

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

VILLAGE OF HILL SPRING
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

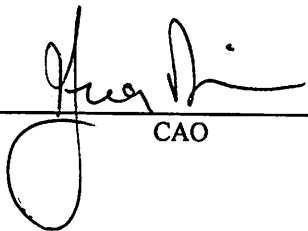
The consolidated financial statements are the responsibility of the management of the Village of Hill Spring (the Village).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Shawn Cook Professional Corporation has full and free access to the Council.



CAO

Hill Spring, AB



INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Hill Spring

Opinion

We have audited the financial statements of Village of Hill Spring (the Village), which comprise the consolidated statement of financial position as at December 31, 2023, 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 as at December 31, 2023, and the results of its operations and changes in net financial assets, cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

(continues)

Independent Auditor's Report to the Members of Village of Hill Spring *(continued)*

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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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.

Shawn Cook
Professional Corporation

Lethbridge, Alberta
April 16, 2024

Chartered Professional Accountants


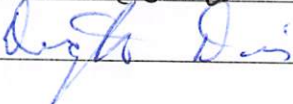


VILLAGE OF HILL SPRING
Consolidated Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 966,868	\$ 862,219
Taxes and grants in places of taxes <i>(Note 3)</i>	34,304	14,710
Trade and other receivable <i>(Note 3)</i>	67,892	173,646
Land held for resale	23,448	23,448
	<u>1,092,512</u>	<u>1,074,023</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>21,219</u>	<u>49,072</u>
NET FINANCIAL ASSETS	<u>1,071,293</u>	<u>1,024,951</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	10,303	10,303
Tangible capital assets <i>(Schedule 2)</i>	4,501,701	4,398,332
	<u>4,512,004</u>	<u>4,408,635</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 6)</i>	<u>\$ 5,583,297</u>	<u>\$ 5,433,586</u>

COMMITMENTS AND CONTINGENCIES *(Note 11)*

Approved on behalf of Council:

 Councillor
 Councillor

VILLAGE OF HILL SPRING
Consolidated Statement of Operations
Year Ended December 31, 2023

	Budget (Unaudited)	2023	2022
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 157,950	\$ 205,153	\$ 154,035
User fees and sales of goods	110,450	116,369	116,770
Government transfers for operating <i>(Schedule 4)</i>	22,716	45,432	22,716
Investment income	8,000	49,087	21,205
Penalties and costs of taxes	5,450	5,762	7,765
Franchise and concession contracts <i>(Note 9)</i>	7,000	8,416	8,154
Other revenue	34,800	47,402	40,126
Gain on disposal of tangible capital assets	-	6,000	-
	346,366	483,621	370,771
EXPENSES			
Legislative	15,700	11,155	16,109
Administration	132,700	177,612	129,069
Protective services	19,106	14,841	15,370
Public works	51,300	42,699	35,048
Wastewater treatment and disposal	37,100	21,648	22,601
Water supply and distribution	138,700	142,543	129,722
Waste management	8,000	5,603	8,393
Parks and recreation	23,600	24,564	21,578
Cemeteries and crematoriums	3,050	2,003	2,009
Land use planning and development	3,300	573	1,685
	432,556	443,241	381,584
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(86,190)	40,380	(10,813)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	120,000	109,331	203,173
EXCESS OF REVENUE OVER EXPENSES	33,810	149,711	192,360
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,433,586	5,433,586	5,241,226
ACCUMULATED SURPLUS, END OF YEAR	\$ 5,467,396	\$ 5,583,297	\$ 5,433,586

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

	Budget (Unaudited)	2023	2022
EXCESS OF REVENUE OVER EXPENSES	\$ 33,810	\$ 149,711	\$ 192,360
Amortization of tangible capital assets	120,000	128,713	119,918
Acquisition of tangible capital assets	(210,040)	(232,082)	(212,326)
Proceeds on disposal of tangible capital assets	-	6,000	-
Gain on disposal of tangible capital assets	-	(6,000)	-
	(90,040)	(103,369)	(92,408)
	(90,040)	(103,369)	(92,408)
INCREASE IN NET FINANCIAL ASSETS	(56,230)	46,342	99,952
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,024,951	1,024,951	924,999
NET FINANCIAL ASSETS, END OF YEAR	\$ 968,721	\$ 1,071,293	\$ 1,024,951

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

	2023	2022
OPERATING		
Excess of revenues over expenses	\$ 149,711	\$ 192,360
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	128,713	119,918
Gain on disposal of tangible capital assets	(6,000)	-
	<u>272,424</u>	<u>312,278</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes	(19,594)	(2,191)
Trade and other receivable	105,754	(114,346)
Accounts payable and accrued liabilities	(27,853)	10,825
Deferred revenue	-	(23,522)
	<u>58,307</u>	<u>(129,234)</u>
	<u>330,731</u>	<u>183,044</u>
CAPITAL		
Purchase of tangible capital assets	(232,082)	(212,326)
Proceeds on disposal of tangible capital assets	6,000	-
	<u>(226,082)</u>	<u>(212,326)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	104,649	(29,282)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	862,219	891,501
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 966,868	\$ 862,219

