

**SUMMER VILLAGE OF BIRCH COVE**  
**Financial Statements**  
**Year Ended December 31, 2023**

**SUMMER VILLAGE OF BIRCH COVE**  
**Index to Financial Statements**  
**Year Ended December 31, 2023**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the financial statements.

Management reports directly to Council on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

Prior to their submission to Council, the financial statements have been reviewed and recommended for approval by management. The financial statements have been audited by the independent firm of Seniuk and Company, Chartered Professional Accountants. Their report to the Council, stating their opinion, basis for opinion, other information, responsibilities of management and those charged with governance for the financial statements, and auditors' responsibilities for the audit of the financial statements, follows.

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Ms. Wendy Wildman, CAO

Alberta Beach, Alberta  
April 18, 2024

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council of Summer Village of Birch Cove

### *Opinion*

We have audited the financial statements of Summer Village of Birch Cove (the "municipality"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, 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 municipality as at December 31, 2023, and the results of its operations and 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 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 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 PSAS, 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 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.

### *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:

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Independent Auditor's Report to the Members of Council of Summer Village of Birch Cove (*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 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 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 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.

Edmonton, Alberta  
April 18, 2024

*Seniuk & Company*  
**Seniuk and Company,**  
**Chartered Professional Accountants**

**SUMMER VILLAGE OF BIRCH COVE****Statement of Financial Position****December 31, 2023**

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 264,158	\$ 14,912
Investments (Notes 2, 3)	203,179	486,211
Restricted portion of investments (Note 2)	182,183	93,368
Taxes and grants in place of taxes receivable (Note 4)	26,541	17,517
Grants and receivables from other governments (Note 5)	72,341	275,544
Trade and other receivables	2,827	2,635
	<b>751,229</b>	890,187
<b>LIABILITIES</b>		
Bank indebtedness (Note 9)	-	4,969
Accounts payable	7,538	10,163
Deferred income (Note 7)	244,275	365,475
	<b>251,813</b>	380,607
<b>NET FINANCIAL ASSETS</b>	<b>499,416</b>	509,580
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	300	-
Tangible capital assets (Note 6)	1,024,243	918,197
	<b>1,024,543</b>	918,197
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1,523,959</b>	\$ 1,427,777

**APPROVED ON BEHALF OF COUNCIL**\_\_\_\_\_  
Mayor\_\_\_\_\_  
Councilor

**SUMMER VILLAGE OF BIRCH COVE**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2023**

	Budget (Unaudited) 2023	2023	2022
<b>REVENUES</b>			
Net municipal taxes (Schedule 1)	\$ 80,560	\$ 80,561	\$ 75,589
Government transfers for operating (Schedule 2)	10,185	20,217	5,570
Investment income	7,500	12,620	5,142
Penalties and costs of taxes	3,500	4,817	3,467
Licenses and permits	200	32	242
Other	400	71	754
	102,345	118,318	90,764
<b>EXPENSES</b>			
Administration and legislative	50,200	64,416	52,738
Protective services	4,500	7,974	5,449
Transportation services	22,500	74,383	59,325
Land use planning, zoning and development	11,000	7,090	8,511
Parks and recreation	14,145	21,252	14,987
	102,345	175,115	141,010
<b>DEFICIT FROM OPERATIONS</b>	-	(56,797)	(50,246)
<b>OTHER INCOME (EXPENSES)</b>			
Government transfers for capital (Schedule 2)	-	152,979	39,015
<b>ANNUAL SURPLUS (DEFICIT)</b>	-	96,182	(11,231)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	1,427,777	1,427,777	1,439,008
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	\$ 1,427,777	\$ 1,523,959	\$ 1,427,777

