

VILLAGE OF HAY LAKES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

VILLAGE OF HAY LAKES

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

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**MANAGEMENTS' RESPONSIBILITY FOR
FINANCIAL REPORTING**

Management of the Village of Hay Lakes is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the village's financial position as at December 31, 2023 and the results of its operations for the year then ended.

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

The 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 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 financial statements.

The Village Council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Gitzel & Company, Chartered Professional Accountants, independent external auditors appointed by the village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the village's financial statements.



Chief Administrative Officer



Date



*Peggy Weinzierl, CPA, CA *Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
Village of Hay Lakes

Qualified Opinion

We have audited the financial statements of Village of Hay Lakes, which comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies.

As explained in Note 11, asset retirement obligations in relation to the Telegraph Park assets have not been assessed and cannot be reliably determined at this time. An adequate provision for these costs has not been recorded.

In our opinion, except for the effect of the adjustments which may be necessary related to asset retirement obligations of the Telegraph Park assets as described in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the village as at December 31, 2023, the results of its operations, changes in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the village in accordance with the 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.

Emphasis of Matter

A significant area requiring the use of management's estimates was the provision for amortization of tangible capital assets. Significant changes in the useful lives of assets could result in changes in asset and expense amounts.

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 ability of the village 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 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.

Auditors' 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 auditors' 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:

- 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 controls.
- 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 purposes 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 auditors' 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 the auditors' 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.

Stettler, Alberta
April 15, 2024


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF HAY LAKES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	Restated (Note 3 & 4) 2022
FINANCIAL ASSETS		
Cash and short term investments (Note 5)	\$ 143,501	\$ 145,055
Taxes and grants in place of taxes receivable (Note 6)	60,937	52,509
Trade and other receivables	94,502	78,779
Receivable from other governments	407,890	473,245
Local improvement levies receivable	307,119	328,516
Long-term investments (Note 7)	<u>439,281</u>	<u>439,281</u>
	<u>1,453,230</u>	<u>1,517,385</u>
LIABILITIES		
Operating Lines of Credit (Note 8)	10,000	40,000
Accounts payable and accrued liabilities	104,772	179,732
Payable to other governments	-	2,116
Deferred revenue (Note 9)	439,272	356,527
Long-term debt (Note 10)	578,760	623,935
Asset retirement obligation (Note 12)	<u>33,593</u>	<u>29,884</u>
	<u>1,166,397</u>	<u>1,232,194</u>
NET FINANCIAL ASSETS (DEBT)	<u>286,833</u>	<u>285,191</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	4,986,943	5,215,006
Land held for resale	397,244	397,244
Supplies inventory	7,606	9,650
Prepaid expenses	<u>2,274</u>	<u>699</u>
	<u>5,394,067</u>	<u>5,622,599</u>
ACCUMULATED SURPLUS (Schedule 1, Note 13)	\$ <u>5,680,900</u>	\$ <u>5,907,790</u>

Contingencies – See Note 19

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:



Mayor

VILLAGE OF HAY LAKES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	Restated (Note 3 & 4) 2022
REVENUES			
Net municipal taxes (Schedule 3)	\$ 433,216	\$ 403,869	\$ 369,968
Government transfers for operating (Schedule 4)	105,888	91,668	224,102
Sales of goods and user fees	350,275	333,296	324,038
Franchise and concession contracts	34,200	36,227	35,528
Investment income	3,150	17,669	12,921
Penalties and costs of taxes	19,050	39,392	23,346
Rentals	39,650	27,236	32,449
Other	<u>10,950</u>	<u>7,900</u>	<u>10,349</u>
Total Revenue	<u>996,379</u>	<u>957,257</u>	<u>1,032,701</u>
EXPENSES (Schedule 5)			
Legislative	37,104	34,151	34,286
Administration	295,266	309,956	244,202
Protective services	103,142	96,058	76,273
Transportation services	351,101	308,387	322,997
Water supply and distribution	196,004	207,381	215,137
Wastewater treatment and disposal	102,505	87,618	92,710
Waste management	84,200	93,548	85,070
Public health and welfare	3,970	3,739	3,923
Planning and development	5,437	19,146	104,394
Parks and recreation	61,450	62,366	58,038
Library and culture	<u>13,250</u>	<u>13,314</u>	<u>13,447</u>
Total Expenses	<u>1,253,429</u>	<u>1,235,664</u>	<u>1,250,477</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(257,050)	(278,407)	(217,776)
OTHER			
Government transfers for capital (Schedule 4)	<u>77,000</u>	<u>51,517</u>	<u>-</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>(180,050)</u>	(226,890)	(217,776)
ACCUMULATED SURPLUS – BEGINNING OF YEAR		<u>5,907,790</u>	<u>6,125,566</u>
ACCUMULATED SURPLUS – END OF YEAR		\$ <u>5,680,900</u>	\$ <u>5,907,790</u>

