

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Summer Village of Horseshoe Bay is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this financial report. Management believes that the consolidated financial statements present fairly the municipality's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

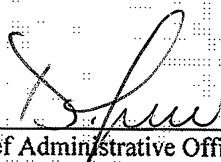
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Council carries out its responsibilities for review of the consolidated financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

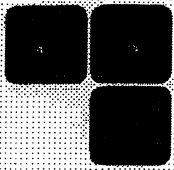
The external auditors have full access to the council with and without the presence of management. The council has approved the consolidated financial statements.

The consolidated financial statements have been audited by JMD Group LLP, Chartered Professional Accountants, independent external auditors appointed by the council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Summer Village's consolidated financial statements.



Chief Administrative Officer

April 13, 2024



JMD Group LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Maurice R. Joly, CPA, CA, CFP*
Barbara K. McCarthy, CPA, CA*
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*Denotes Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of Summer Village of Horseshoe Bay (the municipality), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net financial assets and cash flows and schedules 1 to 6 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 municipality as at December 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the municipality in accordance with ethical requirements that are relevant to our audit of the 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 PSAS, 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 municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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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.

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

St Paul, Alberta
April 13, 2024

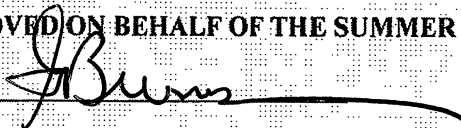

Chartered Professional Accountants

SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	2022
Assets		
Cash (Note 2)	\$ 193,681	\$ 185,364
Accounts receivable	25	-
Receivable from other governments	138,973	208,741
Taxes and grants in place of taxes receivable (Note 3)	2,154	1,670
Long term investments (Note 4)	1,213	1,150
	<u>336,046</u>	<u>396,925</u>
Liabilities		
Accounts payable and accrued liabilities	6,941	57,393
Due to other governments	7,198	6,074
Deferred revenue (Note 5)	205,591	230,528
	<u>219,730</u>	<u>293,995</u>
Net financial assets	<u>116,316</u>	<u>102,930</u>
Non-financial assets		
Tangible capital assets (Note 7)	1,463,177	1,500,831
Prepaid expenses	425	1,035
	<u>1,463,602</u>	<u>1,501,866</u>
Accumulated surplus	<u>\$ 1,579,918</u>	<u>\$ 1,604,796</u>

APPROVED ON BEHALF OF THE SUMMER VILLAGE OF HORSESHOE BAY:

Mayor



Administrator



**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget (unaudited)	2023	2022
REVENUES			
Net municipal taxes <i>(Schedule 3)</i>	\$ 95,050	\$ 94,926	\$ 86,075
Sales and user fees	600	1,000	601
Government transfers for operating <i>(Schedule 4)</i>	266,390	185,580	91,181
Investment income	1,833	2,925	3,789
Penalties and costs of taxes	727	928	840
Licenses and permits	400	400	450
Other	2,000	1,807	936
	<u>367,000</u>	<u>287,566</u>	<u>183,872</u>
EXPENSES			
Legislative	12,000	9,332	8,208
Administration	52,000	47,525	38,537
Protective services	9,000	8,569	6,653
Transportation	116,000	111,082	89,007
Waste management	14,000	13,260	13,220
Planning and development	257,000	161,087	25,238
Parks and recreation	42,000	27,129	25,187
	<u>502,000</u>	<u>377,984</u>	<u>206,050</u>
Deficiency of revenues over expenses - before other	<u>(135,000)</u>	<u>(90,418)</u>	<u>(22,178)</u>
Other			
Government transfers for capital <i>(Schedule 4)</i>	141,876	65,540	509,789
Loss on disposal of tangible capital assets	-	-	(42,611)
	<u>141,876</u>	<u>65,540</u>	<u>467,178</u>
Excess (deficiency) of revenues over expenses	<u>6,876</u>	<u>(24,878)</u>	<u>445,000</u>
Accumulated surplus, beginning of year	<u>1,604,796</u>	<u>1,604,796</u>	<u>1,159,796</u>
Accumulated surplus, end of year	<u>\$ 1,611,672</u>	<u>\$ 1,579,918</u>	<u>\$ 1,604,796</u>

SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
Excess (deficiency) of revenues over expenses	\$ 6,876	\$ (24,878)	\$ 445,000
Acquisition of tangible capital assets	(120,000)	(44,665)	(722,754)
Amortization of tangible capital assets	81,873	82,319	67,194
Loss on disposal of tangible capital assets	-	-	42,611
	(38,127)	37,654	(612,949)
Use (acquisition) of prepaid expenses	-	610	524
	(38,127)	38,264	(612,425)
Increase (decrease) in net financial assets	(31,251)	13,386	(167,425)
Net financial assets - beginning of year	102,930	102,930	270,355
Net financial assets - end of year	\$ 71,679	\$ 116,316	\$ 102,930