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2023**

	Budget (Unaudited) 2023	2023	2022
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ -	\$ 96,182	\$ (11,231)
Purchase of tangible capital assets	-	(162,164)	(66,671)
Decrease (increase) in prepaid expenses	-	(300)	(1)
Amortization of tangible capital assets	-	56,118	47,605
	-	(106,346)	(19,067)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	-	(10,164)	(30,298)
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	509,580	509,580	539,878
<b>NET FINANCIAL ASSETS - END OF YEAR (Note 2)</b>	\$ 509,580	\$ 499,416	\$ 509,580

The accompanying notes form an integral part of these financial statements



**SUMMER VILLAGE OF BIRCH COVE****Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit) for the year	\$ 96,182	\$ (11,231)
Item not affecting cash:		
Amortization of tangible capital assets	56,118	47,605
	<b>152,300</b>	<b>36,374</b>
Changes in non-cash working capital:		
Trade and other receivables	(192)	(2,476)
Grants and receivables from other governments	203,203	73,733
Taxes and grants in place of taxes	(9,024)	(9,312)
Accounts payable	(2,624)	(10,298)
Deferred income	(121,200)	248
Prepaid expenses	(300)	-
	<b>69,863</b>	<b>51,895</b>
Cash flow from operating activities	<b>222,163</b>	<b>88,269</b>
<b>CAPITAL ACTIVITIES</b>		
Cash used to acquire tangible capital assets	(162,164)	(66,671)
Cash flow used by capital activities	(162,164)	(66,671)
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in restricted cash	(88,815)	(75,822)
Decrease (increase) in term deposits	283,032	(41,531)
Cash flow from (used by) investing activities	194,217	(117,353)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>254,216</b>	<b>(95,755)</b>
Cash - beginning of year	9,943	105,698
<b>CASH - END OF YEAR (Note 2)</b>	<b>\$ 264,159</b>	<b>\$ 9,943</b>

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2023**

*(Schedule 1)*

	Budget (Unaudited) 2023	2023	2022
<b>TAXATION</b>			
Real property tax	\$ 120,195	\$ 120,196	\$ 113,621
<b>REQUISITIONS</b>			
Alberta school foundation	36,550	36,550	35,086
Seniors' housing requisition	3,085	3,085	2,946
	39,635	39,635	38,032
<b>NET MUNICIPAL TAXES</b>	\$ 80,560	\$ 80,561	\$ 75,589

**Schedule of Government Transfers**

*(Schedule 2)*

	Budget (Unaudited) 2023	2023	2022
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 10,185	\$ 20,217	\$ 5,570
	10,185	20,217	5,570
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	-	152,979	39,015
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 10,185	\$ 173,196	\$ 44,585

**Schedule of Expenditures by Object**  
**Year Ended December 31, 2023**

*(Schedule 3)*

	Budget (Unaudited) 2023	2023	2022
<b>EXPENSES</b>			
Salaries, wages and benefits	\$ 9,000	\$ 17,233	\$ 2,097
Contracted and general services	77,050	87,170	68,339
Materials, goods and utilities	11,700	11,110	19,875
Transfer to local boards and agencies	3,095	3,484	3,094
Amortization	-	56,118	47,605
<b>Total Expenditures by Object</b>	\$ 100,845	\$ 175,115	\$ 141,010

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2023**

*(Schedule 4)*

	Unrestricted Surplus	General Restricted Surplus	Equity in Tangible Capital Assets	<b>Total 2023</b>	Total 2022
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 159,580	\$ 350,000	\$ 918,197	\$ <b>1,427,777</b>	\$ 1,439,008
Excess (deficiency) of revenues over expenses	96,182	-	-	<b>96,182</b>	(11,231)
Current year funds used to purchase of tangible capital assets	(162,164)	-	162,164	-	-
Annual amortization expense	56,118	-	(56,118)	-	-
	(9,864)	-	106,046	<b>96,182</b>	(11,231)
<b>BALANCE, END OF YEAR</b>	\$ 149,716	\$ 350,000	\$ 1,024,243	\$ <b>1,523,959</b>	\$ 1,427,777

