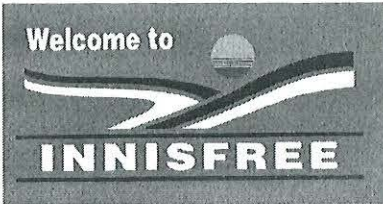


VILLAGE OF INNISFREE
Financial Statements
For The Year Ended December 31, 2021



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Mayor and Council of the Village of Innisfree are composed entirely of individuals who are neither management nor employees of the Village. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Village's external auditors.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Village's Council to express an opinion on the Village's financial statements and report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



Ms. Brooke Magosse
Chief Administrative Officer

Innisfree, Alberta
March 15, 2022

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Innisfree

Opinion

We have audited the financial statements of Village of Innisfree (the "Village"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)



Independent Auditors' Report to the Councillors of Village of Innisfree *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

March 15, 2022

VILLAGE OF INNISFREE
Statement of Financial Position
As at December 31, 2021

	2021	2020 (Restated) (Note 16)
FINANCIAL ASSETS		
Cash	\$ 1,049,361	\$ 718,188
Taxes and grants in place of taxes receivable (Note 2)	121,811	144,739
Trade and other receivables	35,122	39,250
Due from other governments (Note 3)	407,379	390,898
Other financial assets	20	20
	<u>1,613,693</u>	<u>1,293,095</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	40,777	45,748
Deferred revenue (Note 6)	865,350	622,625
Landfill closure and post-closure costs (Note 7)	99,208	99,208
	<u>1,005,335</u>	<u>767,581</u>
NET FINANCIAL ASSETS	<u>608,358</u>	<u>525,514</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	<u>3,120,555</u>	<u>3,270,020</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 3,728,913</u>	<u>\$ 3,795,534</u>
CONTINGENT LIABILITY (Note 11)		
CONTRACTUAL OBLIGATIONS (Note 12)		
SUBSEQUENT EVENT (Note 18)		

ON BEHALF OF COUNCIL


 _____ Mayor


 _____ Councillor

VILLAGE OF INNISFREE
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2021

	2021 (Budget) (Note 13)	2021 (Actual)	2020 (Restated) (Note 17)
REVENUES			
Net municipal taxes <i>(Schedule 1)</i>	\$ 273,016	\$ 273,990	\$ 242,629
Sales and user charges	223,150	222,446	196,548
Government transfers for operating <i>(Schedule 2)</i>	43,550	77,231	106,852
Franchise and concession contracts <i>(Note 10)</i>	36,565	35,205	36,550
Penalties and costs on taxes	30,000	23,893	29,033
Other	10,810	9,618	26,700
Rentals	9,500	9,344	9,012
Investment income	2,500	1,454	2,200
	<u>629,091</u>	<u>653,181</u>	<u>649,524</u>
EXPENSES			
Water supply and distribution	200,894	205,545	176,504
Administration	173,928	204,870	205,913
Transportation	174,629	139,139	210,310
Waste water treatment and disposal	52,469	58,714	50,358
Recreation	49,991	56,398	15,330
Waste management	55,414	46,650	52,804
Protective services	43,995	42,902	46,937
Culture	14,391	16,399	9,497
Legislative	4,410	8,860	6,818
Family and community support	1,850	1,838	1,838
Planning and development	1,275	-	767
	<u>773,246</u>	<u>781,315</u>	<u>777,076</u>
ANNUAL DEFICIT BEFORE OTHER INCOME	(144,155)	(128,134)	(127,552)
OTHER INCOME			
Government transfers for capital <i>(Schedule 2)</i>	-	61,513	80,149
ANNUAL DEFICIT	(144,155)	(66,621)	(47,403)
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS PREVIOUSLY STATED			
	<u>3,795,534</u>	<u>3,795,534</u>	<u>3,776,372</u>
Restatement <i>(Note 17)</i>	-	-	66,565
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS RESTATED			
	3,795,534	3,795,534	3,842,937
ACCUMULATED SURPLUS - END OF YEAR <i>(Note 9)</i>			
	<u>\$ 3,651,379</u>	<u>\$ 3,728,913</u>	<u>\$ 3,795,534</u>