VILLAGE OF HILL SPRING**Schedule of Changes in Accumulated Surplus****(Schedule 1)****Year Ended December 31, 2023**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF THE YEAR	\$ 292,729	\$ 742,525	\$ 4,398,332	\$ 5,433,586	\$ 5,241,226
Excess of revenues over expenses	149,711	-	-	149,711	192,360
Restricted funds used for tangible capital assets	-	(101,208)	101,208	-	-
Current year funds used for tangible capital assets	(130,874)	-	130,874	-	-
Annual amortization expense	128,713	-	(128,713)	-	-
Change in accumulated surplus	147,550	(101,208)	103,369	149,711	192,360
BALANCE, END OF THE YEAR	\$ 440,279	\$ 641,317	\$ 4,501,701	\$ 5,583,297	\$ 5,433,586

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

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022
COST								
BALANCE, BEGINNING OF YEAR	\$ 40,590	\$ 61,905	\$ 569,608	\$ 5,097,149	\$ 416,053	\$ 8,260	\$ 6,193,565	\$ 5,981,239
Acquisition of tangible capital assets	-	-	-	206,182	25,900	-	232,082	212,326
Disposal of tangible capital assets	-	-	-	-	(4,600)	-	(4,600)	-
BALANCE, END OF YEAR	40,590	61,905	569,608	5,303,331	437,353	8,260	6,421,047	6,193,565
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	24,762	159,627	1,458,531	144,053	8,260	1,795,233	1,675,315
Annual amortization	-	3,095	10,683	97,609	17,326	-	128,713	119,918
Accumulated amortization on disposals	-	-	-	-	(4,600)	-	(4,600)	-
BALANCE, END OF YEAR	-	27,857	170,310	1,556,140	156,779	8,260	1,919,346	1,795,233
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 40,590	\$ 34,048	\$ 399,298	\$ 3,747,191	\$ 280,574	\$ -	\$ 4,501,701	\$ 4,398,332
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 40,590	\$ 37,143	\$ 409,981	\$ 3,638,618	\$ 272,000	\$ -	\$ 4,398,332	

VILLAGE OF HILL SPRING**Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 196,150	\$ 243,055	\$ 190,344
Linear property taxes	6,100	7,291	7,087
	202,250	250,346	197,431
REQUISITIONS			
Alberta School Foundation Fund	41,100	41,314	40,261
Seniors Foundation	3,200	3,879	3,135
	44,300	45,193	43,396
NET MUNICIPAL PROPERTY TAXES	\$ 157,950	\$ 205,153	\$ 154,035

VILLAGE OF HILL SPRING
Schedule of Government Transfers
Year Ended December 31, 2023

(Schedule 4)

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	\$ 22,716	\$ 45,432	\$ 22,716
TRANSFERS FOR CAPITAL			
Provincial Government	120,000	109,331	203,173
TOTAL GOVERNMENT TRANSFERS	\$ 142,716	\$ 154,763	\$ 225,889

VILLAGE OF HILL SPRING**Schedule of Consolidated Expenses by Object
Year Ended December 31, 2023****(Schedule 5)**

	Budget (Unaudited)	2023	2022
CONSOLIDATED EXPENSES BY OBJECT			
Contracted and general services	\$ 167,256	\$ 215,727	\$ 134,036
Salaries, wages and benefits	76,900	35,938	71,732
Materials, goods and utilities	61,600	53,218	52,273
Transfers to local boards and agencies	5,600	8,393	2,267
Bank charges and short-term interest	1,200	1,252	1,358
Amortization of tangible capital assets	120,000	128,713	119,918
	<u>\$ 432,556</u>	<u>\$ 443,241</u>	<u>\$ 381,584</u>

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

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Planning and development	Recreation and culture	Total
REVENUE							
Net municipal taxes	\$ 205,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,153
User fees and sales of goods	200	50	-	115,374	570	175	116,369
Government transfers	45,432	-	-	109,331	-	-	154,763
Investment income	49,087	-	-	-	-	-	49,087
Other revenues	10,570	-	6,000	38,459	-	4,135	59,164
Franchise and concession contracts	8,416	-	-	-	-	-	8,416
	318,858	50	6,000	263,164	570	4,310	592,952
EXPENSES							
Contracted and general services	136,524	12,371	9,304	54,364	573	2,591	215,727
Salaries, wages and benefits	30,557	900	4,481	-	-	-	35,938
Materials, goods, supplies and utilities	18,650	1,202	1,180	28,202	-	3,984	53,218
Transfers to local boards	-	-	-	-	-	8,393	8,393
Bank charges and short-term interest	1,252	-	-	-	-	-	1,252
	186,983	14,473	14,965	82,566	573	14,968	314,528
NET REVENUE BEFORE AMORTIZATION	131,875	(14,423)	(8,965)	180,598	(3)	(10,658)	278,424
Amortization expense	1,784	368	27,734	87,228	-	11,599	128,713
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 130,091	\$ (14,791)	\$ (36,699)	\$ 93,370	\$ (3)	\$ (22,257)	\$ 149,711

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Hill Spring (the Village) 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 are as follows:

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 and are, therefore, accountable to the 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.

