

**VILLAGE OF HILL SPRING**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**VILLAGE OF HILL SPRING**  
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**Year Ended December 31, 2024**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

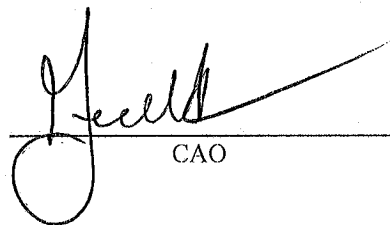
The consolidated financial statements are the responsibility of the management of the Village of Hill Spring (the Village).

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 consolidated 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 consolidated 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 consolidated financial statements and discussions with the auditors, the Council approves the consolidated 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  
\_\_\_\_\_  
CFO

Hill Spring, AB  
April 15, 2025



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council of the Village of Hill Spring**

#### **Opinion**

We have audited the consolidated financial statements of Village of Hill Spring (the "Village"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2024, and the consolidated results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

(continues)

Independent Auditor's Report to the Members of Council of the 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 15, 2025

Chartered Professional Accountants



**VILLAGE OF HILL SPRING**  
**Consolidated Statement of Financial Position**  
**December 31, 2024**

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 912,704	\$ 966,868
Taxes and grants in place of taxes receivables <i>(Note 3)</i>	51,145	34,304
Trade and other receivables <i>(Note 3)</i>	208,561	67,892
	<u>1,172,410</u>	<u>1,069,064</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>57,104</u>	<u>21,219</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,115,306</u>	<u>1,047,845</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	10,303	10,303
Land held for resale	23,448	23,448
Tangible capital assets <i>(Schedule 2)</i>	4,548,590	4,501,701
	<u>4,582,341</u>	<u>4,535,452</u>
<b>ACCUMULATED SURPLUS <i>(Schedule 1 and Note 6)</i></b>	<u>\$ 5,697,647</u>	<u>\$ 5,583,297</u>

**COMMITMENTS AND CONTINGENCIES *(Note 11)***

Approved on behalf of Council:

Danilo De Chief Elected Officer

Mark Chantene Councillor

**VILLAGE OF HILL SPRING**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>REVENUE</b>			
Net municipal taxes <i>(Schedule 3)</i>	\$ 212,113	\$ 214,011	\$ 205,153
User fees and sales of goods	117,300	123,454	116,369
Government transfers for operating <i>(Schedule 4)</i>	45,432	45,432	45,432
Investment income	20,000	45,208	49,087
Franchise and concession contracts <i>(Note 9)</i>	8,500	8,870	8,416
Penalties and costs of taxes	5,500	2,356	5,762
Other revenue	39,000	56,912	47,402
Gain on disposal of tangible capital assets	-	-	6,000
	447,845	496,243	483,621
<b>EXPENSES</b>			
Legislative	13,750	18,003	11,155
Administration	194,308	214,596	177,612
Protective services	20,337	21,549	14,841
Public works	30,521	58,389	42,699
Wastewater treatment and disposal	12,500	28,450	21,648
Water supply and distribution	81,100	147,669	142,543
Waste management	6,250	5,061	5,603
Parks and recreation	29,700	27,741	24,564
Cemeteries and crematoriums	20,300	1,789	2,003
Land use planning and development	3,000	15,407	573
	411,766	538,654	443,241
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	36,079	(42,411)	40,380
<b>OTHER</b>			
Government transfers for capital <i>(Schedule 4)</i>	269,500	156,761	109,331
<b>EXCESS OF REVENUE OVER EXPENSES</b>	305,579	114,350	149,711
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	5,583,297	5,583,297	5,433,586
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 5,888,876	\$ 5,697,647	\$ 5,583,297