VILLAGE OF HAY LAKES

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	Restated (Note 3 & 4) 2022
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>(226,890)</u>	\$ <u>(217,776)</u>
Acquisition of tangible capital assets	(23,991)	(11,150)
Amortization of tangible capital assets	<u>252,054</u>	<u>257,944</u>
	<u>228,063</u>	<u>246,794</u>
Sale of land held for resale	<u>-</u>	<u>50,000</u>
Acquisition of prepaid assets	(2,274)	(699)
Use of prepaid assets	<u>699</u>	<u>4,474</u>
	<u>(1,575)</u>	<u>3,775</u>
Acquisition of supplies inventory	(7,606)	(9,650)
Use of supplies inventory	<u>9,650</u>	<u>-</u>
	<u>2,044</u>	<u>(9,650)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	1,642	73,143
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>285,191</u>	<u>212,048</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u>286,833</u>	\$ <u>285,191</u>

VILLAGE OF HAY LAKES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	Restated (Note 3 & 4) 2022
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ (226,890)	\$ (217,776)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	252,054	257,944
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivables	(8,428)	(2,400)
Trade and other receivables	(15,723)	33,829
Receivable from other governments	65,355	(110,461)
Local improvement levies receivable	21,397	20,829
Land held for resale	-	50,000
Accounts payable and accrued liabilities	(77,076)	94,241
Deferred revenue	82,745	(30,473)
Prepaid expenses	(1,575)	3,775
Supplies inventory	2,044	(9,650)
Net cash provided by (used in) operating activities	<u>93,903</u>	<u>89,858</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(23,991)</u>	<u>(11,150)</u>
Net cash provided by (used in) capital activities	<u>(23,991)</u>	<u>(11,150)</u>
FINANCING ACTIVITIES		
Operating lines of credit drawn down (repaid)	(30,000)	40,000
Due to Alberta Capital Finance Authority repaid	(23,087)	(22,473)
Due to Capital Region Southwest Water Services Commission repaid	(22,088)	(21,237)
Asset retirement obligation	<u>3,709</u>	<u>1,449</u>
Net cash provided by (used in) financing activities	<u>(71,466)</u>	<u>(2,261)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(1,554)	76,447
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>145,055</u>	<u>68,608</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 5)	<u>\$ 143,501</u>	<u>\$ 145,055</u>

VILLAGE OF HAY LAKES

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	Restated (Note 3 & 4) 2022
BALANCE - BEGINNING OF YEAR					
As previously reported	\$ 839,275	\$ 288,111	\$ 4,858,923	\$ 5,986,309	\$ 6,202,547
Prior period restatement for asset retirement obligations (Note 3)	-	-	(28,519)	(28,519)	(26,981)
Prior period restatement for deferred revenue (Note 4)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
As restated	<u>789,275</u>	<u>288,111</u>	<u>4,830,404</u>	<u>5,907,790</u>	<u>6,125,566</u>
Excess (deficiency) of revenues over expenses	(226,890)	-	-	(226,890)	(217,776)
Restricted funds used for operations	16,208	(16,208)	-	-	-
Restricted funds used for tangible capital assets	-	(18,059)	18,059	-	-
Current year funds used for tangible capital assets	(4,333)	-	4,333	-	-
Annual amortization expense	252,054	-	(252,054)	-	-
Annual accretion expense	2,110	-	(2,110)	-	-
Capital long term debt repaid	<u>(23,087)</u>	<u>-</u>	<u>23,087</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>16,062</u>	<u>(34,267)</u>	<u>(208,685)</u>	<u>(226,890)</u>	<u>(217,776)</u>
BALANCE - END OF YEAR	<u>\$ 805,337</u>	<u>\$ 253,844</u>	<u>\$ 4,621,719</u>	<u>\$ 5,680,900</u>	<u>\$ 5,907,790</u>

