

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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Chauvin:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Village of Chauvin (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 Chauvin 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:

- 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 5.
- 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 9.

M.D. of Wainwright

April 8, 2024

Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF CHAUVIN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	2,244,086	2,215,160
Taxes and grants in place of taxes (Note 3)	100,032	84,034
Trade and other receivables	56,098	89,153
Receivable from other governments	43,718	157,929
Other financial assets	20,999	10,588
	<u>2,464,933</u>	<u>2,556,864</u>
LIABILITIES		
Accounts payable and accrued liabilities	82,622	104,972
Deposits held in trust	700	700
Deferred revenue (Note 4)	254,205	217,974
	<u>337,527</u>	<u>323,646</u>
NET FINANCIAL ASSETS	<u>2,127,406</u>	<u>2,233,218</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	5,033,572	4,872,765
Inventory held for resale	57,835	58,589
Prepaid expenses	39,267	51,667
	<u>5,130,674</u>	<u>4,983,021</u>
ACCUMULATED SURPLUS (NOTE 7)	<u>7,258,080</u>	<u>7,216,239</u>

Commitments and contingencies - See Note 10

VILLAGE OF CHAUVIN

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

	Budget (unaudited)	2023	2022
REVENUE			
Net municipal property taxes (Schedule 3)	382,283	377,054	370,001
User fees and sales of goods	410,975	446,132	472,571
Penalties and costs on taxes	11,500	15,370	13,459
Licenses and permits	690	935	1,245
Fines	50	250	1,850
Franchise and concession contracts	33,000	38,618	34,217
Investment income	18,150	72,095	23,479
Rentals	18,400	14,854	14,022
Government transfers for operating	233,850	382,046	309,125
Other	4,450	59,334	9,880
Gain on disposal of assets	-	-	2,000
	1,113,348	1,406,688	1,251,849
EXPENSES			
Legislative	24,000	29,248	25,218
Administration	151,333	202,222	137,615
Protective services	160,774	168,805	176,441
Transportation	215,032	258,762	216,533
Water supply and distribution	96,516	116,881	122,390
Wastewater treatment and disposal	58,393	71,771	62,802
Waste management	70,950	64,651	55,550
Public health and welfare	7,097	7,480	8,077
Planning and development	750	-	-
Recreation	141,429	143,677	262,061
Culture	12,439	10,664	12,680
Gas system	175,883	182,549	240,664
Amortization	223,700	250,781	239,559
	1,338,296	1,507,491	1,559,590
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(224,948)	(100,803)	(307,741)
OTHER			
Government transfers for capital (Schedule 4)	1,000	142,644	246,618
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(223,948)	41,841	(61,123)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,216,239	7,216,239	7,277,362
ACCUMULATED SURPLUS, END OF YEAR	6,992,291	7,258,080	7,216,239

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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	(223,948)	41,841	(61,123)
Acquisition of tangible capital assets	-	(411,588)	(250,122)
Proceeds on disposal of tangible capital assets	-	-	2,000
Amortization of tangible capital assets	223,700	250,781	239,559
Loss (gain) on sale of tangible capital assets	-	-	(2,000)
Net (increase) decrease of inventory held for resale	-	754	754
Net (increase) decrease of prepaid assets	-	12,400	(51,667)
INCREASE IN NET FINANCIAL ASSETS	(248)	(105,812)	(122,599)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,233,218</u>	<u>2,233,218</u>	<u>2,355,817</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>2,232,970</u></u>	<u><u>2,127,406</u></u>	<u><u>2,233,218</u></u>

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

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	41,841	(61,123)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	250,781	239,559
Loss (gain) on disposal of tangible capital assets	-	(2,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(15,998)	(15,744)
Decrease (increase) in trade and other receivables	33,055	33,940
Decrease (increase) in due from other governments	114,211	(114,508)
Decrease (increase) in inventory held for resale	754	754
Decrease (increase) in prepaid expenses	12,400	(51,667)
Decrease (increase) in other financial assets	(10,411)	(731)
Increase (decrease) in accounts payable and accrued liabilities	(22,350)	20,313
Increase (decrease) in deferred revenue	36,231	19,866
	440,514	68,659
CAPITAL		
Acquisition of tangible capital assets	(411,588)	(250,122)
Sale of tangible capital assets	-	2,000
	(411,588)	(248,122)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(121,581)	97,940
FINANCING		
Long-term debt issued (repaid)	-	-
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(92,655)	(81,523)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,128,333	2,209,856
CASH AND CASH EQUIVALENTS, END OF YEAR	2,035,678	2,128,333
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	200	200
Cash in bank	1,510,646	1,394,382
Term deposits (Note 2)	733,240	820,578
Less: restricted portion of cash and temporary investments (Note 2)	(208,408)	(86,827)
	2,035,678	2,128,333