**VILLAGE OF HILL SPRING****Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 305,579</b>	<b>\$ 114,350</b>	<b>\$ 149,711</b>
Amortization of tangible capital assets	-	<b>135,665</b>	128,713
Acquisition of tangible capital assets	(269,500)	<b>(182,554)</b>	(232,082)
Proceeds on disposal of tangible capital assets	-	-	6,000
Gain on disposal of tangible capital assets	-	-	(6,000)
	(269,500)	<b>(46,889)</b>	(103,369)
	(269,500)	<b>(46,889)</b>	(103,369)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>36,079</b>	<b>67,461</b>	<b>46,342</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>1,047,845</b>	<b>1,047,845</b>	<b>1,001,503</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 1,083,924</b>	<b>\$ 1,115,306</b>	<b>\$ 1,047,845</b>



**VILLAGE OF HILL SPRING**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2024**

	2024	2023
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 114,350	\$ 149,711
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	135,665	128,713
Gain on disposal of tangible capital assets	-	(6,000)
	<u>250,015</u>	<u>272,424</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes	(16,841)	(19,594)
Trade and other receivable	(140,669)	105,754
Accounts payable and accrued liabilities	35,885	(27,853)
	<u>(121,625)</u>	<u>58,307</u>
	<u>128,390</u>	<u>330,731</u>
<b>CAPITAL</b>		
Purchase of tangible capital assets	(182,554)	(232,082)
Proceeds on disposal of tangible capital assets	-	6,000
	<u>(182,554)</u>	<u>(226,082)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR</b>	<b>(54,164)</b>	<b>104,649</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<b>966,868</b>	<b>862,219</b>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<b>\$ 912,704</b>	<b>\$ 966,868</b>

**VILLAGE OF HILL SPRING****Schedule of Changes in Accumulated Surplus****(Schedule 1)****Year Ended December 31, 2024**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 440,279	\$ 641,317	\$ 4,501,701	\$ 5,583,297	\$ 5,433,586
Excess of revenue over expenses	114,350	-	-	114,350	149,711
Unrestricted funds designated for future use	(13,400)	13,400	-	-	-
Current year funds used for tangible capital assets	(182,554)	-	182,554	-	-
Annual amortization expense	135,665	-	(135,665)	-	-
Change in accumulated surplus	54,061	13,400	46,889	114,350	149,711
<b>BALANCE, END OF THE YEAR</b>	\$ 494,340	\$ 654,717	\$ 4,548,590	\$ 5,697,647	\$ 5,583,297

**VILLAGE OF HILL SPRING**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2024**

**(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 40,590	\$ 61,905	\$ 569,608	\$ 5,303,331	\$ 437,354	\$ 8,260	\$ 6,421,047	\$ 6,193,565
Acquisition of tangible capital assets	-	-	-	143,651	10,332	28,571	182,554	232,082
Disposal of tangible capital assets	-	-	-	-	-	-	-	(4,600)
BALANCE, END OF YEAR	40,590	61,905	569,608	5,446,982	447,686	36,831	6,603,601	6,421,047
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	27,857	170,310	1,556,140	156,779	8,260	1,919,346	1,795,233
Annual amortization	-	3,095	10,683	100,671	18,359	2,857	135,665	128,713
Accumulated amortization on disposals	-	-	-	-	-	-	-	(4,600)
BALANCE, END OF YEAR	-	30,952	180,993	1,656,811	175,138	11,117	2,055,011	1,919,346
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 40,590</b>	<b>\$ 30,953</b>	<b>\$ 388,615</b>	<b>\$ 3,790,171</b>	<b>\$ 272,548</b>	<b>\$ 25,714</b>	<b>\$ 4,548,590</b>	<b>\$ 4,501,701</b>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 40,590	\$ 34,048	\$ 399,298	\$ 3,747,190	\$ 280,575	\$ -	\$ 4,501,701	

**VILLAGE OF HILL SPRING****Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>TAXATION</b>			
Real property taxes	\$ 270,237	\$ 269,961	\$ 243,055
Linear property taxes	5,853	7,027	7,291
	276,090	276,988	250,346
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	58,625	58,625	41,314
Seniors Foundation	4,352	4,352	3,879
	62,977	62,977	45,193
<b>NET MUNICIPAL PROPERTY TAXES</b>	<b>\$ 213,113</b>	<b>\$ 214,011</b>	<b>\$ 205,153</b>

