

VILLAGE OF HILL SPRING
Financial Statements
Year Ended December 31, 2022

VILLAGE OF HILL SPRING
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Year Ended December 31, 2022

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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, 2022, and the consolidated 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, 2022, and the results of its operations, change in its 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 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.

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

(continues)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 18, 2023

Chartered Professional Accountants



VILLAGE OF HILL SPRING
Consolidated Statement of Financial Position
December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 862,219	\$ 891,501
Taxes and grants in places of taxes <i>(Note 3)</i>	14,710	12,519
Trade and other receivable <i>(Note 3)</i>	173,646	59,300
Land held for resale	23,448	23,448
	<u>1,074,023</u>	<u>986,768</u>
LIABILITIES		
Accounts payable and accrued liabilities	49,072	38,247
Deferred revenue	-	23,522
	<u>49,072</u>	<u>61,769</u>
NET FINANCIAL ASSETS	<u>1,024,951</u>	<u>924,999</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	10,303	10,303
Tangible capital assets <i>(Schedule 2)</i>	4,398,332	4,305,924
	<u>4,408,635</u>	<u>4,316,227</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 6)</i>	<u>\$ 5,433,586</u>	<u>\$ 5,241,226</u>

COMMITMENTS AND CONTINGENCIES *(Note 10)*

Approved on behalf of Council:

_____ Councilor

_____ Councilor

VILLAGE OF HILL SPRING
Consolidated Statement of Operations
Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 154,954	\$ 154,035	\$ 144,164
User fees and sales of goods	109,650	116,770	126,233
Government transfers for operating <i>(Schedule 4)</i>	22,716	22,716	65,274
Investment income	8,000	21,205	5,995
Penalties and costs of taxes	5,450	7,765	6,019
Franchise and concession contracts	7,000	8,154	7,396
Other revenue	34,800	40,126	46,206
	<u>342,570</u>	<u>370,771</u>	<u>401,287</u>
EXPENSES			
Legislative	15,700	16,109	15,486
Administration	146,100	129,069	115,824
Protective services	16,050	15,370	11,151
Public works	48,900	35,048	44,890
Wastewater treatment and disposal	26,600	22,601	29,213
Water supply and distribution	122,500	129,722	155,517
Waste management	7,771	8,393	7,367
Parks and recreation	19,910	21,578	19,555
Cemeteries and crematoriums	3,050	2,009	2,876
Land use planning and development	3,300	1,685	24,423
	<u>409,881</u>	<u>381,584</u>	<u>426,302</u>
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER	(67,311)	(10,813)	(25,015)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	189,100	203,173	482,648
EXCESS OF REVENUE OVER EXPENSES	121,789	192,360	457,633
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,241,226	5,241,226	4,783,593
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 5,363,015</u>	<u>\$ 5,433,586</u>	<u>\$ 5,241,226</u>

VILLAGE OF HILL SPRING
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
EXCESS OF REVENUE OVER EXPENSES	\$ 121,789	\$ 192,360	\$ 457,633
Amortization of tangible capital assets	120,000	119,918	117,087
Acquisition of tangible capital assets	(259,100)	(212,326)	(482,648)
	(139,100)	(92,408)	(365,561)
	(139,100)	(92,408)	(365,561)
INCREASE IN NET FINANCIAL ASSETS	(17,311)	99,952	92,072
NET FINANCIAL ASSETS, BEGINNING OF YEAR	924,999	924,999	832,927
NET FINANCIAL ASSETS, END OF YEAR	\$ 907,688	\$ 1,024,951	\$ 924,999

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

	2022	2021
OPERATING		
Excess of revenues over expenses	\$ 192,360	\$ 457,633
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	119,918	117,087
	<u>312,278</u>	<u>574,720</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes	(2,191)	5,807
Trade and other receivable	(114,346)	115,232
Accounts payable and accrued liabilities	10,825	(1,271)
Deferred revenue	(23,522)	(11,807)
	<u>(129,234)</u>	<u>107,961</u>
	<u>183,044</u>	<u>682,681</u>
CAPITAL		
Purchase of tangible capital assets	(212,326)	(482,648)
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR		
	(29,282)	200,033
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR		
	891,501	691,468
CASH AND TEMPORARY INVESTMENTS, END OF YEAR		
	<u>\$ 862,219</u>	<u>\$ 891,501</u>

