SUMMER VILLAGE OF SEBA BEACH

Financial Statements

Year Ended December 31, 2022

SUMMER VILLAGE OF SEBA BEACH
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Year Ended December 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.

Ms. Emily House, CAO

Seba Beach, Alberta
April 18, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Seba Beach

Opinion

We have audited the financial statements of Summer Village of Seba Beach (the Municipality), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial debt 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, 2022, 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:

(continues)

- 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.

Seniuk & Company

Edmonton, Alberta
April 18, 2023

Seniuk and Company,
Chartered Professional Accountants

SUMMER VILLAGE OF SEBA BEACH
Statement of Financial Position
December 31, 2022

		2022		2021
FINANCIAL ASSETS				
Cash *(Note 2)*	**$**	**635,333**	$	760,983
Taxes and grants in place of taxes receivable *(Note 3)*		**49,702**		24,478
Grants and receivables from other governments *(Note 4)*		**533,141**		400,581
Trade and other receivables		**27,266**		28,207
TOTAL FINANCIAL ASSETS		**1,245,442**		1,214,249
LIABILITIES				
Accounts payable and accrued liabilities		**25,820**		71,041
Long term debt *(Note 8)*		**753,033**		784,542
Obligations under capital lease *(Note 7)*		**-**		67,920
Deferred income *(Note 6)*		**454,934**		390,887
Contingent liability		**35,000**		35,000
TOTAL LIABILITIES		**1,268,787**		1,349,390
NET FINANCIAL DEBT		**(23,345)**		(135,141)
NON-FINANCIAL ASSETS				
Prepaid expenses		**-**		3,150
Tangible capital assets *(Note 5)*		**2,957,051**		2,909,632
		2,957,051		2,912,782
ACCUMULATED SURPLUS	**$**	**2,933,706**	$	2,777,641

CONTINGENT LIABILITIES *(Note 15)*

APPROVED ON BEHALF OF COUNCIL

_____ *Mayor*

_____ *Councilor*

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2022

	Budget (Unaudited) 2022	**2022**	2021
REVENUES			
Net municipal taxes (Schedule 1)	$ 689,097	**$ 691,446**	$ 644,470
User fees	43,014	**11,768**	8,934
Government transfers for operating (Schedule 2)	10,505	**10,505**	13,650
Investment income	-	**-**	310
Penalties and costs of taxes	3,640	**17,650**	5,952
Licenses and permits	-	**2,575**	1,978
Rentals	10,102	**7,050**	16,024
Franchise fees & concession contracts	41,265	**49,610**	39,122
Other	-	**3,327**	2,446
Donations	16,350	**4,870**	11,000
	813,973	**798,801**	743,886
EXPENSES			
Administration and legislative	295,932	**293,308**	280,196
Protective services	104,629	**83,025**	83,355
Transportation services	228,637	**287,173**	256,963
Environmental services	35,556	**33,351**	29,459
Land use planning, zoning and development	6,000	**12,000**	16,941
Parks and recreation	121,055	**104,655**	84,681
	791,809	**813,512**	751,595
SURPLUS (DEFICIT) FROM OPERATIONS	22,164	**(14,711)**	(7,709)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	-	**39,730**	142,593
Loss on disposal of tangible capital assets	-	**-**	(8,719)
Contributed assets	-	**131,046**	-
Contingent legal settlement *(Note 15)*	-	**-**	(35,000)
	-	**170,776**	98,874
ANNUAL SURPLUS	22,164	**156,065**	91,165
ACCUMULATED SURPLUS - BEGINNING OF YEAR	2,777,641	**2,777,641**	2,686,476
ACCUMULATED SURPLUS - END OF YEAR	$ 2,799,805	**$ 2,933,706**	$ 2,777,641

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Statement of Changes in Net Financial Debt

Year Ended December 31, 2022

	Budget 2022	**2022**	2021
ANNUAL SURPLUS	$ 22,164	**$ 156,065**	$ 91,165
Amortization of tangible capital assets	-	**153,837**	137,640
Purchase of tangible capital assets	-	**(201,256)**	(79,900)
Proceeds on disposal of tangible capital assets	-	**-**	46,900
Decrease (increase) in prepaid expenses	-	**3,150**	(3,150)
	-	**(44,269)**	101,490
INCREASE IN NET FINANCIAL ASSETS	22,164	**111,796**	192,655
NET FINANCIAL DEBT - BEGINNING OF YEAR	(135,141)	**(135,141)**	(327,796)
NET FINANCIAL DEBT - END OF YEAR	$ (112,977)	**$ (23,345)**	$ (135,141)