VILLAGE OF INNISFREE
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2021

	2021 (Budget) (Note 13)	2021 (Actual)	2020 (Restated) (Note 17)
ANNUAL DEFICIT	\$ (144,155)	\$ (66,621)	\$ (47,403)
Amortization of tangible capital assets	155,793	155,565	155,756
Purchase of tangible capital assets	-	(6,100)	(54,649)
	155,793	149,465	101,107
Use of prepaid expenses	-	-	565
INCREASE IN NET FINANCIAL ASSETS	11,638	82,844	54,269
NET FINANCIAL ASSETS - BEGINNING OF YEAR	525,514	525,514	471,245
NET FINANCIAL ASSETS - END OF YEAR	\$ 537,152	\$ 608,358	\$ 525,514

VILLAGE OF INNISFREE
Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual deficit	\$ (66,621)	\$ (47,403)
Item not affecting cash:		
Amortization of tangible capital assets	<u>155,565</u>	155,756
	<u>88,944</u>	108,353
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	22,928	10,946
Trade and other receivables	4,128	24,225
Due from other governments	(16,481)	245,273
Prepaid expenses	-	565
Accounts payable and accrued liabilities	(4,971)	(11,674)
Deferred revenue	242,725	120,515
Landfill closure and post-closure costs	-	1,659
	<u>248,329</u>	391,509
	<u>337,273</u>	499,862
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(6,100)</u>	(54,649)
INCREASE IN CASH FLOWS	331,173	445,213
CASH - BEGINNING OF YEAR	<u>718,188</u>	<u>272,975</u>
CASH - END OF YEAR	<u>\$ 1,049,361</u>	<u>\$ 718,188</u>

VILLAGE OF INNISFREE
Schedule of Property Taxes Levied
For the Year Ended December 31, 2021

(Schedule 1)

	2020 (Budget) (Note 13)	2021 (Actual)	2020 (Actual)
TAXATION			
Real property taxes	\$ 286,379	\$ 285,076	\$ 255,061
Linear property taxes	27,974	27,974	25,268
Government grants in place of property taxes	1,056	1,056	892
	<u>315,409</u>	<u>314,106</u>	<u>281,221</u>
REQUISITIONS			
Alberta school foundation	39,477	37,291	36,667
M.D. of Minburn foundation	2,825	2,825	1,842
Designated industrial properties	91	-	83
	<u>42,393</u>	<u>40,116</u>	<u>38,592</u>
NET MUNICIPAL TAXES	<u>\$ 273,016</u>	<u>\$ 273,990</u>	<u>\$ 242,629</u>

VILLAGE OF INNISFREE
Schedule of Government Transfers
For the Year Ended December 31, 2021

(Schedule 2)

	2021 (Budget) (Note 13)	2021 (Actual)	2020 (Actual)
TRANSFER FOR OPERATING			
Provincial government	\$ 2,000	\$ 40,768	\$ 64,641
Local governments	35,250	30,714	33,811
Federal government	6,300	5,749	8,400
	43,550	77,231	106,852
TRANSFER FOR CAPITAL			
Provincial government	-	61,513	80,149
TOTAL GOVERNMENT TRANSFERS	\$ 43,550	\$ 138,744	\$ 187,001

VILLAGE OF INNISFREE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

(Schedule 3)

	Land	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Construction in Progress	2021	2020
Cost								
Balance, beginning of year	\$ 113,628	\$ 680,488	\$ 340,555	\$ 131,700	\$ 5,842,157	\$ -	\$ 7,108,528	\$ 7,053,879
Additions	-	-	6,100	-	-	-	6,100	54,649
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance, end of year	\$ 113,628	\$ 680,488	\$ 346,655	\$ 131,700	\$ 5,842,157	\$ -	\$ 7,114,628	\$ 7,108,528
Accumulated Amortization								
Balance, beginning of year	\$ -	\$ 239,154	\$ 247,685	\$ 72,069	\$ 3,279,600	\$ -	\$ 3,838,508	\$ 3,682,752
Amortization	-	14,507	19,626	7,488	113,944	-	155,565	155,756
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Balance, end of year	\$ -	\$ 253,661	\$ 267,311	\$ 79,557	\$ 3,393,544	\$ -	\$ 3,994,073	\$ 3,838,508
Net Book Value	\$ 113,628	\$ 426,827	\$ 79,344	\$ 52,143	\$ 2,448,613	\$ -	\$ 3,120,555	\$ 3,270,020

