

VILLAGE OF LOUGHEED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Lougheed:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Village of Lougheed (the Entity), which comprise the consolidated statement of financial position as at December 31, 2023, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Lougheed as at December 31, 2023, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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- 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 7.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 11.

M.D. of Wainwright

May 1, 2024



Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF LOUGHEED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash (Note 2)	677,667	429,821
Taxes and grants in place of taxes (Note 3)	78,059	147,063
Trade and other receivables	20,703	22,444
Receivable from other governments	228,853	466,780
	<u>1,005,282</u>	<u>1,066,108</u>
LIABILITIES		
Accounts payable and accrued liabilities	104,285	47,066
Deferred revenue (Note 5)	246,615	397,860
Long term debt (Note 6)	-	6,836
	<u>350,900</u>	<u>451,762</u>
NET FINANCIAL ASSETS	<u>654,382</u>	<u>614,346</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	3,138,450	2,975,499
Inventory held for resale	73,810	73,810
	<u>3,212,260</u>	<u>3,049,309</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>3,866,642</u>	<u>3,663,655</u>

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
REVENUE			
Net municipal property taxes (Schedule 3)	316,972	316,618	313,141
User fees and sales of goods	226,511	219,175	230,620
Penalties and costs on taxes	11,850	7,702	11,934
Licenses and permits	1,200	638	420
Fines	170	820	875
Franchise and concession contracts	30,000	27,932	30,124
Investment income	7,790	34,941	34
Rentals	9,039	10,383	9,040
Government transfers for operating	85,591	81,091	45,058
Other	8,642	11,699	13,427
	<u>697,765</u>	<u>710,999</u>	<u>654,673</u>
EXPENSES			
Legislative	25,000	19,299	20,383
Administration	212,259	206,235	166,105
Protective services	40,944	34,345	37,262
Transportation	145,699	112,376	126,108
Water supply and distribution	126,119	137,270	124,095
Wastewater treatment and disposal	29,828	51,399	96,708
Waste management	42,628	40,701	44,076
Public health and welfare	4,660	3,432	6,057
Planning and development	350	2,312	266
Recreation	39,284	42,331	29,948
Culture	7,559	9,393	7,945
Amortization	-	128,986	130,339
	<u>674,330</u>	<u>788,079</u>	<u>789,292</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	23,435	(77,080)	(134,619)
OTHER			
Government transfers for capital (Schedule 4)	348,510	280,067	13,156
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	371,945	202,987	(121,463)
Contribution of Tangible Capital Assets to FRESS	-	-	(20,427)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,663,655</u>	<u>3,663,655</u>	<u>3,805,545</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>4,035,600</u></u>	<u><u>3,866,642</u></u>	<u><u>3,663,655</u></u>

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

	Budget (unaudited)	2023	2022
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	371,945	202,987	(121,463)
Acquisition of tangible capital assets	160,000	(291,937)	(10,516)
Amortization of tangible capital assets	-	128,986	130,339
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	531,945	40,036	(1,640)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	614,346	614,346	615,986
NET FINANCIAL ASSETS, END OF YEAR	<u>1,146,291</u>	<u>654,382</u>	<u>614,346</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	202,987	(121,463)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	128,986	130,339
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	69,004	12,754
Decrease (increase) in trade and other receivables	1,741	5,320
Decrease (increase) in receivable from other governments	237,927	55,117
Increase (decrease) in accounts payable and accrued liabilities	57,219	8,147
Increase (decrease) in deferred revenue	(151,245)	113,350
	<u>546,619</u>	<u>203,564</u>
CAPITAL		
Acquisition of tangible capital assets	<u>(291,937)</u>	<u>(10,516)</u>
FINANCING		
Long-term debt repaid	<u>(6,836)</u>	<u>(3,136)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	239,558	189,912
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>399,907</u>	<u>209,995</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>639,465</u>	<u>399,907</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	50	50
Cash in bank	<u>677,617</u>	<u>429,771</u>
	<u>639,465</u>	<u>399,907</u>

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SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	646,077	48,915	2,968,663	3,663,655	3,805,545
Excess of revenues over expenses	202,987	-	-	202,987	(121,463)
Current year funds used for tangible capital assets	(291,937)	-	291,937	-	-
Contributed tangible capital assets	-	-	-	-	(20,427)
Annual amortization expense	128,986	-	(128,986)	-	-
Long term debt repaid	(6,836)	-	6,836	-	-
Change in accumulated surplus	<u>33,200</u>	<u>-</u>	<u>169,787</u>	<u>202,987</u>	<u>(141,890)</u>
BALANCE, END OF YEAR	<u><u>679,277</u></u>	<u><u>48,915</u></u>	<u><u>3,138,450</u></u>	<u><u>3,866,642</u></u>	<u><u>3,663,655</u></u>