**SUMMER VILLAGE OF HORSESHOE BAY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (deficiency) of revenues over expenses	\$ (24,878)	\$ 445,000
Items not affecting cash:		
Amortization of tangible capital assets	82,319	67,194
Loss on disposal of tangible capital assets	-	42,611
	<u>57,441</u>	<u>554,805</u>
Decrease (increase) in:		
Taxes and grants in place of taxes receivable	(484)	(1,563)
Receivable from other governments	69,768	124,513
Accounts receivable	(25)	-
Prepaid expenses	610	524
Increase (decrease) in:		
Accounts payable and accrued liabilities	(50,452)	40,657
Due to other governments	1,124	988
Deferred revenue	(24,937)	(167,770)
	<u>(4,396)</u>	<u>(2,651)</u>
	<u>53,045</u>	<u>552,154</u>
Capital		
Purchase of tangible capital assets	(44,665)	(722,754)
Investing		
Decrease (increase) in long term investments	(63)	(44)
Decrease (increase) in restricted cash	44,404	(68,722)
	<u>44,341</u>	<u>(68,766)</u>
Change in cash during the year	<u>52,721</u>	<u>(239,366)</u>
Cash - beginning of year	<u>44,638</u>	<u>284,004</u>
Cash - end of year	<u>\$ 97,359</u>	<u>\$ 44,638</u>
Cash is made up of:		
Cash (Note 2)	\$ 193,681	\$ 185,364
Less restricted portion	(96,322)	(140,726)
	<u>\$ 97,359</u>	<u>\$ 44,638</u>

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Unrestricted Surplus	Equity in Tangible Capital Assets	2023	2022
Balance, beginning of year	\$ 103,965	\$ 1,500,831	\$ 1,604,796	\$ 1,159,796
Excess (deficiency) of revenues over expenses	(24,878)	-	(24,878)	445,000
Purchase of tangible capital assets	(44,665)	44,665	-	-
Annual amortization expense	82,319	(82,319)	-	-
Change in accumulated surplus	12,776	(37,654)	(24,878)	445,000
Balance, end of year	\$ 116,741	\$ 1,463,177	\$ 1,579,918	\$ 1,604,796

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Land	Land Improvements	Buildings	Engineered Structures	Equipment		
						2023	2022
Cost							
Balance beginning of year	\$ 175,269	\$ 80,222	\$ 103,578	\$ 1,973,460	\$ 37,289	\$ 2,369,818	\$ 1,743,120
Acquisition of tangible capital assets	-	-	-	44,665	-	44,665	722,754
Disposal of tangible capital assets	-	-	-	-	-	-	(96,056)
Balance, end of year	175,269	80,222	103,578	2,018,125	37,289	2,414,483	2,369,818
Accumulated amortization							
Balance, beginning of year	-	42,235	39,289	785,598	1,865	868,987	855,238
Annual amortization	-	2,463	2,341	73,787	3,728	82,319	67,194
Disposal of tangible capital assets	-	-	-	-	-	-	(53,445)
Balance, end of year	-	44,698	41,630	859,385	5,593	951,306	868,987
Net book value of tangible capital assets	\$ 175,269	\$ 35,524	\$ 61,948	\$ 1,158,740	\$ 31,696	\$ 1,463,177	\$ 1,500,831
2022 Net book value of tangible capital assets	\$ 175,269	\$ 37,987	\$ 64,289	\$ 1,187,862	\$ 35,424	\$ 1,500,831	

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget (unaudited)	2023 Actual	2022 Actual
Taxation			
Residential land and improvement	\$ 133,269	\$ 133,145	\$ 128,151
Commercial property	2,241	2,241	2,136
	<u>135,510</u>	<u>135,386</u>	<u>130,287</u>
Requisitions			
Alberta School Foundation	40,460	40,460	44,212
Net taxes for general municipal purposes	<u>\$ 95,050</u>	<u>\$ 94,926</u>	<u>\$ 86,075</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

	Budget (unaudited)	2023 Actual	2022 Actual
Transfers for operating			
Provincial government	\$ 266,390	\$ 185,580	\$ 91,181
Transfers for capital			
Provincial government	141,876	65,540	509,789
Total government transfers	<u>\$ 408,266</u>	<u>\$ 251,120</u>	<u>\$ 600,970</u>

SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023 Actual	2022 Actual
Expenses			
Salaries, wages and benefits	\$ 9,900	\$ 7,815	\$ 6,600
Contracted and general services	349,718	183,454	96,487
Purchases from other governments	22,256	18,841	20,706
Material, goods, supplies and utilities	23,867	9,678	9,210
Transfers to other governments	14,386	75,877	5,853
Amortization of tangible capital assets	81,873	82,319	67,194
Loss on disposal of tangible capital assets	-	-	42,611
Total expenses	\$ 502,000	\$ 377,984	\$ 248,661

**SUMMER VILLAGE OF HORSESHOE BAY
SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Total
Revenues							
Net municipal taxes	\$ 94,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,926
Government transfers	1,443	4,314	79,881	160,017	2,557	2,908	251,120
User fees and sales of goods	500	-	-	-	500	-	1,000
Investment income	1,626	-	186	1,021	92	-	2,925
Other revenue	1,328	-	-	-	1,807	-	3,135
	<u>99,823</u>	<u>4,314</u>	<u>80,067</u>	<u>161,038</u>	<u>4,956</u>	<u>2,908</u>	<u>353,106</u>
Expenses							
Contracted and general services	47,297	5,066	22,728	105,837	8,826	12,541	202,295
Salaries and wages	7,815	-	-	-	-	-	7,815
Good and supplies	1,745	-	-	-	7,933	-	9,678
Transfers to other governments	-	3,503	14,567	55,250	2,557	-	75,877
	<u>56,857</u>	<u>8,569</u>	<u>37,295</u>	<u>161,087</u>	<u>19,316</u>	<u>12,541</u>	<u>295,665</u>
Net revenue before amortization	42,966	(4,255)	42,772	(49)	(14,360)	(9,633)	57,441
Amortization expense	-	-	(73,787)	-	(7,813)	(719)	(82,319)
Net revenues	<u>\$ 42,966</u>	<u>\$ (4,255)</u>	<u>\$ (31,015)</u>	<u>\$ (49)</u>	<u>\$ (22,173)</u>	<u>\$ (10,352)</u>	<u>\$ (24,878)</u>

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. Significant Accounting Policies

The consolidated financial statements of the Summer Village of Horseshoe Bay are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the summer village are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 summer village and are, therefore, accountable to the summer village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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 include allowance for uncollectable receivables and providing for amortization of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued and subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

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SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. Significant Accounting Policies (continued)

Cash

Cash is defined as cash in bank accounts adjusted for outstanding items.

Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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.

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.

Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the summer village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance.

Deferred Revenue

Deferred revenues represent government transfers (collected or allocated), donations, and other amounts that have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

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)

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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 or live organism that exceeds an environmental standard. The liability, if any, is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Asset Retirement

A liability, if any, 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 summer 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 summer village reviews the carrying amount of the liability. The summer 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 summer 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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SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED 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.

(a) 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings	25 - 50
Engineered structures	
Roadway system	10 - 40
Bridge	50
Machinery and equipment	10
Land improvements	15 - 25

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(b) 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.

(c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risk incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

2. Cash

	2023	2022
Credit Union chequing	\$ 1,244	\$ 19,053
Credit Union savings	192,437	166,311
	\$ 193,681	\$ 185,364

Included in cash is a restricted amount of \$96,322 (2022 - \$140,726) comprised of deferred revenue received and not yet expended.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

3. Taxes and Grants in Place of Taxes Receivable

	2023	2022
Current	\$ 2,154	\$ 1,670

4. Long-Term Investments

	2023	2022
Servus Credit Union shares	\$ 1,213	\$ 1,150

5. Deferred Revenue

	2022	Received	Recognized	2023
MSI - capital	\$ 63,407	\$ 34,300	\$ 32,057	\$ 65,650
ACP - Inter-municipal Collaboration	101,819	180,284	173,158	108,945
Gas Tax Fund	-	196	-	196
Alberta Transportation	59,614	-	33,483	26,131
Recreation fund	5,688	788	1,807	4,669
	\$ 230,528	\$ 215,568	\$ 240,505	\$ 205,591

Deferred revenue is funding received by or allocated to (in receivable) the municipality in the current and previous years from various provincial government programs which have not yet been spent. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Funds received and unexpended are supported by restricted cash.

6. 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 Summer Village of Horseshoe Bay be disclosed as follows:

	2023	2022
Total debt limit	\$ 431,349	\$ 275,808
Total debt	-	-
Amount of debt limit unused	431,349	275,808
Debt servicing limit	71,892	45,968
Debt servicing	-	-
Amount of debt servicing limit unused	71,892	45,968

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

7. Equity in Tangible Capital Assets

	2023	2022
Tangible capital assets (Schedule 2)	\$ 2,414,483	\$ 2,369,817
Accumulated amortization (Schedule 2)	(951,306)	(868,986)
	\$ 1,463,177	\$ 1,500,831

8. Accumulated Surplus

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

	2023	2022
Unrestricted surplus	\$ 116,741	\$ 103,965
Equity in tangible capital assets (Note 7)	1,463,177	1,500,831
	\$ 1,579,918	\$ 1,604,796

9. Segmented Disclosure

The Summer Village of Horseshoe Bay provides a range of services to its ratepayers. For each 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 Schedule of Segmented Disclosure (Schedule 6).