VILLAGE OF HAY LAKES

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	Restated (Note 3 & 4) 2022
COST:								
BALANCE - BEGINNING OF YEAR								
As previously reported	\$ 460,667	\$ 177,624	\$ 414,521	\$ 7,161,714	\$ 867,284	\$ 132,226	\$ 9,214,036	\$ 9,202,887
Asset retirement obligations (Note 3)	-	-	3,184	930	-	-	4,114	4,114
As restated	460,667	177,624	417,705	7,162,644	867,284	132,226	9,218,150	9,207,001
Acquisition of tangible capital assets	-	-	19,363	295	4,333	-	23,991	11,150
Disposal of tangible capital assets	-	-	-	-	(10,885)	-	(10,885)	(1)
BALANCE - END OF YEAR	<u>460,667</u>	<u>177,624</u>	<u>437,068</u>	<u>7,162,939</u>	<u>860,732</u>	<u>132,226</u>	<u>9,231,256</u>	<u>9,218,150</u>
ACCUMULATED AMORTIZATION:								
BALANCE - BEGINNING OF YEAR								
As previously reported	-	170,239	324,604	2,799,825	638,386	67,341	4,000,395	3,742,541
Asset retirement obligations (Note 3)	-	-	1,868	881	-	-	2,749	2,660
As restated	-	170,239	326,472	2,800,706	638,386	67,341	4,003,144	3,745,201
Annual amortization	-	448	7,300	202,312	31,436	10,558	252,054	257,855
Accumulated amortization on disposal	-	-	-	-	(10,885)	-	(10,885)	(1)
BALANCE - END OF YEAR	<u>-</u>	<u>170,687</u>	<u>333,772</u>	<u>3,003,018</u>	<u>658,937</u>	<u>77,899</u>	<u>4,244,313</u>	<u>4,003,144</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>460,667</u>	<u>6,937</u>	<u>103,296</u>	<u>4,159,921</u>	<u>201,795</u>	<u>\$ 54,327</u>	<u>\$ 4,986,943</u>	<u>5,215,006</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 460,667</u>	<u>\$ 7,385</u>	<u>\$ 91,233</u>	<u>\$ 4,361,938</u>	<u>\$ 228,898</u>	<u>\$ 64,885</u>	<u>\$ 5,215,006</u>	

VILLAGE OF HAY LAKES

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 550,431	\$ 530,479	\$ 487,185
Linear property taxes	<u>50</u>	<u>-</u>	<u>48</u>
	550,481	530,479	487,233
REQUISITIONS			
Alberta School Foundation Fund	<u>117,265</u>	<u>126,610</u>	<u>117,265</u>
NET MUNICIPAL TAXES	\$ <u>433,216</u>	\$ <u>403,869</u>	\$ <u>369,968</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
TRANSFER FOR OPERATING:			
Provincial government	\$ 81,508	\$ 81,508	\$ 206,044
Local government	<u>24,380</u>	<u>10,160</u>	<u>18,058</u>
	105,888	91,668	224,102
TRANSFERS FOR CAPITAL			
Provincial government	<u>77,000</u>	<u>51,517</u>	<u>-</u>
TOTAL GOVERNMENT TRANSFERS	\$ <u>182,888</u>	\$ <u>143,185</u>	\$ <u>224,102</u>

VILLAGE OF HAY LAKES

SCHEDULE 5 – EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	Restated (Note 3 & 4) 2022
EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 433,439	\$ 447,952	\$ 319,800
Contracted and general services	277,833	281,681	399,336
Purchases from other governments	69,000	52,029	55,252
Materials, goods, supplies and utilities	159,847	134,913	153,820
Transfers to other governments	5,000	3,843	4,581
Transfers to local agencies	25,210	28,544	25,408
Bank charges and short-term interest	7,750	7,963	5,322
Bad debts	-	3,077	2,069
Interest on long term debt	18,300	20,053	25,496
Other expenses	-	1,445	-
Amortization of tangible capital assets	257,050	252,054	257,944
Accretion expense	-	2,110	1,449
	-	2,110	1,449
TOTAL EXPENDITURES	\$ <u>1,253,429</u>	\$ <u>1,235,664</u>	\$ <u>1,250,477</u>