VILLAGE OF INNISFREE**Schedule of Equity in Tangible Capital Assets****(Schedule 4)****For the Year Ended December 31, 2021**

	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 3,270,020	\$ 3,371,127
Amortization of tangible capital assets	(155,565)	(155,756)
Acquisition of tangible capital assets	6,100	54,649
Net book value of tangible capital assets disposed of	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 3,120,555</u>	<u>\$ 3,270,020</u>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	<u>\$ 3,120,555</u>	<u>\$ 3,270,020</u>

VILLAGE OF INNISFREE
Schedule of Segmented Disclosure
For the Year Ended December 31, 2021

(Schedule 5)

	General Government	Protective Services	Transportation	Public Utilities	Planning & Development and Public Health	Recreation & Culture	2021	2020
REVENUE								
Net municipal taxes	\$ 273,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,990	\$ 242,629
Sales and user charges	1,231	-	6,130	193,530	-	21,555	222,446	196,548
Government transfers	64,880	30,714	2,993	37,400	-	2,757	138,744	187,001
Franchise and concession contracts	35,205	-	-	-	-	-	35,205	36,550
Penalties and costs on taxes	21,118	-	-	2,775	-	-	23,893	29,033
Other revenues	7,179	1,432	-	-	1,007	-	9,618	26,700
Rentals	8,504	-	840	-	-	-	9,344	9,012
Investment income	1,454	-	-	-	-	-	1,454	2,200
	413,561	32,146	9,963	233,705	1,007	24,312	714,694	729,673
EXPENSES								
Materials, goods and supplies	11,086	16,986	67,240	78,985	-	28,675	202,972	242,923
Contracted services	85,538	7,380	5,933	57,078	-	25,785	181,714	175,269
Salaries, wages and benefits	88,748	15,625	28,232	34,036	-	3,675	170,316	181,101
Transfers to local boards, agencies and other organizations	12,000	1,204	-	37,400	1,838	4,666	57,108	8,081
Provision for allowance	11,891	-	-	-	-	-	11,891	12,371
Other expenses	1,749	-	-	-	-	-	1,749	1,575
	211,012	41,195	101,405	207,499	1,838	62,801	625,750	621,320
OTHER INCOME								
Amortization of tangible capital assets	(2,718)	(1,707)	(37,734)	(103,410)	-	(9,996)	(155,565)	(155,756)
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-
	(2,718)	(1,707)	(37,734)	(103,410)	-	(9,996)	(155,565)	(155,756)
ANNUAL SURPLUS (DEFICIT)	\$ 199,831	\$ (10,756)	\$ (129,176)	\$ (77,204)	\$ (831)	\$ (48,485)	\$ (66,621)	\$ (47,403)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Innisfree (the "Village") are the representation of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows.

(a) Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial position and cash flow 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 and are, therefore, accountable to Village 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.

(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.

(c) Tax revenue

Property tax revenue is based on market value of assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Village. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(d) Requisition over-levies and under-levies

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. In situations 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.

(continues)

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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 occurred, providing the transfers are authorized, any eligibility criteria have been met by the Village, and reasonable estimates of the amounts can be made.

(f) Landfill closure and post-closure liability

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), the Village is required to fund the closure of its landfill sites 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 over the estimated remaining life of the landfill sites based on usage.

The annual provision is reported as an operating expense in solid waste services and the liability is reported as a liability of the Statement of Financial Position.

(g) Non-financial assets

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

(h) 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 asset is amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	25 - 50 Years
Machinery and equipment	5 - 20 Years
Vehicles	3 - 20 Years
Engineered structures	
Water system	35 - 75 Years
Wastewater system	35 - 75 Years
Other engineered systems	15 - 40 Years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Assets under construction are not amortized until the asset is available for productive use.