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

Land Held for Resale

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

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.

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 of 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 the Village is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(continues)

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

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Village to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Village reviews the carrying amount of the liability. The Village recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-Financial Assets

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

i. Tangible Capital Assets

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

	Years
Land improvements	15 - 20
Buildings	25 - 50
Engineered structures	
Water system	35 - 75
Wastewater system	35 - 75
Other engineered structures	35 - 75
Machinery and equipment	5 - 20
Vehicles	5 - 20

A full year of amortization is charged in the year of acquisition and no amortization is charged 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 also are recorded as revenue.

iii. Inventories

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

iv. Cultural and Historical Tangible Capital Assets

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

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

2. CASH AND TEMPORARY INVESTMENTS

	2023	2022
Cash	\$ 814,813	\$ 621,111
Temporary investments	152,055	241,108
	\$ 966,868	\$ 862,219

Temporary investments are investments in guaranteed investment certificates with interest rates of 3.95% (2022 - 0.65% to 3.95%) and maturity dates of July 2024.

The Village has a demand line of credit with ATB Financial with an authorized limit of \$50,000 which bears interest at prime plus 1%, secured by a general security agreement. There is nil balance on the line of credit at year end (2022 - nil).

Included in cash and temporary investments is a restricted amount of nil (2022 - nil) received from various grant programs which are held exclusively for approved projects (Note 4).

3. RECEIVABLES

	2023	2022
Property taxes		
Current taxes and grants in place of taxes	\$ 27,984	\$ 9,989
Arrears taxes	6,320	4,721
	34,304	14,710
Trade and other receivables		
Goods and Services Tax (GST)	31,295	15,155
Utility receivable	27,248	21,239
Accrued interest receivable	8,985	4,005
Miscellaneous	364	761
Municipal Sustainability Initiative Grant	-	132,486
	67,892	173,646

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

4. 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 be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 725,432	\$ 556,157
Total debt	-	-
Amount of debt limit unused	<u>725,432</u>	<u>556,157</u>
Debt servicing limit	120,905	92,693
Debt servicing	-	-
Amount of debt servicing limit unused	<u>120,905</u>	<u>92,693</u>

The debt limit is calculated at 1.5 times revenue of the Village (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 Village. Rather, the financial statements must be interpreted as a whole.

5. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	\$ 6,421,047	\$ 6,193,565
Accumulated amortization (Schedule 2)	<u>(1,919,346)</u>	<u>(1,795,233)</u>
	<u>\$ 4,501,701</u>	<u>\$ 4,398,332</u>

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

6. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 440,279	\$ 292,729
Restricted surplus		
General government	520,353	546,253
Bylaw enforcement	1,560	1,560
Public works	14,203	14,203
Wastewater treatment and disposal	54,396	54,396
Water supply and distribution	22,195	97,503
Parks and recreation	11,400	11,400
Cemeteries and crematoriums	17,210	17,210
Equity in tangible capital assets	<u>4,501,701</u>	<u>4,398,332</u>
	<u>\$ 5,583,297</u>	<u>\$ 5,433,586</u>

7. BUDGET AMOUNTS

The 2023 budget for the Village was approved by Council on November 15, 2022 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital expenses, loan proceeds and principal payments on debt. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

	<u>2023</u>	<u>2022</u>
Surplus per financial statements	\$ 33,810	\$ 121,789
Less: Capital expenses, net	(210,040)	(259,100)
Transfer to reserves	(39,370)	(52,689)
Add: Amortization	120,000	120,000
Transfers from reserves	<u>95,600</u>	<u>70,000</u>
Equals approved budget	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF HILL SPRING
Notes to Financial Statements
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8. SEGMENTED DISCLOSURE

The Village 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).

9. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Village as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2023	2022
ATCO Gas	\$ 2,100	\$ 2,536	\$ 2,509
Fortis electricity	4,900	5,880	5,645
	\$ 7,000	\$ 8,416	\$ 8,154

10. SALARY AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits & Allowances (2)	2023	2022
Mayor Davis	\$ 3,900	\$ -	\$ 3,900	\$ 5,800
Councillor Barfus	800	3	803	1,679
Councillor Christensen	700	-	700	1,200
Councillor French	1,400	7	1,407	1,993
Councillor Nish	1,150	6	1,156	1,325
Chief Administration Officer	58,367	145	58,512	38,086
Designated Officer - 1 position	4,781	-	4,781	4,737

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorariums 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, if any.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, car and travel allowances, and memberships, if any.

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

11. COMMITMENTS AND CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

12. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, land for resale inventory, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

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

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

13. CONTAMINATED SITES LIABILITY

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

14. ASSET RETIREMENT OBLIGATION

The Village has adopted PS3280 Asset Retirement Obligation in the year. The Village did not identify any financial liabilities as a result of this standard.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.