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CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2023	2022
COST:								
Balance - beginning of year	37,010	26,000	277,047	4,947,844	434,152	47,614	5,769,667	5,912,836
Acquisition of tangible capital assets	-	-	-	252,362	39,575	-	291,937	10,516
Disposal of tangible capital assets	-	-	-	-	-	-	-	(153,685)
Balance - end of year	37,010	26,000	277,047	5,200,206	473,727	47,614	6,061,604	5,769,667
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	3,380	145,161	2,272,555	326,058	47,014	2,794,168	2,797,087
Annual amortization	-	520	6,057	109,125	12,684	600	128,986	130,339
Accumulated amortization on disposals	-	-	-	-	-	-	-	(133,258)
Balance - end of year	-	3,900	151,218	2,381,680	338,742	47,614	2,923,154	2,794,168
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	37,010	22,100	125,829	2,818,526	134,985	-	3,138,450	2,975,499
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	37,010	22,620	131,886	2,675,289	108,094	600	2,975,499	

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CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 3)

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	353,480	351,452	349,505
Linear property taxes	16,578	16,578	16,772
	<u>370,058</u>	<u>368,030</u>	<u>366,277</u>
REQUISITIONS			
Alberta School Foundation	50,861	49,187	50,861
Flagstaff Regional Housing Group	2,225	2,225	2,275
	<u>53,086</u>	<u>51,412</u>	<u>53,136</u>
NET MUNICIPAL TAXES	<u>316,972</u>	<u>316,618</u>	<u>313,141</u>

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CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 4)

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Federal Government	4,500	-	4,200
Provincial Government	80,466	80,466	40,233
Local Governments	625	625	625
	<u>85,591</u>	<u>81,091</u>	<u>45,058</u>
TRANSFERS FOR CAPITAL			
Federal Government	17,359	117,381	-
Provincial Government	331,151	162,686	13,156
	<u>348,510</u>	<u>280,067</u>	<u>13,156</u>
TOTAL GOVERNMENT TRANSFERS	<u>434,101</u>	<u>361,158</u>	<u>58,214</u>

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CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 5)

	Budget (Unaudited)	2023	2022
Expenditures			
Salaries, wages and benefits	208,988	223,449	184,535
Contracted and general services	248,395	202,523	281,628
Purchases from other governments	48,000	42,620	41,356
Materials, goods and utilities	128,000	133,013	116,308
Provision for allowances	1,000	19,159	2,723
Transfers to other governments	9,534	9,534	6,629
Transfers to local boards and agencies	22,282	24,327	24,516
Bank charges and short term interest	500	681	685
Interest on capital long term debt	396	190	485
Other expenditures	7,235	3,597	88
Amortization of tangible capital assets	-	128,986	130,339
	<u>674,330</u>	<u>788,079</u>	<u>789,292</u>

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SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	316,618	-	-	-	-	-	-	316,618
User fees and sales of goods	1,200	-	1,330	214,783	762	-	1,100	219,175
Penalties and costs on taxes	5,721	-	-	1,981	-	-	-	7,702
Licenses and permits	393	245	-	-	-	-	-	638
Fines	-	820	-	-	-	-	-	820
Franchise and concession contracts	27,932	-	-	-	-	-	-	27,932
Investment income	34,941	-	-	-	-	-	-	34,941
Rentals	10,382	1	-	-	-	-	-	10,383
Government transfers	80,466	-	-	-	625	-	-	81,091
Other	3,458	1	-	20	2,220	-	6,000	11,699
	<u>481,111</u>	<u>1,067</u>	<u>1,330</u>	<u>216,784</u>	<u>3,607</u>	<u>-</u>	<u>7,100</u>	<u>710,999</u>
EXPENSES								
Salaries, wages and benefits	127,700	-	43,249	28,852	281	-	23,367	223,449
Contracted and general services	65,927	6,837	15,183	99,880	1,160	2,312	11,224	202,523
Purchases from other governments	-	-	-	42,620	-	-	-	42,620
Materials, goods and utilities	11,803	-	53,944	58,018	-	-	9,248	133,013
Provision for allowances	19,159	-	-	-	-	-	-	19,159
Transfers to other governments	-	9,534	-	-	-	-	-	9,534
Transfers to local boards and agencies	-	17,784	-	-	1,991	-	4,552	24,327
Bank charges and short term interest	681	-	-	-	-	-	-	681
Interest on capital long term debt	-	190	-	-	-	-	-	190
Other expenditures	264	-	-	-	-	-	3,333	3,597
	<u>225,534</u>	<u>34,345</u>	<u>112,376</u>	<u>229,370</u>	<u>3,432</u>	<u>2,312</u>	<u>51,724</u>	<u>659,093</u>
NET REVENUE, BEFORE AMORTIZATION	<u>255,577</u>	<u>(33,278)</u>	<u>(111,046)</u>	<u>(12,586)</u>	<u>175</u>	<u>(2,312)</u>	<u>(44,624)</u>	<u>51,906</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	4,007	1,732	40,401	82,326	-	-	520	128,986
NET REVENUE	<u>251,570</u>	<u>(35,010)</u>	<u>(151,447)</u>	<u>(94,912)</u>	<u>175</u>	<u>(2,312)</u>	<u>(45,144)</u>	<u>(77,080)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Lougheed are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

