VILLAGE OF SPRING LAKE

Financial Statements

Year Ended December 31, 2022

VILLAGE OF SPRING LAKE
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Year Ended December 31, 2022

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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 11, 2023

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, 2022, 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, 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 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)

- 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.

Seniuk & Company

Edmonton, Alberta
April 11, 2023

Seniuk and Company,
Chartered Professional Accountants

VILLAGE OF SPRING LAKE
Statement of Financial Position
December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash *(Note 2)*	**$ 817,468**	$ 730,429
Term deposits *(Notes 2, 3)*	**2,871**	2,855
Restricted cash *(Note 2)*	**1,244,011**	1,269,061
Taxes and grants in place of taxes receivable *(Note 4)*	**58,889**	62,153
Grants and receivables from other governments *(Note 5)*	**589,776**	440,004
Trade and other receivables	**1,024**	13
	2,714,039	2,504,515
LIABILITIES		
Accounts payable	**47,762**	24,868
Deferred income *(Note 7)*	**1,825,570**	1,676,252
	1,873,332	1,701,120
NET FINANCIAL ASSETS	**840,707**	803,395
NON-FINANCIAL ASSETS		
Prepaid expenses	**12,208**	11,885
Tangible capital assets *(Note 6)*	**3,726,666**	3,906,376
	3,738,874	3,918,261
ACCUMULATED SURPLUS	**$ 4,579,581**	$ 4,721,656

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, 2022

	Budget (Unaudited) 2022	**2022**	2021
REVENUES			
Net municipal taxes (Schedule 1)	$ 701,305	**$ 698,580**	$ 653,075
User fees	1,470	**6,749**	1,335
Government transfers for operating (Schedule 2)	23,121	**28,848**	58,432
Investment income	60	**4,184**	4,798
Penalties and costs of taxes	15,000	**15,346**	20,777
Licenses and permits	4,200	**4,213**	4,940
Rentals	10,600	**11,700**	8,200
Other	1,500	**1,409**	365
	757,256	**771,029**	751,922
EXPENSES			
Administration and legislative	297,210	**288,874**	302,735
Protective services	107,946	**111,118**	75,978
Transportation services	254,500	**400,249**	377,061
Environmental services	65,700	**72,205**	60,815
Land use planning, zoning and development	15,000	**21,034**	6,340
Parks and recreation	22,400	**61,750**	48,080
	762,756	**955,230**	871,009
DEFICIT FROM OPERATIONS	(5,500)	**(184,201)**	(119,087)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	169,970	**42,126**	468,677
ANNUAL SURPLUS (DEFICIT)	164,470	**(142,075)**	349,590
ACCUMULATED SURPLUS - BEGINNING OF YEAR	4,721,656	**4,721,656**	4,372,066
ACCUMULATED SURPLUS - END OF YEAR	$ 4,886,126	**$ 4,579,581**	$ 4,721,656

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, 2022

	Budget (Unaudited) 2022	**2022**	2021
ANNUAL SURPLUS (DEFICIT)	$ 164,470	**$ (142,075)**	$ 349,590
Amortization of tangible capital assets	-	**221,835**	209,406
Purchase of tangible capital assets	-	**(42,126)**	(434,145)
Decrease (increase) in prepaid expenses	-	**(322)**	(1,054)
	-	**179,387**	(225,793)
INCREASE IN NET FINANCIAL ASSETS	164,470	**37,312**	123,797
NET FINANCIAL ASSETS - BEGINNING OF YEAR	803,706	**803,395**	679,598
NET FINANCIAL ASSETS - END OF YEAR	$ 968,176	**$ 840,707**	$ 803,395

The accompanying notes form an integral part of these financial statements

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

		2022		2021
OPERATING ACTIVITIES				
Annual surplus (deficit) for the year	**$**	**(142,075)**	$	349,590
Item not affecting cash:				
Amortization of tangible capital assets		**221,835**		209,406
		79,760		558,996
Changes in non-cash working capital:				
Trade and other receivables		**(1,011)**		445
Grants and receivables from other governments		**(149,772)**		251,258
Taxes and grants in place of taxes		**3,264**		20,453
Accounts payable		**22,895**		(72,916)
Deferred income		**149,318**		(6,165)
Prepaid expenses		**(323)**		(1,055)
		24,371		192,020
Cash flow from operating activities		**104,131**		751,016
CAPITAL ACTIVITIES				
Cash used to acquire tangible capital assets		**(42,126)**		(434,145)
Cash flow used by capital activities		**(42,126)**		(434,145)
INVESTING ACTIVITIES				
Decrease (increase) in restricted cash		**25,050**		(259,919)
Decrease (increase) in term deposits		**(16)**		(41)
Cash flow from (used by) investing activities		**25,034**		(259,960)
INCREASE IN CASH FLOW		**87,039**		56,911
Cash - beginning of year		**730,429**		673,518
CASH - END OF YEAR *(Note 2)*	**$**	**817,468**	$	730,429