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Statement of Cash Flows

Year Ended December 31, 2022

		2022		2021
OPERATING ACTIVITIES				
Annual surplus for the year	**$**	**156,065**	$	91,165
Items not affecting cash:				
Amortization of tangible capital assets		**153,836**		137,642
Loss on disposal of tangible capital assets		**-**		8,719
		309,901		237,526
Changes in non-cash working capital:				
Trade and other receivables		**941**		(20,948)
Grants and receivables from other governments		**(132,560)**		(58,505)
Taxes and grants in place of taxes		**(25,224)**		13,759
Accounts payable and accrued liabilities		**(45,220)**		509
Deferred income		**64,047**		89,495
Prepaid expenses		**3,150**		(3,150)
Contingent liability		**-**		35,000
		(134,866)		56,160
Cash flow from operating activities		**175,035**		293,686
CAPITAL ACTIVITIES				
Cash used to acquire tangible capital assets		**(270,320)**		(79,900)
Proceeds on disposal of tangible capital assets		**69,064**		46,900
Cash flow used by capital activities		**(201,256)**		(33,000)
INVESTING ACTIVITIES				
Decrease (increase) in restricted cash		**-**		25,089
Decrease (increase) in term deposits		**-**		200,000
Proceeds from long term financing		**-**		800,000
Repayment of callable debt		**-**		(800,001)
Repayment of long term debt		**(31,509)**		(15,458)
Repayment of obligations under capital lease		**(67,920)**		(4,779)
Cash flow from (used by) investing activities		**(99,429)**		204,851
INCREASE (DECREASE) IN CASH FLOW		**(125,650)**		465,537
Cash - beginning of year		**760,983**		295,446
CASH - END OF YEAR *(Note 2)*	**$**	**635,333**	$	760,983

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Schedule of Property and Other Taxes ***(Schedule 1)***

Year Ended December 31, 2022

	Budget (Unaudited) 2022	**2022**	2021
TAXATION			
Real property tax	$ 689,097	**$ 989,976**	$ 903,440
Linear property taxes	-	**6,725**	6,754
Special assessments	-	**187,000**	173,000
	689,097	**1,183,701**	1,083,194
REQUISITIONS			
Alberta school foundation	-	**492,255**	438,724
NET MUNICIPAL TAXES	$ 689,097	**$ 691,446**	$ 644,470

Schedule of Government Transfers ***(Schedule 2)***

TRANSFERS FOR OPERATING			
Provincial Government	$ 10,505	**$ 10,505**	$ 13,650
	10,505	**10,505**	13,650
TRANSFERS FOR CAPITAL			
Provincial Government	-	**39,730**	142,593
TOTAL GOVERNMENT TRANSFERS	$ 10,505	**$ 50,235**	$ 156,243

Schedule of Expenditures by Object ***(Schedule 3)***

Year Ended December 31, 2022

EXPENSES			
Salaries, wages & benefits	$ 541,265	**$ 314,387**	$ 311,460
Contracted and general services	122,334	**278,801**	241,957
Materials, goods and utilities	3,804	**45,902**	36,974
Transfer to local boards and agencies	-	**-**	8,000
Interest and bank charges	51,350	**20,588**	15,562
Amortization	-	**153,835**	137,642
Total Expenditures by Object	$ 718,753	**$ 813,513**	$ 751,595

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Schedule of Changes in Accumulated Surplus ***(Schedule 4)***

Year Ended December 31, 2022

	Unrestricted Surplus	Equity in Tangible Capital Assets	**Total 2022**	Total 2021
BALANCE, BEGINNING OF YEAR	$ 720,473	$ 2,057,168	**$ 2,777,641**	$ 2,686,476
Excess (deficiency) of revenues over expenses	156,065	-	**156,065**	91,165
Current year funds used to purchase of tangible capital assets	(201,256)	201,256	**-**	-
Annual amortization expense	153,836	(153,836)	**-**	-
Principle repayments on debt	(99,430)	99,430	**-**	-
	9,215	146,850	**156,065**	91,165
BALANCE, END OF YEAR	$ 729,688	$ 2,204,018	**$ 2,933,706**	$ 2,777,641

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Schedule of Segmented Disclosure ***(Schedule 5)***