VILLAGE OF HAY LAKES

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	FCSS	Total
REVENUE								
Net municipal taxes	\$ 403,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,869
Government transfers	81,508	8,160	2,000	-	-	-	-	91,668
User fees and sales of goods	995	20,315	-	-	164	311,822	-	333,296
Franchise and concessions	36,227	-	-	-	-	-	-	36,227
Investment income	16,886	-	-	-	783	-	-	17,669
Penalties and costs of taxes	25,114	-	-	-	-	14,278	-	39,392
Rentals	-	-	-	-	27,236	-	-	27,236
Other revenues	4,555	2,945	-	-	400	-	-	7,900
	<u>569,154</u>	<u>31,420</u>	<u>2,000</u>	<u>-</u>	<u>28,583</u>	<u>326,100</u>	<u>-</u>	<u>957,257</u>
EXPENSES								
Salaries and wages	248,211	26,777	73,344	-	25,549	74,071	-	447,952
Contract and general services	74,463	44,999	22,288	17,400	12,814	105,979	3,738	281,681
Purchases from other governments	-	-	-	-	-	52,029	-	52,029
Materials, goods, supplies and utilities	3,178	18,982	46,093	1,746	6,295	58,619	-	134,913
Transfer to other agencies	-	3,843	-	-	21,851	6,693	-	32,387
Long term debt interest	-	-	9,219	-	-	10,834	-	20,053
Other expenses	12,485	-	-	-	-	-	-	12,485
	<u>338,337</u>	<u>94,601</u>	<u>150,944</u>	<u>19,146</u>	<u>66,509</u>	<u>308,225</u>	<u>3,738</u>	<u>981,500</u>
NET REVENUE, BEFORE								
AMORTIZATION AND ACCRETION	<u>230,817</u>	<u>(63,181)</u>	<u>(148,944)</u>	<u>(19,146)</u>	<u>(37,926)</u>	<u>17,875</u>	<u>(3,738)</u>	<u>(24,243)</u>
Amortization expense	5,557	1,499	156,308	-	8,648	80,042	-	252,054
Accretion of asset retirement obligations	172	-	1,136	-	521	281	-	2,110
NET REVENUE	<u>\$ 225,088</u>	<u>\$ (64,680)</u>	<u>\$ (306,388)</u>	<u>\$ (19,146)</u>	<u>\$ (47,095)</u>	<u>\$ (62,448)</u>	<u>\$ (3,738)</u>	<u>\$ (278,407)</u>

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating 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.

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

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.

(c) 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Amortization and accretion are based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates – Continued

There is measurement uncertainty related to asset retirement obligations. Determining settlement amounts, discount rates and timing of settlement involves estimation. Changes to any of these estimates and assumptions may result in a change to the obligation.

(d) 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.

(e) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the 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, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(f) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

(g) 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, nor the result of a direct financial return. Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for as long-term debt interest payable at the end of the year.

(i) Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(j) Investments

Investments are recorded at 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.

(k) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

(l) Cash and Cash Equivalent

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term investments.

(m) Requisition Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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.

(n) Asset retirement obligation

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. 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.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(n) Asset retirement obligation - Continued

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. These may include, but are not limited to, decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed; remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and constructing other tangible capital assets to perform post-retirement activities.

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 for assets in productive use, 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. When a liability for an asset retirement obligation is initially recognized for assets not in productive use, a corresponding asset retirement cost is expensed. 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 for assets in productive use, and expensed for assets not in productive use. 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.

(o) 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 Change in Net Financial Assets (Debt) for the year.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(o) Non-Financial Assets - continued

(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	10 - 25
Buildings	50
Engineered structures	
Water system	45 - 75
Wastewater system	25 - 75
Road system	15 - 40
Machinery and equipment	3 - 40
Vehicles	7 - 25

No provision for amortization is recorded in the year of acquisition nor in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Assets no longer in productive use include the Public Works shop which was deemed no longer structurally sound during the year by ISL Engineering. Cost and accumulated amortization of \$5,000 are included with buildings. The Village has plans to demolish this building after year end.

