

VILLAGE OF INNISFREE
Financial Statements
For the Year Ended December 31, 2023

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. Kayla Paranych,
Chief Administrative Officer

Innisfree, Alberta
April 16, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Innisfree

Qualified Opinion

We have audited the financial statements of Village of Innisfree (the "Village"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standard 3280, Asset Retirement Obligations, requires a liability be recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset. The Village failed to adopt PS 3280 in the current year, which constitutes a departure from the requirements of Canadian public sector accounting standards. As the Village did not perform an assessment of what, if any, implications there would be from the adoption of this accounting standard, we were not able to determine, as at and for the year ended December 31, 2023, the impact of this omission on the expenses, and annual surplus reported in the statement of operations, annual surplus reported in the statement of changes in net financial assets, and tangible capital assets, liabilities, and accumulated surplus reported on the statement of financial position.

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 qualified audit 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.

(continues)



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:

- 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

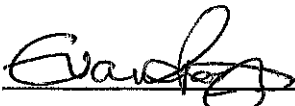
Chartered Professional Accountants

Edmonton, Alberta
April 16, 2024

VILLAGE OF INNISFREE
Statement of Financial Position
As at December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 1,273,766	\$ 985,625
Taxes and grants in place of taxes receivable (Note 2)	131,239	142,627
Trade and other receivables	98,853	33,218
Due from other governments (Note 3)	139,678	525,734
Other financial assets	20	20
	<u>1,643,556</u>	<u>1,687,224</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	135,477	82,669
Deferred revenue (Note 6)	842,631	873,484
Landfill closure and post-closure costs (Note 7)	18,419	56,002
	<u>996,527</u>	<u>1,012,155</u>
NET FINANCIAL ASSETS	<u>647,029</u>	<u>675,069</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 3)	3,092,220	3,000,638
Prepaid expenses	4,454	5,193
	<u>3,096,674</u>	<u>3,005,831</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 3,743,703</u>	<u>\$ 3,680,900</u>
CONTINGENT LIABILITY (Note 11)		

ON BEHALF OF COUNCIL


 _____ Mayor


 _____ Councillor

VILLAGE OF INNISFREE
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
REVENUES			
Net municipal taxes <i>(Schedule 1)</i>	\$ 282,400	\$ 283,261	\$ 275,400
Sales and user charges	257,769	252,407	248,900
Government transfers for operating <i>(Schedule 2)</i>	40,968	77,736	39,056
Other	4,325	65,627	14,185
Franchise and concession contracts <i>(Note 10)</i>	39,000	39,671	43,086
Investment income	23,015	36,101	20,049
Penalties and costs on taxes	27,122	25,000	26,378
Rentals	11,021	9,969	10,868
	<u>685,620</u>	<u>789,772</u>	<u>677,922</u>
EXPENSES			
Administration	240,300	277,185	224,594
Transportation	192,380	196,315	196,869
Water supply and distribution	200,100	185,299	207,720
Waste water treatment and disposal	64,125	70,919	63,201
Recreation	67,950	66,434	75,818
Waste management	66,800	47,119	13,550
Protective services	29,255	24,313	18,731
Legislative	15,800	14,710	19,114
Culture	15,218	10,809	12,006
Family and community support	1,840	1,901	1,838
Planning and development	34,600	1,641	1
	<u>928,368</u>	<u>896,645</u>	<u>833,442</u>
DEFICIT FROM OPERATIONS	<u>(242,748)</u>	<u>(106,873)</u>	<u>(155,520)</u>
OTHER INCOME			
Government transfers for capital <i>(Schedule 2)</i>	131,815	168,152	102,851
Gain on disposal of tangible capital assets	-	1,524	4,656
	<u>131,815</u>	<u>169,676</u>	<u>107,507</u>
ANNUAL SURPLUS (DEFICIT)	<u>(110,933)</u>	<u>62,803</u>	<u>(48,013)</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>3,680,900</u>	<u>3,680,900</u>	<u>3,728,913</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 3,569,967</u>	<u>\$ 3,743,703</u>	<u>\$ 3,680,900</u>

VILLAGE OF INNISFREE
Statement of Changes in Net Financial Assets
Year Ended December 31, 2023

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ (110,933)	\$ 62,803	\$ (48,013)
Amortization of tangible capital assets	157,500	166,467	159,611
Purchase of tangible capital assets	-	(261,817)	(41,265)
Proceeds on disposal of tangible capital assets	-	5,292	6,227
Loss (gain) on disposal of assets	-	(1,524)	(4,656)
	157,500	(91,582)	119,917
Use of prepaid expenses	-	739	(5,193)
	157,500	(90,843)	114,724
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	46,567	(28,040)	66,711
NET FINANCIAL ASSETS - BEGINNING OF YEAR	675,069	675,069	608,358
NET FINANCIAL ASSETS - END OF YEAR	\$ 721,636	\$ 647,029	\$ 675,069

