,565	\$ 3,726,668

11. SEGMENTED DISCLOSURE

The Village of Spring Lake 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 4).

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

12. 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:

			2023	2022
	Salary (1)	Benefits & allowances (2)	Total	Total
J. Shewchuk - Councilor	\$ 6,764	\$ -	\$ 6,764	\$ 5,884
A. MacCormack - Councilor	6,741	-	6,741	5,591
M. Sera - Councilor	5,796	-	5,796	5,035
K. Quinn - Councilor	4,724	-	4,724	4,080
C. Zaplotinsky - Councilor	5,983	-	5,983	4,922
Chief Administrator Officer	177,408	-	177,408	162,370
Designated Officers (5)	59,005	-	59,005	60,073
	\$ 266,421	\$ -	\$ 266,421	\$ 247,955

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. The Chief Administrative Officer's salary also includes amounts paid in subcontracting administrative support staff services beginning in 2021.

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

13. FINANCIAL INSTRUMENTS

The municipality 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 municipality's risk exposure and concentration as of December 31, 2023.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The municipality is exposed to this risk mainly in respect of its receipt of funds from its taxpayers and other related sources, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the municipality manages exposure through its normal operating and financing activities. The municipality is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

14. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2023 (2022 – Nil) as a result of this standard.

15. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2023 (2022 – Nil) as a result of this standard

16. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

18. BUDGET AMOUNTS

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