**VILLAGE OF HILL SPRING**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2024**

**(Schedule 4)**

	Budget (Unaudited)	2024	2023
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 45,432	\$ 45,432	\$ 45,432
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	269,500	156,761	109,331
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 314,932</b>	<b>\$ 202,193</b>	<b>\$ 154,763</b>

**VILLAGE OF HILL SPRING****Schedule of Consolidated Expenses by Object****(Schedule 5)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Contracted and general services	\$ 176,864	\$ 173,072	\$ 215,727
Salaries, wages and benefits	139,002	145,234	116,331
Materials, goods and utilities	85,900	72,387	53,218
Transfers to local boards and agencies	8,500	10,972	8,393
Bank charges and short-term interest	1,500	1,324	1,252
Amortization of tangible capital assets	-	135,665	128,713
	<u>\$ 411,766</u>	<u>\$ 538,654</u>	<u>\$ 523,634</u>

**VILLAGE OF HILL SPRING**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2024**

**(Schedule 6)**

	General government	Protective services	Transportation services	Environmental services	Planning and development	Recreation and culture	Total
<b>REVENUE</b>							
Net municipal taxes	\$ 214,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,011
User fees and sales of goods	-	140	-	122,239	550	525	123,454
Government transfers	45,432	-	38,904	117,857	-	-	202,193
Investment income	45,208	-	-	-	-	-	45,208
Franchise and concession contracts	8,870	-	-	-	-	-	8,870
Other revenues	12,495	-	-	44,973	-	1,800	59,268
	326,016	140	38,904	285,069	550	2,325	653,004
<b>EXPENSES</b>							
Contracted and general services	64,390	17,935	10,429	63,122	15,407	1,789	173,072
Salaries, wages and benefits	130,776	-	14,458	-	-	-	145,234
Materials, goods, supplies and utilities	34,324	3,246	1,877	27,769	-	5,171	72,387
Transfers to local boards	-	-	-	-	-	10,972	10,972
Bank charges and short-term interest	1,324	-	-	-	-	-	1,324
	230,814	21,181	26,764	90,891	15,407	17,932	402,989
<b>NET REVENUE BEFORE AMORTIZATION</b>	95,202	(21,041)	12,140	194,178	(14,857)	(15,607)	250,015
Amortization expense	1,785	368	31,625	90,289	-	11,598	135,665
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 93,417	\$ (21,409)	\$ (19,485)	\$ 103,889	\$ (14,857)	\$ (27,205)	\$ 114,350

## VILLAGE OF HILL SPRING

### Notes to Consolidated Financial Statements

Year Ended December 31, 2024

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#### 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 consolidated 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 consolidated 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 consolidated 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 items subject to such estimates are the collectability of accounts receivable, and the useful lives of tangible capital assets.

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**VILLAGE OF HILL SPRING**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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

Revenue Recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

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.

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.

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.

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**VILLAGE OF HILL SPRING**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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

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.

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 consolidated 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 Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**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	10 - 75
Wastewater system	35 - 75
Other engineered structures	25 - 75
Machinery and equipment	5 - 40
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 Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2024</u>	<u>2023</u>
Cash	\$ 748,620	\$ 814,813
Temporary investments	<u>164,084</u>	<u>152,055</u>
	<u>\$ 912,704</u>	<u>\$ 966,868</u>

Temporary investments are investments in guaranteed investment certificates with interest rates of 4.15% (2023 - 3.95%) and maturity dates of August 2025.

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 (2023 - nil).

Included in cash and temporary investments is a restricted amount of nil (2023 - nil) received from various grant programs which are held exclusively for approved projects.