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Schedule of Property and Other Taxes ***(Schedule 1)***

Year Ended December 31, 2022

	Budget (Unaudited) 2022	**2022**	2021
TAXATION			
Real property tax	$ 1,031,374	**$ 1,028,618**	$ 978,071
Linear property taxes	3,833	**3,833**	3,804
	1,035,207	**1,032,451**	981,875
REQUISITIONS	(333,902)	**(333,871)**	(328,800)
NET MUNICIPAL TAXES	$ 701,305	**$ 698,580**	$ 653,075

Schedule of Government Transfers ***(Schedule 2)***

	Budget (Unaudited) 2022	**2022**	2021
TRANSFERS FOR OPERATING			
Provincial Government	$ -	**$ 28,848**	$ 58,432
	-	**28,848**	58,432
TRANSFERS FOR CAPITAL			
Provincial Government	-	**42,126**	468,677
TOTAL GOVERNMENT TRANSFERS	$ -	**$ 70,974**	$ 527,109

Schedule of Expenditures by Object ***(Schedule 3)***

Year Ended December 31, 2022

	Budget (Unaudited) 2022	**2022**	2021
EXPENSES			
Salaries, wages & benefits	$ 381,380	**$ 372,960**	$ 372,888
Contracted and general services	294,526	**291,082**	227,217
Materials, goods and utilities	78,400	**65,817**	58,380
Transfer to local boards and agencies	3,230	**3,537**	3,118
Amortization	-	**221,834**	209,406
Total Expenditures by Object	$ 757,536	**$ 955,230**	$ 871,009

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Schedule of Changes in Accumulated Surplus ***(Schedule 4)***

Year Ended December 31, 2022

	Unrestricted Surplus	Operating Reserve	Capital Reserve	Equity in Tangible Capital Assets	**Total 2022**	Total 2021
BALANCE, BEGINNING OF YEAR	$ 466,538	$ 97,080	$ 251,662	$ 3,906,376	**$ 4,721,656**	$ 4,372,066
Excess (deficiency) of revenues over expenses	(142,075)	-	-	-	**(142,075)**	349,590
Current year funds used to purchase of tangible capital assets	(42,126)	-	-	42,126	**-**	-
Annual amortization expense	221,835	-	-	(221,835)	**-**	-
	37,634	-	-	(179,709)	**(142,075)**	349,590
BALANCE, END OF YEAR	$ 504,172	$ 97,080	$ 251,662	$ 3,726,667	**$ 4,579,581**	$ 4,721,656

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Schedule of Segmented Disclosure ***(Schedule 5)***

Year Ended December 31, 2022

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	**2022**
REVENUE							
Net municipal taxes	$ 698,580	$ -	$ -	$ -	$ -	$ -	**$ 698,580**
Government transfers	18,921	-	4,200	-	2,006	3,721	**28,848**
User fees and sales of goods	6,739	-	-	-	-	-	**6,739**
Investment income	4,184	-	-	-	-	-	**4,184**
Other revenues	32,138	540	-	-	-	-	**32,678**
	760,562	540	4,200	-	2,006	3,721	**771,029**
EXPENSES							
Contract and general services	71,868	111,118	9,317	21,034	8,672	69,071	**291,080**
Salaries and wages	207,045	-	165,917	-	-	-	**372,962**
Materials, goods and utilities	6,500	-	57,250	-	592	1,475	**65,817**
Transfers to local boards	-	-	-	-	3,537	-	**3,537**
Amortization	3,460	-	167,765	-	48,950	1,659	**221,834**
	288,873	111,118	400,249	21,034	61,751	72,205	**955,230**
Excess (deficiency) of revenue over expenses before other	471,689	(110,578)	(396,049)	(21,034)	(59,745)	(68,484)	**(184,201)**
OTHER							
Government transfers for capital	-	-	-	-	3,080	39,046	**42,126**
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 471,689	$ (110,578)	$ (396,049)	$ (21,034)	$ (56,665)	$ (29,438)	**$ (142,075)**