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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	1,043,383	1,300,091	4,872,765	7,216,239	7,277,362
Excess (deficiency) of revenues over expenses	41,841	-	-	41,841	(61,123)
Unrestricted funds designated for future use	(149,508)	149,508	-	-	-
Restricted funds used for operations	77,986	(77,986)	-	-	-
Restricted funds used for tangible capital assets	-	(43,372)	43,372	-	-
Current year funds used for tangible capital assets	(368,216)	-	368,216	-	-
Annual amortization expense	250,781	-	(250,781)	-	-
Change in accumulated surplus	(147,116)	28,150	160,807	41,841	(61,123)
BALANCE, END OF YEAR	<u>896,267</u>	<u>1,328,241</u>	<u>5,033,572</u>	<u>7,258,080</u>	<u>7,216,239</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	102,668	80,080	882,281	6,771,344	962,008	182,679	8,981,060	8,739,438
Acquisition of tangible capital assets	-	198,250	-	100,580	112,758	-	411,588	250,122
Disposal of tangible capital assets	-	-	-	-	-	-	-	(8,500)
Balance - end of year	102,668	278,330	882,281	6,871,924	1,074,766	182,679	9,392,648	8,981,060
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	30,609	237,237	3,210,067	488,735	141,647	4,108,295	3,877,236
Annual amortization	-	8,628	17,566	164,338	50,103	10,146	250,781	239,559
Accumulated amortization on disposals	-	-	-	-	-	-	-	(8,500)
Balance - end of year	-	39,237	254,803	3,374,405	538,838	151,793	4,359,076	4,108,295
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	102,668	239,093	627,478	3,497,519	535,928	30,886	5,033,572	4,872,765
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	102,668	49,471	645,044	3,561,277	473,273	41,032	4,872,765	

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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	344,614	339,385	341,918
Linear property taxes	101,499	101,499	92,550
	<u>446,113</u>	<u>440,884</u>	<u>434,468</u>
REQUISITIONS			
Alberta School Foundation	60,115	60,115	61,341
Battle River Foundation	3,715	3,715	3,126
	<u>63,830</u>	<u>63,830</u>	<u>64,467</u>
NET MUNICIPAL TAXES	<u>382,283</u>	<u>377,054</u>	<u>370,001</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	-	-	8,333
Provincial Government	500	98,636	49,318
Local Governments	233,350	283,410	251,474
	<u>233,850</u>	<u>382,046</u>	<u>309,125</u>
TRANSFERS FOR CAPITAL			
Federal Government	1,000	60,000	58,150
Provincial Government	-	-	-
Local Governments	-	82,644	188,468
	<u>1,000</u>	<u>142,644</u>	<u>246,618</u>
TOTAL GOVERNMENT TRANSFERS	<u>234,850</u>	<u>524,690</u>	<u>555,743</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	403,644	406,337	380,652
Contracted and general services	255,387	374,187	313,989
Materials, goods and utilities	305,916	385,250	413,061
Provision for allowances	500	6,174	2,027
Transfers to other governments	375	9,889	8,824
Transfers to local boards and agencies	141,024	69,881	190,687
Interest on capital long term debt	-	-	-
Other expenditures	7,750	4,392	10,791
Amortization of tangible capital assets	223,700	250,781	239,559
	<u>1,338,296</u>	<u>1,507,491</u>	<u>1,559,590</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	Gas System	Total
REVENUE									
Net municipal property taxes (Schedule 2)	377,054	-	-	-	-	-	-	-	377,054
User fees and sales of goods	150	60,125	-	201,002	799	-	255	183,801	446,132
Penalties and costs on taxes	13,070	-	-	2,300	-	-	-	-	15,370
Licenses and permits	25	910	-	-	-	-	-	-	935
Franchise and concession contracts	38,618	-	-	-	-	-	-	-	38,618
Investment income	42,754	2,183	-	-	-	-	11,321	15,837	72,095
Rentals	14,854	-	-	-	-	-	-	-	14,854
Government transfers	98,636	94,500	1,866	4,520	-	-	182,524	-	382,046
Other	49,636	7,780	-	-	1,731	-	50	137	59,334
	<u>635,047</u>	<u>165,498</u>	<u>1,866</u>	<u>207,822</u>	<u>2,530</u>	<u>-</u>	<u>194,150</u>	<u>199,775</u>	<u>1,406,688</u>
EXPENSES									
Salaries, wages and benefits	127,698	57,786	102,488	86,821	2,604	-	5,625	23,315	406,337
Contracted and general services	52,396	42,610	77,088	124,744	487	-	33,612	43,250	374,187
Materials, goods and utilities	23,016	56,867	79,186	41,595	754	-	68,858	114,974	385,250
Provision for allowances	6,174	-	-	-	-	-	-	-	6,174
Transfers to other governments	-	9,889	-	-	-	-	-	-	9,889
Transfers to local boards and agencies	20,000	-	-	-	3,635	-	46,246	-	69,881
Other expenditures	1,586	1,653	-	143	-	-	-	1,010	4,392
	<u>231,470</u>	<u>168,805</u>	<u>258,762</u>	<u>253,303</u>	<u>7,480</u>	<u>-</u>	<u>154,341</u>	<u>182,549</u>	<u>1,256,710</u>
NET REVENUE, BEFORE AMORTIZATION	<u>403,577</u>	<u>(3,307)</u>	<u>(256,896)</u>	<u>(45,481)</u>	<u>(4,950)</u>	<u>-</u>	<u>39,809</u>	<u>17,226</u>	<u>149,978</u>
AMORTIZATION AND DISPOSAL OF ASSETS									
Amortization of tangible capital assets	363	37,144	131,762	66,472	-	-	11,479	3,561	250,781
Loss (gain) on disposal of tangible capital asse	-	-	-	-	-	-	-	-	-
	<u>363</u>	<u>37,144</u>	<u>131,762</u>	<u>66,472</u>	<u>-</u>	<u>-</u>	<u>11,479</u>	<u>3,561</u>	<u>250,781</u>
NET REVENUE	<u>403,214</u>	<u>(40,451)</u>	<u>(388,658)</u>	<u>(111,953)</u>	<u>(4,950)</u>	<u>-</u>	<u>28,330</u>	<u>13,665</u>	<u>(100,803)</u>