Year Ended December 31, 2022

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	**2022**
REVENUE							
Net municipal taxes	$ 691,446	$ -	$ -	$ -	$ -	$ -	**$ 691,446**
Government transfers	10,505	-	-	-	-	-	**10,505**
User fees and sales of goods	11,768	-	-	-	-	-	**11,768**
Other revenues	73,532	2,000	-	-	9,550	-	**85,082**
	787,251	2,000	-	-	9,550	-	**798,801**
EXPENSES							
Contract and general services	63,746	83,025	51,400	12,000	35,280	33,351	**278,802**
Salaries and wages	201,319	-	119,179	-	(6,112)	-	**314,386**
Materials, goods and utilities	8,539	-	30,644	-	6,719	-	**45,902**
Amortization	19,704	-	85,950	-	48,181	-	**153,835**
Long-Term Debt Interest	-	-	-	-	20,588	-	**20,588**
	293,308	83,025	287,173	12,000	104,656	33,351	**813,513**
Excess (deficiency) of revenue over expenses before other	493,943	(81,025)	(287,173)	(12,000)	(95,106)	(33,351)	**(14,712)**
OTHER							
Government transfers for capital	-	-	-	-	-	39,730	**39,730**
Contributed asset	-	-	-	-	131,046	-	**131,046**
	-	-	-	-	131,046	39,730	**170,776**
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 493,943	$ (81,025)	$ (287,173)	$ (12,000)	$ 35,940	$ 6,379	**$ 156,064**

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF SEBA BEACH

Schedule of Tangible Capital Assets **(Schedule 6)**

Year Ended December 31, 2022

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	**Closing Balance**
For the year ended December 31, 2022				
Cost				
Land	$ 253,330	$ -	$ -	**$ 253,330**
Land improvements	103,254	189,684	-	**292,938**
Buildings	1,862,187	11,572	-	**1,873,759**
Engineered structures	1,992,197	-	-	**1,992,197**
Motor vehicles	7,700	69,064	-	**76,764**
Capital Leases	72,699	-	(72,699)	**-**
Office equipment	31,875	-	-	**31,875**
Machinery and equipment	160,968	-	-	**160,968**
	4,484,210	270,320	(72,699)	**4,681,831**
Accumulated Amortization				
Land improvements	(69,893)	(13,894)	-	**(83,787)**
Buildings	(491,121)	(37,475)	-	**(528,596)**
Engineered structures	(893,374)	(84,108)	-	**(977,482)**
Capital Leases	(3,635)	-	3,635	**-**
Machinery and equipment	(93,075)	(7,345)	-	**(100,420)**
Motor vehicles	(7,700)	(6,906)	-	**(14,606)**
Office Equipment	(15,780)	(4,109)	-	**(19,889)**
	(1,574,578)	(153,837)	3,635	**(1,724,780)**
Net Book Value	$ 2,909,632	$ 116,483	$ (69,064)	**$ 2,957,051**
For the year ended December 31, 2021				
Cost				
Land	$ 253,330	$ -	$ -	**$ 253,330**
Land improvements	103,254	-	-	**103,254**
Buildings	1,872,265	25,749	(35,827)	**1,862,187**
Engineered structures	1,938,046	54,151	-	**1,992,197**
Motor vehicles	142,086	72,699	(134,386)	**80,399**
Machinery and equipment	308,522	-	(147,554)	**160,968**
Office Equipment	54,465	-	(22,591)	**31,874**
	4,671,968	152,599	(340,358)	**4,484,209**
Accumulated Amortization				
Land improvements	(67,487)	(2,406)	-	**(69,893)**
Buildings	(474,916)	(36,986)	20,781	**(491,121)**
Engineered structures	(810,620)	(82,754)	-	**(893,374)**
Motor vehicles	(106,220)	(3,635)	98,520	**(11,335)**
Machinery and equipment	(228,171)	(7,751)	142,847	**(93,075)**
Office Equipment	(34,261)	(4,109)	22,591	**(15,779)**
	(1,721,675)	(137,641)	284,739	**(1,574,577)**
Net Book Value	$ 2,950,293	$ 14,958	$ (55,619)	**$ 2,909,632**

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Seba Beach (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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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.
- Collectibility of accounts 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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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 is 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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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 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 includes 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 - 25 years
Buildings	50 years
Machinery and equipment	5 - 25 years
Engineered structures	20 - 40 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.

(continues)

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

		2022		2021
Cash	**$**	**635,333**	$	760,983
		635,333		760,983
	$	**635,333**	$	760,983

Temporary investments are short term deposits with original maturities of one year or less.

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6)

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

		2022		2021
Current taxes and grants in place of taxes	**$**	**39,576**	$	20,378
Arrears taxes and grants in place of taxes		**10,126**		4,100
	$	**49,702**	$	24,478

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

		2022		2021
Municipal Sustainability Initiative - Capital grant receivable	**$**	**380,157**	$	310,623
Canada Community-Building Fund grant receivable		**88,679**		73,552
Local government receivables		**282**		5,000
Electric Vehicle Charging Program Grant Receivable		**39,730**		-
Subtotal		**508,848**		389,175
Goods and services tax refundable		**24,293**		11,406
	$	**533,141**	$	400,581