VILLAGE OF HILL SPRING
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2022

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF THE YEAR	\$ 268,676	\$ 666,626	\$ 4,305,924	\$ 5,241,226	\$ 4,783,593
Excess of revenues over expenses	192,360	-	-	192,360	457,633
Unrestricted funds designated for future use	(85,052)	85,052	-	-	-
Restricted funds used for tangible capital assets	-	(9,153)	9,153	-	-
Current year funds used for tangible capital assets	(203,173)	-	203,173	-	-
Annual amortization expense	119,918	-	(119,918)	-	-
Change in accumulated surplus	24,053	75,899	92,408	192,360	457,633
BALANCE, END OF THE YEAR	\$ 292,729	\$ 742,525	\$ 4,398,332	\$ 5,433,586	\$ 5,241,226

VILLAGE OF HILL SPRING
Schedule of Tangible Capital Assets
Year Ended December 31, 2022

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022	2021
COST								
BALANCE, BEGINNING OF YEAR	\$ 40,590	\$ 61,905	\$ 569,608	\$ 4,884,823	\$ 416,053	\$ 8,260	\$ 5,981,239	\$ 5,498,591
Acquisition of tangible capital assets	-	-	-	212,326	-	-	212,326	482,648
BALANCE, END OF YEAR	40,590	61,905	569,608	5,097,149	416,053	8,260	6,193,565	5,981,239
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	21,667	148,944	1,367,127	129,317	8,260	1,675,315	1,558,228
Annual amortization	-	3,095	10,683	91,404	14,736	-	119,918	117,087
BALANCE, END OF YEAR	-	24,762	159,627	1,458,531	144,053	8,260	1,795,233	1,675,315
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 40,590	\$ 37,143	\$ 409,981	\$ 3,638,618	\$ 272,000	\$ -	\$ 4,398,332	\$ 4,305,924
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 40,590	\$ 40,238	\$ 420,663	\$ 3,517,696	\$ 286,737	\$ -	\$ 4,305,924	

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

(Schedule 3)

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	\$ 192,360	\$ 190,344	\$ 179,337
Linear property taxes	5,990	7,087	7,083
	<u>198,350</u>	<u>197,431</u>	<u>186,420</u>
REQUISITIONS			
Alberta School Foundation Fund	40,261	40,261	39,156
Seniors Foundation	3,135	3,135	3,100
	<u>43,396</u>	<u>43,396</u>	<u>42,256</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 154,954</u>	<u>\$ 154,035</u>	<u>\$ 144,164</u>

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

(Schedule 4)

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Provincial Government	\$ 22,716	\$ 22,716	\$ 59,874
Other Local Governments	-	-	5,400
	<u>22,716</u>	<u>22,716</u>	<u>65,274</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>189,100</u>	<u>203,173</u>	<u>482,648</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 211,816</u>	<u>\$ 225,889</u>	<u>\$ 547,922</u>

VILLAGE OF HILL SPRING
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2022

(Schedule 5)

	Budget (Unaudited)	2022	2021
CONSOLIDATED EXPENSES BY OBJECT			
Contracted and general services	\$ 145,671	\$ 134,036	\$ 181,939
Salaries, wages and benefits	73,400	71,732	72,192
Materials, goods and utilities	66,500	52,273	50,130
Transfers to local boards and agencies	3,110	2,267	3,886
Bank charges and short-term interest	1,200	1,358	1,067
Amortization of tangible capital assets	120,000	119,918	117,087
	<u>\$ 409,881</u>	<u>\$ 381,584</u>	<u>\$ 426,301</u>

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

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Planning and development	Recreation and culture	Total
REVENUE							
Net municipal taxes	\$ 154,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,035
User fees and sales of goods	45	170	-	114,700	1,155	700	116,770
Government transfers	22,716	-	-	203,173	-	-	225,889
Investment income	21,205	-	-	-	-	-	21,205
Other revenues	12,261	-	-	31,493	-	4,137	47,891
Franchise and concession contracts	8,154	-	-	-	-	-	8,154
	<u>218,416</u>	<u>170</u>	<u>-</u>	<u>349,366</u>	<u>1,155</u>	<u>4,837</u>	<u>573,944</u>
EXPENSES							
Contracted and general services	64,396	9,755	1,450	50,574	1,685	6,176	134,036
Salaries, wages and benefits	61,659	267	6,250	3,556	-	-	71,732
Materials, goods, supplies and utilities	15,980	4,980	2,204	25,564	-	3,545	52,273
Transfers to local boards	-	-	-	-	-	2,267	2,267
Bank charges and short-term interest	1,358	-	-	-	-	-	1,358
	<u>143,393</u>	<u>15,002</u>	<u>9,904</u>	<u>79,694</u>	<u>1,685</u>	<u>11,988</u>	<u>261,666</u>
NET REVENUE BEFORE AMORTIZATION	<u>75,023</u>	<u>(14,832)</u>	<u>(9,904)</u>	<u>269,672</u>	<u>(530)</u>	<u>(7,151)</u>	<u>312,278</u>
Amortization expense	1,785	368	25,144	81,022	-	11,599	119,918
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 73,238</u>	<u>\$ (15,200)</u>	<u>\$ (35,048)</u>	<u>\$ 188,650</u>	<u>\$ (530)</u>	<u>\$ (18,750)</u>	<u>\$ 192,360</u>