(continues)

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Use of estimates

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. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, landfill closure and post-closure costs, and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements

(j) Future changes in significant accounting policies

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Village will continue to assess the impact and prepare for the adoption of these standards

(i) Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(ii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

(iii) Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

(continues)

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in significant accounting policies (continued)

(iv) Financial Instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(v) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(vi) Public Private Partnerships

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

(vii) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current receivables	\$ 49,585	\$ 62,892
Receivables in arrears	109,255	117,810
	158,840	180,702
Allowance for doubtful accounts	(37,029)	(35,963)
	\$ 121,811	\$ 144,739

3. DUE FROM OTHER GOVERNMENTS

	2021	2020
Due from other governments	\$ 400,241	\$ 352,745
Goods and Services Tax recoverable	7,138	38,153
	\$ 407,379	\$ 390,898

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

4. OPERATING LINE OF CREDIT

The Village has access to a credit facility with ATB Financial, which includes an approved revolving operating line, (Overdraft Facility #2), that can be drawn upon to a maximum of \$120,000, which bears interest at the prime rate plus 1.00% and is secured by all assets of the Village at large. As at December 31, 2021, the Village had not drawn on the operating line (2020 - \$NIL).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade and other accounts payable	\$ 29,213	\$ 38,306
Payable to other governments	11,564	6,632
Source deductions	-	810
	<u>\$ 40,777</u>	<u>\$ 45,748</u>

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. Additions are composed of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	2020 (Restated) (Note 17)	Funds Received	Revenue Recognized	2021
Municipal Sustainability Initiative	\$ 319,141	\$ 155,159	\$ 45,494	\$ 428,806
Canada Community Building Fund	282,961	101,661	-	384,622
Municipal Stimulus Program	5,000	45,000	15,331	34,669
Other	15,523	9,571	7,841	17,253
	<u>\$ 622,625</u>	<u>\$ 311,391</u>	<u>\$ 68,666</u>	<u>\$ 865,350</u>

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Village has an operating agreement with other local municipalities in the operation of Manville landfill site. The Village is liable for 9.8% of the closure and post-closure costs of the transfer station's facilities. The landfill site has been closed and is inactive from accepting further waste.

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the sites, and ongoing environmental monitoring, sites inspections and maintenance.

The estimated total liability is based on the sum of the discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.46% (2020 - 2.41%) and assuming an annual inflation of 2.00% (2020 - 2.00%).

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. At December 31, 2021, the landfill capacity has been fully utilized (2020 - 100%).

	<u>2021</u>	<u>2020</u>
Estimated closure costs	\$ 88,728	\$ 88,728
Estimated post-closure costs	10,480	10,480
Estimated total liability	<u>99,208</u>	99,208
Percentage of liability accrued by the Village	100 %	100 %
Amount accrued by the Village	<u>99,208</u>	99,208
Estimated liability still to be accrued	<u>\$ -</u>	<u>\$ -</u>

8. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by *Alberta Regulation 255/2000*, for the Village be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 979,772	\$ 974,286
Total debt	-	-
Amount of debt limit unused	<u>\$ 979,772</u>	<u>\$ 974,286</u>
Debt servicing limit	\$ 163,295	\$ 162,381
Debt servicing	-	-
Amount of service on debt limit unused	<u>\$ 163,295</u>	<u>\$ 162,381</u>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits 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 Village. Rather, the financial statements must be interpreted as a whole.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

9. ACCUMULATED SURPLUS

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

	2021	2020 (Restated) (Note 17)
Unrestricted surplus	\$ 376,263	\$ 304,014
Reserves		
Sewer system	48,500	51,000
General capital	46,500	51,500
Public works	45,370	53,000
Recreation	26,000	30,000
Fire	25,500	26,000
Solid waste capital	22,950	-
Water system	7,500	5,000
General	5,000	5,000
Stormwater capital	4,775	-
	232,095	221,500
Equity in tangible capital assets	3,120,555	3,270,020
	\$ 3,728,913	\$ 3,795,534

10. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	2021	2020
ATCO Gas and Pipelines Ltd.	\$ 21,550	\$ 22,588
ATCO Electric Ltd.	13,655	13,962
	\$ 35,205	\$ 36,550

11. CONTINGENT LIABILITY

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

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

12. CONTRACTUAL OBLIGATIONS

The Village is a partner in the Alberta Central East Water Corporation regional water system project to design and construct a water transfer and pump station, three fill stations, a truck fill station, and 246 kilometres of pipeline. The Government of Alberta is committed to fund approximately 90% of the estimated project costs as part of the Alberta Water for Life Program. The remaining 10% of costs will be distributed between the municipal partners. As of December 31, 2021, the Village's share of the remaining construction cost was estimated at \$28,993.

As the regional water system is not a Village owned asset, none of the related liabilities, funding, or expenditures are reflected in the Village's financial statement except for the Village's portion and consumption costs.