(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) Leases

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

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED - Continued

(a) Section PS 3160 – Public Private Partnerships

This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.

(b) Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.

(c) Section PSG – 8 – Purchased Intangibles

This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

(d) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgment is applied. Effective for the fiscal years beginning on or after April 1, 2026.

(e) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

3. ACCOUNTING CHANGES – ASSET RETIREMENT OBLIGATIONS

The village adopted the recommendations in the CPA Canada Handbook, Section PS 3280, *Asset Retirement Obligations*, on how to account for a liability for the retirement of a tangible capital asset for fiscal years beginning on or after April 1, 2022, applied on a modified retroactive basis with restatement of prior year comparative information. The village chose to apply the amendments at the beginning of the earliest period presented, January 1, 2022.

Refer to Note 4 for a summary of these changes.

4. PRIOR PERIOD ADJUSTMENT

Opening deferred revenue was increased by \$50,000 and opening unrestricted surplus was decreased by \$50,000 to agree with the 2020 statement of funded expenditures for the Canada Community Building Fund.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4. PRIOR PERIOD ADJUSTMENT - Continued

The change to deferred revenue, along with the changes relating to asset retirement obligations described in Note 3, have resulted in adjustments to the comparative figures as follows:

	As Restated	As Previously Reported	Adjustment
STATEMENT OF FINANCIAL POSITION			
LIABILITIES			
Asset retirement obligation	\$ 28,435	\$ -	\$ 28,435
Deferred revenue	356,527	306,527	50,000
Total liabilities	1,232,194	1,152,310	79,884
NET FINANCIAL ASSETS (DEBT)	285,191	365,075	79,884
NON-FINANCIAL ASSETS			
Tangible capital assets (Schedule 2)	5,461,800	5,460,346	1,454
Total non-financial assets	5,913,518	5,912,064	1,454
ACCUMULATED SURPLUS (Schedule 1, Note 13)	5,907,790	5,986,309	78,519

STATEMENT OF OPERATIONS			
EXPENSES			
Administration	244,202	244,025	177
Transportation services	322,997	322,475	522
Wastewater treatment and disposal	92,710	92,418	292
Parks and recreation	58,038	57,491	547
Total Expenses	1,250,477	1,248,939	1,538
EXCESS OF REVENUE OVER EXPENSES	(217,776)	(216,238)	1,538
ACCUMULATED SURPLUS – BEGINNING OF YEAR	6,125,566	6,202,547	76,981
ACCUMULATED SURPLUS – END OF YEAR	5,907,790	5,986,309	78,519

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)			
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(217,776)	(216,238)	1,538
Amortization of tangible capital assets	257,944	257,855	89
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	73,143	74,592	1,449
NET FINANCIAL ASSETS (DEBT) – BEGINNING OF YEAR	212,048	290,483	78,435
NET FINANCIAL ASSETS (DEBT) – END OF YEAR	285,191	365,075	79,884

STATEMENT OF CASH FLOWS			
OPERATING ACTIVITIES			
Excess (shortfall) of revenues over expenses	(217,776)	(216,238)	1,538
Amortization of tangible capital assets	257,944	257,855	89
Net cash provided by (used in) operating activities	89,858	91,307	1,449
FINANCING ACTIVITIES			
Asset retirement obligations	1,449	-	1,449
Net cash provided by (used in) financing activities	\$ (2,261)	\$ (3,710)	\$ 1,449

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. CASH AND SHORT TERM INVESTMENTS

	2023	2022
Cash	\$ <u>143,501</u>	\$ <u>145,055</u>

Council has designated funds of \$253,844 (2022 - \$288,111) to restricted surplus, funded by cash and receivables.

6. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2023	2022
Current taxes and grants in place of taxes	\$ 41,394	\$ 35,877
Arrears taxes	<u>19,543</u>	<u>16,632</u>
	\$ <u>60,937</u>	\$ <u>52,509</u>

7. LONG-TERM INVESTMENTS

	2023	2022
Capital Region Southwest Water Services Commission	\$ <u>439,281</u>	\$ <u>439,281</u>

The village is a member of the Capital Regional Southwest Water Services Commission. The investment is recorded at cost and represents their equity in the commission.

8. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The village's financial instruments consist of cash, receivables, long term investments, operating lines of credit, accounts payable, and long-term debt. In management's opinion these financial instruments are not exposed to significant interest rate or currency risks.

The village is exposed to various risks through its financial instruments. The following analysis provides a measure of the village's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

It is management's opinion that the village is not exposed to significant currency or other price risk.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. FINANCIAL INSTRUMENTS - Continued

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The village manages its exposure to interest rate risk through a combination of fixed and floating rate borrowings. The fixed rate debt is subject to fair value risk, as the value will fluctuate as a result of changes in market rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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. The carrying value of accounts receivable reflects management's assessment of credit risk.

Operating Lines of Credit

At December 31, 2023, the village had an authorized short-term bank line of credit limit of \$300,000 (2022 – \$300,000) of which \$10,000 (2022 - \$40,000) had been drawn down. The line of credit is a revolving operating facility that bears interest at the prime rate plus 1% and is reviewed annually. At December 31, 2023 the village had a credit card with a limit of \$8,600 (2022 - \$8,600) of which \$3,538 (2022 - \$1,298) had been drawn down. This credit card bears interest at 12.2%.

9. DEFERRED REVENUE

	2023	Restated (Note 20) 2022
Municipal sustainability initiative grant – capital	\$ 214,222	\$ 177,825
Canada Community-Building Fund	173,350	123,350
Municipal stimulus program	-	1,402
Other grants	1,700	3,700
Park donation	50,000	50,000
Telegraph Park prepaid rent	-	250
	<u>\$ 439,272</u>	<u>\$ 356,527</u>

The use of these funds is restricted to eligible capital projects, as approved under the funding agreements. Unexpended funds related to these advances are supported by government receivables of \$375,828 (2022 - \$454,709) and cash of \$63,444 (2022 - \$NIL).

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10. LONG-TERM DEBT

	2023	2022
Payable to Capital Region Southwest Water Services Commission, due \$2,039 monthly including interest at 4.59%, maturing December 2034	\$ 209,533	\$ 223,894
Payable to Capital Region Southwest Water Services Commission, due \$746 monthly including interest at 2.83%, maturing June 2028	37,596	45,323
Payable to Alberta Capital Finance Authority, due \$16,287 semi-annually including interest at 2.72%, maturing September 2035	<u>331,631</u>	<u>354,718</u>
	<u>\$ 578,760</u>	<u>\$ 623,935</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 46,695	\$ 19,308	\$ 66,003
2024	48,268	17,734	66,002
2025	49,898	16,104	66,002
2026	51,587	14,416	66,003
2027	48,858	12,666	61,524
Thereafter	<u>333,454</u>	<u>41,390</u>	<u>374,844</u>
	<u>\$ 578,760</u>	<u>\$ 121,618</u>	<u>\$ 700,378</u>

11. 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 municipality be disclosed as follows:

	2023	2022
Total debt limit	\$ 1,435,886	\$ 1,549,052
Total debt supported by general revenues	<u>331,631</u>	<u>354,718</u>
Amount of debt limit (exceeded) available	<u>1,104,255</u>	<u>1,194,334</u>
Debt servicing limit	239,314	258,175
Debt servicing supported by general revenues	<u>32,573</u>	<u>32,573</u>
Amount of debt servicing limit (exceeded) available	<u>\$ 206,741</u>	<u>\$ 225,602</u>

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.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12. ASSET RETIREMENT OBLIGATION

The village owns buildings which contain asbestos and, therefore, the village is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are abatement costs of \$56,826 in the years ranging from 2024 - 2045. The estimated total liability of \$33,593 (2022 - \$29,884) is based on the sum of discounted future cash flows for abatement activities using discount rates ranging from 4.66% to 4.99% (2022 – 4.82% to 5.22%) and assuming annual inflation of 3%. The village has not designated assets for settling the abatement activities.

	2023	2022
Balance, beginning of year	\$ 29,884	\$ 28,435
Change in estimated cash flows	2,186	-
Accretion expense	<u>1,523</u>	<u>1,449</u>
	<u>\$ 33,593</u>	<u>\$ 29,884</u>

The above asset retirement obligation does not include provisions for any of the Telegraph Park assets owned. These were not assessed with the remainder of the village assets so an adequate assessment of the expected provision for abatement cannot be reliably determined. The audit report has been qualified in this respect.