VILLAGE OF HILL SPRING

Notes to Financial Statements

Year Ended December 31, 2022

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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories 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.

Government Transfers

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

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

(continues)

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

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 (Debt) 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:

	<u>Years</u>
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, 2022

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
Cash	\$ 621,111	\$ 651,150
Temporary investments	<u>241,108</u>	<u>240,351</u>
	<u>\$ 862,219</u>	<u>\$ 891,501</u>

Temporary investments are investments in guaranteed investment certificates with interest rates ranging from 0.65% to 3.95% (2021 - 0.50% to 0.65%) and maturity dates ranging from January 2023 to July 2024.

The Village has a demand line of credit with ATB Financial with an authorized limit of \$50,000 which bears interest at 7.45%, secured by a general security agreement. There is nil balance on the line of credit at year end (2021 - nil).

Included in cash and temporary investments is a restricted amount of nil (2021 - \$23,522) received from various grant programs which are held exclusively for approved projects (Note 4).

3. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 9,989	\$ 8,155
Arrears taxes	<u>4,721</u>	<u>4,364</u>
	<u>14,710</u>	<u>12,519</u>
Trade and other receivables		
Municipal Sustainability Initiative Grant	132,486	-
Utility receivable	21,237	20,584
Goods and Services Tax (GST)	15,155	24,640
Miscellaneous	<u>4,768</u>	<u>14,076</u>
	<u>173,646</u>	<u>59,300</u>

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

4. 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 be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 556,157	\$ 601,931
Total debt	-	-
Amount of debt limit unused	<u>556,157</u>	<u>601,931</u>
Debt servicing limit	92,693	100,322
Debt servicing	-	-
Amount of debt servicing limit unused	<u>92,693</u>	<u>100,322</u>

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

5. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	\$ 6,193,565	\$ 5,981,239
Accumulated amortization (Schedule 2)	<u>(1,795,233)</u>	<u>(1,675,315)</u>
	<u>\$ 4,398,332</u>	<u>\$ 4,305,924</u>

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

6. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 292,729	\$ 268,676
Restricted surplus		
General government	546,253	492,087
Bylaw enforcement	1,560	1,560
Public works	14,203	11,703
Wastewater treatment and disposal	54,396	47,593
Water supply and distribution	97,503	88,273
Parks and recreation	11,400	11,400
Cemeteries and crematoriums	17,210	14,010
Equity in tangible capital assets	<u>4,398,332</u>	<u>4,305,924</u>
	<u>\$ 5,433,586</u>	<u>\$ 5,241,226</u>

7. BUDGET AMOUNTS

The 2022 budget for the Village was approved by Council on May 17, 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>2022</u>	<u>2021</u>
Surplus per financial statements	\$ 121,789	\$ 414,231
Less: Capital expenses, net	(259,100)	(473,000)
Transfer to reserves	(52,689)	(65,861)
Add: Amortization	120,000	112,000
Transfers from reserves	<u>70,000</u>	<u>12,630</u>
Equals approved budget	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF HILL SPRING

Notes to Financial Statements

Year Ended December 31, 2022

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. 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)	2022	2021
Mayor Davis	\$ 5,800	\$ -	\$ 5,800	\$ 6,050
Councilor Barfus	1,650	29	1,679	353
Councilor Christensen	1,200	-	1,200	1,450
Councilor French	1,950	43	1,993	1,940
Councilor Hegedus	-	-	-	1,376
Councilor Nish	1,300	25	1,325	459
Councilor Shideler	-	-	-	1,637
Chief Administration Officer Edwards	36,231	1,855	38,086	45,866
Designated Officer - 1 position	4,737	-	4,737	4,525

- (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, 2022

10. 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.

The Village has an operating lease with respect to its office equipment. Future minimum lease payments as at year end are as follows:

2023

630

11. 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.

12. 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.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.