VILLAGE OF INNISFREE
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 62,803	\$ (48,013)
Items not affecting cash:		
Amortization of tangible capital assets	166,467	159,611
Loss (gain) on disposal of tangible capital assets	<u>(1,524)</u>	<u>(4,656)</u>
	227,746	106,942
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	11,388	(20,816)
Trade and other receivables	(65,635)	1,904
Due from other governments	386,056	(118,355)
Prepaid expenses	739	(5,193)
Accounts payable and accrued liabilities	52,808	41,892
Deferred revenue	(30,853)	8,134
Landfill closure and post-closure costs	<u>(37,583)</u>	<u>(43,206)</u>
	316,920	(135,640)
	544,666	(28,698)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(261,817)	(41,265)
Proceeds on disposal of tangible capital assets	<u>5,292</u>	<u>6,227</u>
	(256,525)	(35,038)
INCREASE (DECREASE) IN CASH FLOWS	288,141	(63,736)
CASH - BEGINNING OF YEAR	985,625	1,049,361
CASH - END OF YEAR	\$ 1,273,766	\$ 985,625

VILLAGE OF INNISFREE
Schedule of Property Taxes Levied
For the Year Ended December 31, 2023

(Schedule 1)

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
TAXATION			
Real property taxes	\$ 293,335	\$ 291,745	\$ 287,052
Linear property taxes	29,431	30,877	28,573
Government grants in place of property taxes	1,244	1,244	1,208
	<u>324,010</u>	<u>323,866</u>	<u>316,833</u>
REQUISITIONS			
Alberta school foundation	37,622	36,707	37,622
M.D. of Minburn foundation	3,898	3,898	3,811
Designated industrial properties	90	-	-
	<u>41,610</u>	<u>40,605</u>	<u>41,433</u>
NET MUNICIPAL TAXES	<u>\$ 282,400</u>	<u>\$ 283,261</u>	<u>\$ 275,400</u>

VILLAGE OF INNISFREE
Schedule of Government Transfers
For the Year Ended December 31, 2023

(Schedule 2)

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
TRANSFER FOR OPERATING			
Provincial government	\$ 36,768	\$ 73,536	\$ 36,768
Federal government	4,200	4,200	2,100
Local governments	-	-	188
	40,968	77,736	39,056
TRANSFER FOR CAPITAL			
Provincial government	131,815	168,152	102,851
TOTAL GOVERNMENT TRANSFERS	\$ 172,783	\$ 245,888	\$ 141,907

VILLAGE OF INNISFREE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

(Schedule 3)

	Land	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Construction in Progress	2023	2022
Cost								
Balance, beginning of year	\$ 113,628	\$ 691,113	\$ 356,902	\$ 125,900	\$ 5,849,157	\$ 8,193	\$ 7,144,893	\$ 7,114,628
Additions	-	-	58,214	-	-	203,603	261,817	41,265
Disposals	-	-	(500)	-	-	(3,768)	(4,268)	(11,000)
Transfers	-	-	-	-	39,735	(39,735)	-	-
Balance, end of year	\$ 113,628	\$ 691,113	\$ 414,616	\$ 125,900	\$ 5,888,892	\$ 168,293	\$ 7,402,442	\$ 7,144,893
Accumulated Amortization								
Balance, beginning of year	\$ -	\$ 268,758	\$ 288,598	\$ 79,061	\$ 3,507,838	\$ -	\$ 4,144,255	\$ 3,994,073
Amortization	-	15,097	27,728	7,361	116,281	-	166,467	159,611
Disposals	-	-	(500)	-	-	-	(500)	(9,429)
Balance, end of year	\$ -	\$ 283,855	\$ 315,826	\$ 86,422	\$ 3,624,119	\$ -	\$ 4,310,222	\$ 4,144,255
Net Book Value	\$ 113,628	\$ 407,258	\$ 98,790	\$ 39,478	\$ 2,264,773	\$ 168,293	\$ 3,092,220	\$ 3,000,638

VILLAGE OF INNISFREE**Schedule of Equity in Tangible Capital Assets****(Schedule 4)****For the Year Ended December 31, 2023**