13. ACCUMULATED SURPLUS

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

	2023	Restated (Note 3 & 20) 2022
Unrestricted surplus (deficit)	\$ 805,337	\$ 789,275
Equity in tangible capital assets (Note 15)	4,621,719	4,830,404
Restricted surplus (Note 14)	<u>253,844</u>	<u>288,111</u>
	<u>\$ 5,680,900</u>	<u>\$ 5,907,790</u>

14. RESTRICTED SURPLUS

Council has designated funds of \$239,844 (2022 - \$274,111) restricted for capital activities and funds of \$14,000 (2022 - \$14,000) restricted for Telegraph Park operations. Funds restricted for capital activities in the sum of \$16,208 were used for repairs and funds in the sum of \$18,059 were used to purchase capital assets during the year.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	Restated (Note 3) 2022
Tangible capital assets (Schedule 2)	\$ 9,231,256	\$ 9,218,150
Accumulated amortization (Schedule 2)	(4,244,313)	(4,003,144)
Alberta Capital Finance Authority debt (Note 10)	(331,631)	(354,718)
Asset retirement obligations (Note 12)	<u>(33,593)</u>	<u>(29,884)</u>
	<u>\$ 4,621,719</u>	<u>\$ 4,830,404</u>

16. RELATED PARTY TRANSACTIONS

The Village Council appoints all executive positions of the Hay Lakes Library Board. Included in expenses is \$7,500 (2022 - \$7,500) paid to the Hay Lakes Municipal Library to help fund operations. Included in accounts receivable is \$2,117 (2022 - \$NIL). Amounts are recorded at the exchange amount which is the amount agreed to by the parties.

17. SALARY & BENEFITS DISCLOSURE

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

	2023			2022
	Salary (1)	Benefits & Allowances (2)	Total	Total
Ron These, Mayor	\$ 7,200	\$ -	\$ 7,200	\$ 7,520
Clifford Heinz, Deputy Mayor	5,900	143	6,043	5,931
Paige Berkholtz, Councillor	5,800	137	5,937	6,159
Paul Patterson, Councillor	5,900	143	6,043	5,931
Levi Blanchard, Councillor	5,900	143	6,043	4,643
Megan Patten, Deputy Mayor	-	-	-	406
K.Shannon Yearwood, CAO	\$ 75,105	\$ 5,158	\$ 80,263	\$ 71,927

Designated officers include a contract assessor. There is no direct salary paid for this position. Mike Krim of Tanmar Consulting Inc. was paid a contract fee of \$5,531 (\$2022 - \$5,704) for this position.

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria 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.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

18. COMMITMENTS

The village is a member of the Capital Region Southwest Water Services Commission. The village has an agreement to receive water from the commission which can be cancelled with 5 years notice. The village purchased water from the commission during the year in the amount of \$52,029 (2022 - \$55,252). Included in accounts payable is \$7,215 (2022 - \$7,404) due to the commission.

Amounts are recorded at exchange amount which is the amount agreed to by the parties.

The village is a member of the Camrose Regional Waste Authority. As such, they could be subject to additional requisitions for future site and post-closure care obligations of the landfill over and above the annual requisition paid.

The village is party to a shared fire protection services and mutual aid funding agreement with other municipalities within Camrose County. Under the agreement they are responsible for their share of the costs of fire protection and services provided.

The village has engaged Camrose County to provide planning services on a contract basis for the village. This agreement expires December 2025.

The village has engaged Tanmar Consulting Inc. to provide property tax assessment services for the village. This agreement expires October 2024.

The village has signed a 5 year agreement with Phantom Garbage Services Ltd. to provide waste removal and recycling services to residents in the village. This agreement expires December 2025.

The village has signed a contract with Rural Bylaw to provide bylaw enforcement services within the village. This agreement expires December 2023.

19. 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.

VILLAGE OF HAY LAKES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

20. SEGMENTED DISCLOSURE

The Village of Hay Lakes 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.

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks, lighting and airport. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls.

Refer to Schedule 6 – Segmented Disclosure.

21. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2023 are for information purposes only and have not been audited.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.