13. BUDGET

Budget figures presented in these financial statements are based on the 2021 operating budget adopted by Council on June 15, 2021. The Village compiles a budget on a modified accrual basis. The reconciliation below adjusts annual surplus (deficit) to align with the budget process. It should not be used as a replacement for the Statement of Operations and Accumulated Surplus. Users should note that this information may not be appropriate for their purposes.

	2021 Budget	2021 Actual	2020 Actual
Annual deficit	\$ (144,155)	\$ (66,621)	\$ (47,403)
Amortization	155,793	155,565	155,756
Transfers to reserves	27,130	27,130	-
Transfer from reserves	(37,725)	(37,725)	47,000
Results of operations as budgeted	<u>\$ 1,043</u>	<u>\$ 78,349</u>	<u>\$ 155,353</u>

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash, taxes and grants in place of taxes receivable, trade and other receivables, due from other governments, and accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant market, liquidity and currency risk arising from these financial instruments.

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

The Village is exposed to interest rate risk with respect to the operating line of credit. Interest rate risk arises from interest rate fluctuations through its variable interest line of credit. As at December 31, 2021, no balance was drawn on the operating line of credit.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

15. SEGMENTED DISCLOSURE

The Village provides a range of services to its taxpayers. For each reported segment, revenues and expenses 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.

(a) General Government

General Government is comprised of Village Council, the Office of the Chief Administrative Officer, and Corporate Services. Corporate Services is comprised of Financial Services and Human Resources.

Council makes decisions regarding service delivery and service levels on behalf of the Village in order to balance the needs and wants of Village residents in a financial responsible manner.

(b) Protective Services

Protective Services is comprised of Fire and Municipal Enforcement Services. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and the detection and/or extinguishments of fires. Municipal Enforcement Services provide bylaw enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(c) Transportation

Transportation is comprised of Common Services and the Public Works area. They are responsible for the maintenance of the roadway and storm systems of the Village.

(d) Public Utilities

Public Utilities are comprised of water, waste water, and waste management services. They are responsible for providing a water supply, a sanitary sewage collection and disposal system, and a waste disposal service.

(e) Public Health

Public Health provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the Village.

(f) Planning and Development

Planning and Development is responsible for the planning and development of the Village's infrastructure system and work with developers in planning the growth of the Village in a sustainable manner.

(g) Recreation and Culture

Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the Village. This area also acts as a liaison between community groups and providing grant funding.

(continues)

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

15. SEGMENTED DISCLOSURE (continued)

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Revenue. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. For additional information see the Schedule of Segmented Disclosure (Schedule 5).

16. APPROVAL OF THE FINANCIAL STATEMENTS

Council and management have approved these financial statements on March 15, 2022.

17. RESTATEMENT

The Village had incurred expenditures in 2019 utilizing grant funding. No revenue had been recorded to match the expenses incurred.

The effect on the financial statements has been as follows:

- Decrease to opening deferred revenue by \$66,201.
- Increase to opening accumulated surplus by \$66,201.

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

18. SUBSEQUENT EVENTS

On January 1, 2022, the Village reached an agreement for the provision of fire protection services from the County of Minburn (the "County"). As part of the agreement, the Village will provide the County annual payments of \$5,000 until 2026. In addition, the Village will transferred all owned and joint owned fire department related tangible capital assets to the County. As at December 31, 2021, the net book value of the tangible capital assets amounted to \$29,885.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2021

19. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Village officials, the Chief Administrative Officer and designated officers are required by *Alberta Regulation 313/2000*, is as follows:

	Salary (1)	Benefits (2)	2021	2020
Mayor J. Johnson	\$ 863	\$ -	\$ 863	\$ -
Mayor / Councillor D. McMann	2,558	-	2,558	2,295
Councillor A. Cannan	1,435	-	1,435	1,605
Councillor W. Oudshoorn	1,853	-	1,853	1,845
	<u>\$ 6,709</u>	<u>\$ -</u>	<u>\$ 6,709</u>	<u>\$ 5,745</u>
Chief administrative officer	\$ 52,476	\$ -	\$ 52,476	\$ 51,125
Designated officer (contract)	4,600	-	4,600	4,580
	<u>\$ 57,076</u>	<u>\$ -</u>	<u>\$ 57,076</u>	<u>\$ 55,705</u>

(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 health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition's.