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2023**

*(Schedule 5)*

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2023 Total
<b>REVENUE</b>							
Net municipal taxes	\$ 80,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,561
Government transfers	9,230	-	10,000	-	987	-	20,217
User fees and sales of goods	-	-	-	4,817	-	-	4,817
Investment income	12,620	-	-	-	-	-	12,620
Other revenues	46	-	-	57	-	-	103
	102,457	-	10,000	4,874	987	-	118,318
<b>EXPENSES</b>							
Contract and general services	55,530	7,974	16,041	7,090	534	-	87,169
Salaries and wages	-	-	-	-	17,234	-	17,234
Materials, goods and utilities	-	-	11,110	-	-	-	11,110
Transfers to local boards	-	-	-	-	3,484	-	3,484
Amortization	8,886	-	47,232	-	-	-	56,118
	64,416	7,974	74,383	7,090	21,252	-	175,115
<b>Excess (deficiency) of revenue over expenses before other</b>	38,041	(7,974)	(64,383)	(2,216)	(20,265)	-	(56,797)
<b>OTHER</b>							
Government transfers for capital	-	-	-	-	152,979	-	152,979
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 38,041	\$ (7,974)	\$ (64,383)	\$ (2,216)	\$ 132,714	\$ -	\$ 96,182

The accompanying notes form an integral part of these financial statements

**SUMMER VILLAGE OF BIRCH COVE**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2023**

(Schedule 6)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
<b>For the year ended December 31, 2023</b>				
<b>Cost</b>				
Land	\$ 330,721	\$ -	\$ -	\$ 330,721
Land improvements	145,167	94,627	-	239,794
Engineered structures	1,268,233	-	-	1,268,233
Buildings	209,102	13,045	-	222,147
Machinery and equipment	5,641	-	-	5,641
Assets under construction	-	54,492	-	54,492
	1,958,864	162,164	-	2,121,028
<b>Accumulated Amortization</b>				
Land improvements	(63,876)	(15,986)	-	(79,862)
Buildings	(34,484)	(8,886)	-	(43,370)
Engineered structures	(941,461)	(30,682)	-	(972,143)
Machinery and equipment	(846)	(564)	-	(1,410)
	(1,040,667)	(56,118)	-	(1,096,785)
<b>Net Book Value</b>	\$ 918,197	\$ 106,046	\$ -	\$ 1,024,243

**For the year ended December 31, 2022**

<b>Cost</b>				
Land	\$ 330,721	\$ -	\$ -	\$ 330,721
Land improvements	117,511	27,656	-	145,167
Buildings	170,087	39,015	-	209,102
Engineered structures	1,268,233	-	-	1,268,233
Machinery and equipment	5,641	-	-	5,641
	1,892,193	66,671	-	1,958,864
<b>Accumulated Amortization</b>				
Land improvements	(54,199)	(9,677)	-	(63,876)
Buildings	(27,803)	(6,681)	-	(34,484)
Engineered structures	(910,779)	(30,682)	-	(941,461)
Machinery and equipment	(282)	(564)	-	(846)
	(993,063)	(47,604)	-	(1,040,667)
<b>Net Book Value</b>	\$ 899,130	\$ 19,067	\$ -	\$ 918,197

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Birch Cove (the Municipality) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

#### Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality Council in accordance with legislation and the Municipality Council approved policies to raise the tax revenue required to meet the Municipality's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

#### Segment disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes.

Segments include:

- a) Transportation Services includes roadway and parking services.
- b) Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue.
- c) Recreation and Culture includes parks and recreation, community and family services, planning and corporate properties and public housing.
- d) General Government includes municipal administration and council governance.
- e) Planning and Development includes related services for the betterment of the municipality.
- f) Environmental Services include water, sewage, and garbage services.

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# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and Short Term Investments

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within 90 days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the Municipality's cash position throughout the year.

#### Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

#### Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

#### Measurement Uncertainty

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, 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. Significant estimates include:

- Estimated accrued receivables.
- Useful lives for tangible capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.

#### Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

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# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

#### 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.

#### Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

#### Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period that the project expenditures are completed.

#### Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations are determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

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# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Contaminated Sites Liability

Contaminated sites are the result of a chemical, organic or radioactive material or live organism in amounts that exceed an environmental standard being introduced into soil, water or sediment. The Municipality recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Municipality is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Municipality's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Municipality's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Municipality will measure the liability using present value techniques. This liability is reported in the Statement of Financial Position.

#### Asset Retirement Obligations

Asset retirement obligations are a result of obligations associated with the retirement of tangible capital assets controlled by the municipality. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

#### Non-Financial Assets

Non-financial assets are not available to discharge 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. Non-financial assets include tangible capital assets, inventory of materials and supplies, and other assets.

#### Tangible Capital Assets

Tangible capital assets are stated at cost which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	15-20 years
Buildings	25 - 50 years
Machinery and equipment	5 - 20 years
Engineered structures	15 - 65 years

The municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Impairment of Long Lived Assets

The municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### 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.

#### Cultural and Historical Tangible Capital Assets

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

#### 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 capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

### 2. CASH, TEMPORARY INVESTMENTS, AND RESTRICTED CASH

	<b>2023</b>	2022
Bank indebtedness	\$ -	\$ (4,969)
Cash and temporary investments	<b>264,158</b>	14,912
	<b>264,158</b>	9,943
Term deposits (unrestricted portion)	<b>203,179</b>	486,211
Restricted portion term deposits	<b>182,183</b>	93,368
	<b>\$ 649,520</b>	\$ 589,522

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Temporary investments are short term deposits with original maturities of three months or less.

Restricted amounts received from municipal grants and are held exclusively for future approved projects (Note 7).

# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

### 3. TERM DEPOSITS

	2023 Cost	2023 Market value	2022 Cost	2022 Market value
1 year Cashable GIC due on Dec 13, 2023 at 3.00% per annum	\$ -	\$ -	\$ 104,196	\$ 104,196
1 year Cashable GIC due on Dec 13, 2023 at 3.00% per annum	-	-	104,196	104,196
1 year Cashable GIC due on Dec 13, 2023 at 3.00% per annum	-	-	104,196	104,196
1 year Cashable GIC due on Dec 14, 2023 at 3.00% per annum	-	-	152,409	152,409
1 year Non Redeemable GIC due on May 19, 2023 at 2.80% per annum	-	-	77,005	77,005
1 year Non Redeemable GIC due on May 29, 2023 at 2.80% per annum	-	-	37,575	37,575
1 year Non Redeemable GIC due on 14 Dec 2024 at 3.75% per annum	53,981	53,981	-	-
1 year Non Redeemable GIC due on 13 Dec 2024 at 3.75% per annum	107,322	107,322	-	-
1 year Non Redeemable GIC due on 13 Dec 2024 at 3.75% per annum	107,322	107,322	-	-
1 year Non Redeemable GIC due on 1 Jun 2024 at 3.25% per annum	37,575	37,575	-	-
1 year Non Redeemable GIC due on 1 May 2024 at 3.25% per annum	79,161	79,161	-	-
	<b>\$ 385,361</b>	<b>\$ 385,361</b>	<b>\$ 579,577</b>	<b>\$ 579,577</b>

### 4. TAXES RECEIVABLES

Taxes receivables are comprised of:

	2023	2022
Current taxes and grants in place of taxes	\$ 13,334	\$ 11,135
Arrears taxes and grants in place of taxes	13,207	6,382
	<b>\$ 26,541</b>	<b>\$ 17,517</b>

### 5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2023	2022
Municipal Sustainability Initiative - Capital grant receivable	\$ 31,309	\$ 249,141
Canada Community-Building Fund grant receivable	30,783	22,966
Subtotal	62,092	272,107
Goods and Services Tax refundable	10,249	3,437
	<b>\$ 72,341</b>	<b>\$ 275,544</b>

# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

### 6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 385,213	\$ -	\$ 385,213	\$ 330,721
Land improvements	239,794	79,863	159,931	81,291
Engineered structures	1,268,233	972,142	296,091	326,772
Buildings	222,147	43,370	178,777	174,618
Machinery and equipment	5,641	1,410	4,231	4,795
	\$ 2,121,028	\$ 1,096,785	\$ 1,024,243	\$ 918,197

For additional information see the Schedule of Tangible Capital Assets (Schedule 6).