5. TANGIBLE CAPITAL ASSETS

		Cost		Accumulated amortization		**2022 Net book value**		2021 Net book value
Land	$	253,330	$	-	**$**	**253,330**	$	253,330
Land improvements		292,938		83,787		**209,151**		33,361
Engineered structures		1,992,197		977,482		**1,014,715**		1,098,823
Capital Leases		-		-		**-**		69,064
Buildings		1,873,759		528,596		**1,345,163**		1,371,066
Machinery and equipment		160,968		100,420		**60,548**		67,893
Motor vehicles		76,764		14,606		**62,158**		-
Computer equipment		31,875		19,889		**11,986**		16,095
	$	4,681,831	$	1,724,780	**$**	**2,957,051**	$	2,909,632

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

6. DEFERRED REVENUE

Deferred revenue is comprised of:

		2022		2021
Canada Community-Building Fund	**$**	**88,460**	$	73,333
Municipal Sustainability Initiative - Capital		**344,888**		275,354
Subtotal		**433,348**		348,687
Prepaid property taxes		**20,311**		16,525
Requisition over-levy		**1,275**		25,675
	$	**454,934**	$	390,887

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.).

7. OBLIGATIONS UNDER CAPITAL LEASE

		2022		2021
Driving Force lease bearing interest at 16% per annum, repayable in monthly blended payments of $3,149. The lease was bought out on April 30, 2022 and was secured by 2015 Ford F-550 which had a carrying value of $72,699.	**$**	**-**	$	67,920

8. LONG TERM DEBT

		2022		2021
Province of Alberta loan bearing interest at 2.549% per annum , repayable in semi-annual blended payments of $25,654. The loan matures on March 15, 2041 and is secured by the credit and security of the Summer Village at large.	**$**	**753,033**	$	784,542

9. 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 Seba Beach, be disclosed as follows:

	2022	2021
Total debt limit	**$ 1,198,202**	$ 1,115,829
Total debt	**(753,033)**	(784,542)
Amount of debt limit unused	**445,169**	331,287
Debt servicing limit	**199,700**	185,972
Debt servicing	**(51,307)**	(51,307)
Amount of debt servicing limit unused	**$ 148,393**	$ 134,665

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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2022	2021
Tangible capital assets (Note 5.)	**$ 4,681,831**	$ 4,484,209
Accumulated amortization (Note 5.)	**(1,724,780)**	(1,574,578)
Long term debt (Note 8)	**(753,033)**	(852,463)
	$ 2,204,018	$ 2,057,168

11. SEGMENTED DISCLOSURE

The Summer Village of Seba Beach 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).

12. 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:

			2022	2021
	Salary (1)	Benefits & allowances (2)	**Total**	Total
D. Thomas - Former Mayor	$ -	$ -	**$ -**	$ 1,050
R. MacPhee - Mayor	5,600	-	**5,600**	6,090
A. Aubry - Councilor	3,650	-	**3,650**	2,336
V.N. Fleming - Councilor	4,100	-	**4,100**	2,250
Former Chief Administrator Officer	51,826	4,972	**56,798**	101,549
Chief Administrator Officer	50,669	-	**50,669**	-
Designated Officers (5)	15,185	-	**15,185**	29,219
	$ 131,030	$ 4,972	**$ 136,002**	$ 142,494

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.

13. 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, 2022.

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.

Additional risk

(continues)

13. FINANCIAL INSTRUMENTS *(continued)*

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant other risks arising from these financial instruments.

14. COMMITMENTS

The Summer Village is committed to the West Inter-Lake District (WILD) Regional Water Services Commission project (the "Commission") to provide water supply services to participating municipalities. Phase I and II construction is complete and operational. The Commission has received funding approval for Phase III and IV. The total cost of the project for the remaining phases is estimated at $1,685,000. All participating municipalities are committed to contribute their proportionate share of construction and administration costs. The Municipality's portion of the remaining cost is 1.79% or $28,693 for the debenture plus administration and governance costs and the remaining debenture for Phase I and II. The Summer Village's share of these costs are $5,110 (2021 - $5,041).

15. CONTINGENT LIABILITIES

The Summer Village has the following contingent liabilities:

A claim for total damages of $2,127,000 was lodged during the financial year against Summer Village of Seba Beach in respect to personal injury, Charter breaches, lost wages and aggravated damages. The Summer Village has disclaimed liability past the severance package offered of $35,000 and is defending the action. Legal advice obtained indicates that the likely outcome of the lawsuit is that the Summer Village will have to pay out only the $35,000 severance package. This amount has been included as a contingent legal settlement.

16. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2022 (2021 – Nil) as a result of this standard.

17. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2022 (2021 – Nil) as a result of this standard.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

19. COMPARATIVE FIGURES

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

20. BUDGET AMOUNTS

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