VILLAGE OF CHAUVIN

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Chauvin 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 Professional 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.

VILLAGE OF CHAUVIN

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.

VILLAGE OF CHAUVIN

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.

i) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the village 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	35-50
Engineered structures - other	15-75
Engineered structures - water system	40-75
Engineered structures - wastewater system	25-75
Land improvements	20-40
Machinery and equipment	5-50
Vehicles	7-25

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.

VILLAGE OF CHAUVIN

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>
Term deposits are held at Vision Credit Union Limited and bear interest from 2.5% to 3.5% and are redeemable in 2024		
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 4)		
Municipal Sustainability Initiative - capital	200,101	50,322
MD of Wainwright	-	13,470
	<u>200,101</u>	<u>63,792</u>
Other deferred revenue	8,307	23,035
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 8)	<u>1,328,241</u>	<u>1,300,091</u>
Total restricted cash and term deposits	<u>1,736,750</u>	<u>1,450,710</u>
Unrestricted cash and term deposits	<u>507,336</u>	<u>764,450</u>

VILLAGE OF CHAUVIN

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	34,671	28,576
Arrears taxes	46,002	36,099
Property held by the village as a result of tax forfeiture	37,199	37,199
	<u>117,872</u>	<u>101,874</u>
Less: allowance for doubtful accounts	17,840	17,840
	<u>100,032</u>	<u>84,034</u>

4. DEFERRED INCOME

Deferred income consists of the following:

	<u>2023</u>	<u>2022</u>
Municipal Sustainability Initiative - capital	200,101	123,482
Municipal District of Wainwright #61	-	13,470
Federation of Canadian Municipalities	33,317	43,317
Prepaid property taxes	12,480	14,670
Other deferred revenue	8,307	23,035
	<u>254,205</u>	<u>217,974</u>

VILLAGE OF CHAUVIN

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

5. 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 Chauvin be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	2,110,032	1,877,774
Total debt	-	-
Surplus debt limit	<u>2,110,032</u>	<u>1,877,774</u>
Debt servicing limit	351,672	312,962
Debt servicing	-	-
Surplus debt servicing	<u>351,672</u>	<u>312,962</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.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	9,392,648	8,981,060
Accumulated amortization (Schedule 2)	<u>(4,359,076)</u>	<u>(4,108,295)</u>
	<u>5,033,572</u>	<u>4,872,765</u>

VILLAGE OF CHAUVIN

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

7. 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>896,267</u>	<u>1,043,383</u>
Restricted surplus		
General	30,000	30,000
Fire department	232,175	190,412
Water system	130,325	118,480
Sewer system	148,023	136,298
Garbage collection	25,000	25,000
Recreation	274,122	323,510
Gas system	488,596	476,391
	<u>1,328,241</u>	<u>1,300,091</u>
Equity in tangible capital assets	<u>5,033,572</u>	<u>4,872,765</u>
	<u>7,258,080</u>	<u>7,216,239</u>

8. SEGMENTED DISCLOSURE

The Village of Chauvin 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 CHAUVIN

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

9. 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
Donally	6,721	192	6,913	6,901
Dow	3,736	14	3,750	3,260
Prokopetz	3,046	-	3,046	3,360
Skinner	6,612	185	6,797	5,018
Snow	3,076	-	3,076	3,366
CAO	81,783	7,475	89,258	73,180
Designated Officer (1)	8,688	-	8,688	8,436

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.

10. 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.

11. 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.

VILLAGE OF CHAUVIN

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

12. 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.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.