The accompanying notes form an integral part of these financial statements

VILLAGE OF SPRING LAKE

Schedule of Tangible Capital Assets **(Schedule 6)**

Year Ended December 31, 2022

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	**Closing Balance**
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**
Motor vehicles	80,926	-	-	**80,926**
Machinery and equipment	297,913	-	-	**297,913**
Assets under construction	-	39,046	-	**39,046**
	6,087,114	42,126	-	**6,129,240**
Accumulated Amortization				
Land improvements	(183,993)	(36,202)	-	**(220,195)**
Buildings	(233,906)	(30,043)	-	**(263,949)**
Engineered structures	(1,514,236)	(134,202)	-	**(1,648,438)**
Machinery and equipment	(192,377)	(17,589)	-	**(209,966)**
Motor vehicles	(56,226)	(3,800)	-	**(60,026)**
	(2,180,738)	(221,836)	-	**(2,402,574)**
Net Book Value	$ 3,906,376	$ (179,710)	$ -	**$ 3,726,666**
For the year ended December 31, 2021				
Cost				
Land	$ 1,329,022	$ -	$ -	**$ 1,329,022**
Land improvements	591,653	148,601	(43,024)	**697,230**
Buildings	775,407	16,300	-	**791,707**
Engineered structures	2,677,867	212,449	-	**2,890,316**
Motor vehicles	80,926	-	-	**80,926**
Machinery and equipment	243,969	56,795	(2,850)	**297,914**
	5,698,844	434,145	(45,874)	**6,087,115**
Accumulated Amortization				
Land improvements	(195,819)	(31,198)	43,024	**(183,993)**
Buildings	(204,189)	(29,717)	-	**(233,906)**
Engineered structures	(1,384,247)	(129,989)	-	**(1,514,236)**
Motor vehicles	(50,975)	(5,251)	-	**(56,226)**
Machinery and equipment	(181,976)	(13,252)	2,850	**(192,378)**
	(2,017,206)	(209,407)	45,874	**(2,180,739)**
Net Book Value	$ 3,681,638	$ 224,738	$ -	**$ 3,906,376**

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.

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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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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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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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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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

	2022	2021
Cash	**$ 817,468**	$ 730,429
Term deposits	**2,871**	2,855
Restricted portion of cash	**1,244,011**	1,269,061
	$ 2,064,350	$ 2,002,345

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

	2022 Cost	**2022 Market value**	2021 Cost	2021 Market value
1 YR term deposit maturing February 2022 at 0.55% per annum	**$ -**	**$ -**	$ 2,855	$ 2,855
1 YR term deposit maturing February 2023 at 0.75% per annum	**2,871**	**2,871**	-	-
	$ 2,871	**$ 2,871**	$ 2,855	$ 2,855

4. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2022	2021
Current taxes and grants in place of taxes	**$ 25,792**	$ 22,571
Arrears taxes and grants in place of taxes	**33,097**	37,082
Subtotal	**58,889**	59,653
Taxes under-levy receivable	**-**	2,500
	$ 58,889	$ 62,153

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2022	2021
Grants receivable	**$ 565,813**	$ 395,843
Goods and services tax refundable	**23,963**	44,161
	$ 589,776	$ 440,004

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2022 Net book value**	2021 Net book value
Land	$ 1,329,022	$ -	**$ 1,329,022**	$ 1,329,022
Land improvements	700,310	220,195	**480,115**	513,237
Engineered structures	2,781,989	1,645,730	**1,136,259**	1,376,080
Engineering structures - waste water	108,327	2,708	**105,619**	-
Buildings	791,707	263,949	**527,758**	557,801
Machinery and equipment	297,913	209,966	**87,947**	105,536
Assets under construction	39,046	-	**39,046**	-
Motor vehicles	80,926	60,026	**20,900**	24,700
	$ 6,129,240	$ 2,402,574	**$ 3,726,666**	$ 3,906,376

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

7. DEFERRED REVENUE

Deferred revenue is comprised of:

	2022	2021
Canada Community-Building Fund	**$ 156,559**	$ 108,882
Municipal Sustainability Initiative - Capital	**1,653,265**	1,556,023
Subtotal	**1,809,824**	1,664,905
Prepaid property taxes	**8,746**	4,347
Prepaid rent	**7,000**	7,000
	$ 1,825,570	$ 1,676,252

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:

2023	$ 1,988
2024	1,988
	$ 3,976

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:

	2022	2021
Total debt limit	**$ 1,156,544**	$ 1,127,883
Total debt	**-**	-
Amount of debt limit unused	**1,156,544**	1,127,883
Debt servicing limit	**192,757**	187,981
Debt servicing	**-**	-
Amount of debt servicing limit unused	**$ 192,757**	$ 187,981

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:

	2022	2021
Tangible capital assets (Note 6.)	**$ 6,129,240**	$ 6,087,114
Accumulated amortization (Note 6.)	**(2,402,574)**	(2,180,738)
	$ 3,726,666	$ 3,906,376

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).

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:

	Salary (1)	Benefits & allowances (2)	**2022 Total**	2021 Total
B. Hall - Councilor	$ -	$ -	**$ -**	$ 4,078
J. Roznicki - Councilor	-	-	**-**	3,673
J. Shewchuk - Councilor	5,884	-	**5,884**	6,404
A. MacCormack - Councilor	5,591	-	**5,591**	4,901
M. Sera - Councilor	5,035	-	**5,035**	5,442
K. Quinn - Councilor	4,080	-	**4,080**	1,129
C. Zaplotinsky - Councilor	4,921	-	**4,921**	1,399
Chief Administrator Officer	162,370	-	**162,370**	161,157
Designated Officers (3)	16,800	-	**16,800**	14,679
	$ 204,681	$ -	**$ 204,681**	$ 202,862

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, 2022.

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.

14. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2022 (2021 – 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 2022 (2021 – 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.