10. Salary and Benefits Disclosure

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

	Salary (1)	Benefits & Allowances (2)	2023	2022
Mayor - Burns	\$ 2,250	\$ 468	\$ 2,718	\$ 2,527
Deputy mayor - Amyotte	3,750	103	3,853	3,013
Councillor - Laberge	1,800	42	1,842	1,350
	\$ 7,800	\$ 613	\$ 8,413	\$ 6,890
CAO - Contract position - Briscoe	\$ 6,174	-	\$ 6,174	\$ 21,523
CAO - Contract position - Tyson	22,047	-	22,047	-
	\$ 28,221	\$ -	\$ 28,221	\$ 21,523
Assessor - Contract position	\$ 5,520	-	\$ 5,520	\$ 5,440

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include travel reimbursements.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

11. Operating Loan

The Summer Village of Horseshoe Bay has a prime plus 1% authorized operating line with a \$30,000 limit with Servus Credit Union. No balance was outstanding at December 31, 2023. The operating loan is issued on the credit and security of the summer village at large.

12. Contingencies

The Summer Village of Horseshoe Bay has delegated their powers and duties under the Emergency Management Act to the County of St. Paul No. 19 under an Emergency Management Agreement, with an unspecified term. The Summer Village of Horseshoe Bay is responsible to pay all unrecoverable costs incurred by the County in implementing an Emergency Response within the boundaries of the Summer Village of Horseshoe Bay. Any liability incurred would be accounted for as a current transaction in the year an emergency response occurs.

The Summer Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Summer 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.

13. Commitments

Effective January 1, 2020 under the terms of a cost sharing agreement with the County of St. Paul No. 19, Town of St. Paul, and Town of Elk Point, the summer village contributes to the Regional Recreation Class A facilities operating expenses. The annual contribution by the Summer Village for 2023 was \$2,557 (2022 - \$2,557).

The Summer Village has entered into an agreement with a third party to provide assessment services until 2025.

The Summer Village has entered into a Fire Protection agreement with a local municipality until 2025.

The Summer Village has entered into a road maintenance, snow removal and weed control agreement with a local municipality until 2027.

14. Financial Instruments

The summer village's financial instruments consist of cash, receivables, long-term investment, accounts payable and accrued liabilities and deferred revenue. It is management's opinion that the summer village is not exposed to significant interest or currency risks arising from these financial instruments.

The summer village is subject to credit risk with respect to taxes and grants in place of taxes receivable. Credit risk arises from the possibility that taxpayers may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers minimizes the credit risk.

15. Contaminated Sites Liability

The summer village has adopted PS3260 Liability for Contaminated Sites. The summer village did not identify any financial liabilities in 2023 (2022 - \$Nil) as a result of this standard.

16. Asset Retirement Obligation

The summer village has adopted PS3280 - Asset Retirement Obligations. The summer village did not identify any financial obligations in 2023 (2022 - Nil) as a result of this standard.

SUMMER VILLAGE OF HORSESHOE BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

17. Approval of Financial Statements

Council and Management have approved these financial statements.

18. Budget Amounts

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

19. Recent Accounting Pronouncements Published But Not Yet Adopted

Conceptual Framework for Financial Reporting in the Public Sector

This standard describes the concepts underlying the development and use of accounting principles in government financial statements. It also identifies the objectives of government financial statements that are generally acceptable to the users and preparers of the statements. It applies to years beginning on or after April 1, 2026.

PS Section 1202, Financial Statement Presentation

This standard responds to the need for understandable financial statements. The new reporting model will consist of:

- a statement of financial position;
- a statement of net financial assets (net financial liabilities);
- a statement of operations;
- a statement of changes in net assets (net liabilities);
- a statement of cash flows; and
- accompanying notes and schedules.

PS Section 3400, Revenue

This standard establishes how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations and those without performance obligations. This standard is applicable for fiscal years beginning on or after April 1, 2023.

PSG-8, Purchased Intangibles

This guideline allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This guideline is applicable for fiscal years beginning on or after April 1, 2023.

PS Section 3160, Public Private Partnerships

This standard establishes how to account for certain arrangements between public and private entities. This standard is applicable for fiscal years beginning on or after April 1, 2023.