**3. RECEIVABLES**

	<u>2024</u>	<u>2023</u>
<b>Property taxes</b>		
Current taxes and grants in place of taxes	\$ 40,187	\$ 27,984
Arrears taxes	<u>10,958</u>	<u>6,320</u>
	<u>51,145</u>	<u>34,304</u>
<b>Trade and other</b>		
Local Government Fiscal Framework (LGFF)	156,761	-
Utility receivable	35,865	27,248
Goods and Services Tax (GST)	12,847	31,295
Accrued interest receivable	2,724	8,985
Miscellaneous	<u>364</u>	<u>364</u>
	<u>208,561</u>	<u>67,892</u>

As at December 31, 2024, the Local Government Fiscal Framework ("LGFF") receivable of \$156,761 relates to a portion of the LGFF 2024 capital allocation of \$179,710. These allocations are receivable as the Village has submitted eligible capital projects that were sufficient for the release of the LGFF funding.

**VILLAGE OF HILL SPRING**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**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>2024</u>	<u>2023</u>
Total debt limit	\$ 744,366	\$ 725,432
Total debt	-	-
Amount of debt limit unused	<u>744,366</u>	<u>725,432</u>
 Debt servicing limit	 124,061	 120,905
Debt servicing	-	-
Amount of debt servicing limit unused	<u>124,061</u>	<u>120,905</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 consolidated financial statements must be interpreted as a whole.

**5. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2024</u>	<u>2023</u>
Tangible capital assets (Schedule 2)	\$ 6,603,601	\$ 6,421,047
Accumulated amortization (Schedule 2)	<u>(2,055,011)</u>	<u>(1,919,346)</u>
	<u>\$ 4,548,590</u>	<u>\$ 4,501,701</u>

**VILLAGE OF HILL SPRING**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**6. ACCUMULATED SURPLUS**

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

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 494,340	\$ 440,279
Restricted surplus		
General government	520,353	520,353
Bylaw enforcement	1,560	1,560
Public works	14,203	14,203
Wastewater treatment and disposal	58,496	54,396
Water supply and distribution	31,495	22,195
Parks and recreation	11,400	11,400
Cemeteries and crematoriums	17,210	17,210
Equity in tangible capital assets	<u>4,548,590</u>	<u>4,501,701</u>
	<u>\$ 5,697,647</u>	<u>\$ 5,583,297</u>

**7. BUDGET AMOUNTS**

The 2024 budget for the Village was approved by Council on April 16, 2024 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 consolidated financial statements.

	<u>2024</u>	<u>2023</u>
Surplus per consolidated financial statements	\$ 305,579	\$ 33,810
Less: Capital expenses, net	(269,500)	(210,040)
Transfer to reserves	(36,079)	(39,370)
Add: Amortization	-	120,000
Transfers from reserves	<u>-</u>	<u>95,600</u>
Equals approved budget	<u>\$ -</u>	<u>\$ -</u>

## VILLAGE OF HILL SPRING

### Notes to Consolidated Financial Statements

Year Ended December 31, 2024

#### 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 consolidated 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)	2024	2023
ATCO Gas	\$ 2,500	\$ 2,629	\$ 2,536
Fortis electricity	6,000	6,241	5,880
	\$ 8,500	\$ 8,870	\$ 8,416

#### 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)	2024	2023
Mayor Davis	\$ 4,125	\$ -	\$ 4,125	\$ 3,900
Councillor Barfus	-	-	-	803
Councillor Christensen	850	-	850	700
Councillor French	850	1	851	1,407
Councillor Nish	600	-	600	1,156
Councillor Shideler	2,400	28	2,428	-
Chief Administration Officer	61,200	-	61,200	58,512
Designated Officer - 1 position	4,825	-	4,825	4,781

- (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 Consolidated Financial Statements**

**Year Ended December 31, 2024**

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#### **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 (2023 - nil) as a result of this standard.

#### **14. ASSET RETIREMENT OBLIGATION**

The Village has adopted PS3280 Asset Retirement Obligation. The Village did not identify any financial liabilities (2023 - nil) 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 CONSOLIDATED FINANCIAL STATEMENTS**

Council and Management have approved these consolidated financial statements.