### 7. DEFERRED REVENUE

Deferred revenue is comprised of:

	2023	2022
Canada Community-Building Fund	\$ 48,686	\$ 47,183
Municipal Sustainability Initiative - Capital	195,589	318,292
	\$ 244,275	\$ 365,475

#### Municipal Sustainability Initiative - Capital

Funding from the Provincial Government was allocated to the Municipality in the current year from the Municipal Sustainability Initiative - Capital Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

#### Canada Community-Building Fund

Funding from the Provincial Government was allocated to the Municipality in the current year from the Canada Community-Building Fund and is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future project. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2.).

### 8. TRUST FUNDS

The municipality administers the following fund as deposits against any potential damage or repairs to the local pier. These funds are not included as part of the Summer Village's financial records as they are held in trust on behalf of the fund contributors.

	2023	2022
Pier Fund	\$ 9,350	\$ 6,550

## SUMMER VILLAGE OF BIRCH COVE

### Notes to Financial Statements

Year Ended December 31, 2023

#### 9. BANK INDEBTEDNESS

	2023	2022
Bank indebtedness	\$ -	\$ 4,969

The Municipality has overdraft protection on its bank account with Royal Bank a maximum limit of \$10,000. Interest accrues monthly on the outstanding balance at a rate of prime plus 5%. As at December 31, 2023, the prime rate was 7.20% (2022 - 6.45%).

#### 10. 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 Birch Cove, be disclosed as follows:

	2023	2022
Total debt limit	\$ 177,477	\$ 136,146
Total debt	-	-
Amount of debt limit unused	177,477	136,146
Debt servicing limit	29,580	22,691
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 29,580	\$ 22,691

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.

#### 11. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2023	2022
Tangible capital assets (Note 6.)	\$ 2,121,028	\$ 1,958,864
Accumulated amortization (Note 6.)	(1,096,785)	(1,040,667)
	\$ 1,024,243	\$ 918,197

#### 12. SEGMENTED DISCLOSURE

The Summer Village of Birch Cove 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 4).

# SUMMER VILLAGE OF BIRCH COVE

## Notes to Financial Statements

Year Ended December 31, 2023

### 13. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for 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
S. Tymafichuk - Mayor	\$ -	\$ -	\$ -	\$ -
D. Sample - Deputy Mayor	-	-	-	-
D. Preston - Councillor	-	-	-	-
E. Dugan - Councillor	-	-	-	-
Chief Administrative Officer - Former Interim	-	-	-	8,710
Chief Administrative Officer - Former	-	-	-	14,000
Chief Administrative Officer	30,000	-	<b>30,000</b>	7,500
Designated Officer	3,590	-	<b>3,590</b>	3,932
	\$ 33,590	\$ -	\$ <b>33,590</b>	\$ 34,142

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

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

### 14. FINANCIAL INSTRUMENTS

The municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the municipality's risk exposure and concentration as of December 31, 2023.

#### Credit risk

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

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The municipality is exposed to this risk mainly in respect of its receipt of funds from its taxpayers and other related sources, and accounts payable.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the municipality manages exposure through its normal operating and financing activities. The municipality is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

## **SUMMER VILLAGE OF BIRCH COVE**

### **Notes to Financial Statements**

**Year Ended December 31, 2023**

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#### 15. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2023 (2022 – Nil) as a result of this standard.

#### 16. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2023 (2022 – Nil) as a result of this standard.

#### 17. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

#### 18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

#### 19. BUDGET AMOUNTS

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