d) 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.

e) 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.

f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

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, or the result of a direct financial return.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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.

i) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

j) 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.

k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings	25-50
Engineered structures - other	25
Engineered structures - water system	30-75
Engineered structures - wastewater system	50-75
Machinery and equipment	7-20
Vehicles	10-25

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

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

2. CASH AND TERM DEPOSITS

	<u>2023</u>	<u>2022</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 5)		
Canada Community Building Fund	4,288	-
Other deferred income	<u>33,914</u>	<u>29,914</u>
	<u>38,202</u>	<u>29,914</u>
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)		
	<u>48,915</u>	<u>48,915</u>
Total restricted cash and term deposits	<u>87,117</u>	<u>78,829</u>
Total unrestricted cash and term deposits	<u>590,550</u>	<u>350,992</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	19,288	17,420
Arrears taxes	5,874	5,155
Property held by the village as a result of tax forfeiture	<u>121,295</u>	<u>200,411</u>
	146,457	222,986
Less: allowance for doubtful accounts	<u>68,398</u>	<u>75,923</u>
	<u>78,059</u>	<u>147,063</u>

4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of \$110,000 bearing interest at Prime, secured by all assets of the village at large.

5. DEFERRED INCOME

Deferred income consists of the following:

	<u>2023</u>	<u>2022</u>
Municipal Sustainability Initiative - capital	-	96,277
Canada Community Building Fund	204,288	271,669
Prepaid property taxes	8,413	-
Other deferred revenue	<u>33,914</u>	<u>29,914</u>
	<u>246,615</u>	<u>397,860</u>

6. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Loans to Local Authorities	-	6,836

Debenture debt repayable to the Loans to Local Authorities bears interest at 5.875% and matures in 2024 and is secured by the credit and security of the village at large.

The village's total cash payments for interest on long term debt in 2023 were \$409 (2022 - \$586).

VILLAGE OF LOUGHEED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Lougheed be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	1,066,499	982,010
Total debt	-	6,836
Surplus debt limit	<u>1,066,499</u>	<u>975,174</u>
Debt servicing limit	177,750	163,668
Debt servicing	-	3,722
Surplus debt servicing	<u>177,750</u>	<u>159,946</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, which 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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	6,061,604	5,769,667
Accumulated amortization (Schedule 2)	(2,923,154)	(2,794,168)
Long-term debt (Note 6)	-	(6,836)
	<u>3,138,450</u>	<u>2,968,663</u>

VILLAGE OF LOUGHEED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

9. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	<u>679,277</u>	<u>646,077</u>
Restricted surplus		
General	39,384	39,384
Cemetery	7,554	7,554
Recreation	<u>1,977</u>	<u>1,977</u>
	<u>48,915</u>	<u>48,915</u>
Equity in tangible capital assets	<u>3,138,450</u>	<u>2,968,663</u>
	<u><u>3,866,642</u></u>	<u><u>3,663,655</u></u>

10. SEGMENTED DISCLOSURE

The Village of Loughheed provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6)

VILLAGE OF LOUGHEED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

11. SALARY AND BENEFITS DISCLOSURE

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

	2023			2022
	Salary	Benefits & Allowances	Total	Total
Cole	3,550	-	3,550	3,100
Johnsen	5,200	98	5,298	6,025
Sieben	7,050	199	7,249	8,098
CAO	60,000	20,634	80,634	80,911
Designated Officer (2)	9,234	-	9,234	7,556

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 LOUGHEED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

12. CONTINGENCIES

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The village is a member of the Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the town could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

13. CONTAMINATED SITES LIABILITY

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

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the village is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the fair value of these financial instruments approximates their fair value.

15. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.