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 3,000,638	\$ 3,120,555
Amortization of tangible capital assets	(166,467)	(159,611)
Acquisition of tangible capital assets	261,817	41,265
Net book value of tangible capital assets disposed of	(3,768)	(1,571)
BALANCE, END OF YEAR	<u>\$ 3,092,220</u>	<u>\$ 3,000,638</u>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	<u>\$ 3,092,220</u>	<u>\$ 3,000,638</u>

VILLAGE OF INNISFREE
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 5)

	General Government	Protective Services	Transportation	Public Utilities	Planning & Development and Public Health	Recreation & Culture	2023	2022
REVENUE								
Net municipal taxes	\$ 283,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,261	\$ 275,400
Sales and user charges	2,006	-	6,022	217,634	-	26,745	252,407	248,900
Government transfers	73,536	-	2,100	168,152	-	2,100	245,888	141,907
Other revenues	62,602	2,900	-	-	125	-	65,627	14,185
Franchise and concession contracts	39,671	-	-	-	-	-	39,671	43,086
Investment income	36,101	-	-	-	-	-	36,101	20,049
Penalties and costs on taxes	20,768	-	-	4,232	-	-	25,000	26,378
Rentals	8,397	-	1,572	-	-	-	9,969	10,868
	526,342	2,900	9,694	390,018	125	28,845	957,924	780,773
EXPENSES								
Materials, goods and supplies	27,841	229	101,930	69,896	1,641	27,840	229,377	209,309
Salaries, wages and benefits	150,089	-	25,800	40,743	-	4,484	221,116	203,417
Contracted services	87,410	8,177	25,775	82,829	-	31,316	235,507	201,652
Transfers to local boards, agencies and other organizations	562	14,200	-	-	1,901	4,830	21,493	51,457
Provision for allowance	20,700	-	-	-	-	-	20,700	5,847
Other expenses	1,985	-	-	-	-	-	1,985	2,149
	288,587	22,606	153,505	193,468	3,542	68,470	730,178	673,831
OTHER INCOME								
Amortization of tangible capital assets	(3,308)	(1,707)	(42,810)	(109,869)	-	(8,773)	(166,467)	(159,611)
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	1,524	1,524	4,656
	(3,308)	(1,707)	(42,810)	(109,869)	-	(7,249)	(164,943)	(154,955)
ANNUAL SURPLUS (DEFICIT)	\$ 234,447	\$ (21,413)	\$ (186,621)	\$ 86,681	\$ (3,417)	\$ (46,874)	\$ 62,803	\$ (48,013)

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

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.

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VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

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.

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VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

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, future cash flows associated with asset retirement obligations, 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) 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.

(ii) 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.

(iii) Purchased Intangible Assets

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

(iv) Financial Statement Presentations

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current receivables	\$ 46,352	\$ 57,602
Receivables in arrears	<u>134,084</u>	<u>128,412</u>
	180,436	186,014
Allowance for doubtful accounts	<u>(49,197)</u>	<u>(43,387)</u>
	<u>\$ 131,239</u>	<u>\$ 142,627</u>

3. DUE FROM OTHER GOVERNMENTS

	<u>2023</u>	<u>2022</u>
Due from other governments	\$ 112,920	\$ 513,161
Goods and Services Tax recoverable	<u>26,758</u>	<u>12,573</u>
	<u>\$ 139,678</u>	<u>\$ 525,734</u>

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, 2023, the Village had not drawn on the operating line (2022 - \$NIL).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade and other accounts payable	\$ 97,534	\$ 65,942
Payable to other governments	<u>38,261</u>	<u>13,526</u>
Employee benefit obligation	(130)	3,201
Source deductions	<u>(188)</u>	<u>-</u>
	<u>\$ 135,477</u>	<u>\$ 82,669</u>

Employee benefit obligation is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

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.

	2022	Funds Received	Revenue Recognized	2023
Municipal Sustainability Initiative	\$ 436,023	\$ 75,984	\$ 150,153	\$ 361,854
Canada Community Building Fund	425,029	65,037	18,000	472,066
Other	12,432	2,372	6,093	8,711
	<u>\$ 873,484</u>	<u>\$ 143,393</u>	<u>\$ 174,246</u>	<u>\$ 842,631</u>

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 5.27% (2022 - 4.90%) and assuming an annual inflation of 2.00% (2022 - 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, 2023, the landfill capacity has been fully utilized (2022 - 100%).

	<u>2023</u>	<u>2022</u>
Estimated closure costs	\$ 10,216	\$ 48,009
Estimated post-closure costs	8,203	7,993
Estimated total liability	<u>18,419</u>	56,002
Percentage of liability accrued by the Village	100 %	100 %
Amount accrued by the Village	<u>18,419</u>	56,002
Estimated liability still to be accrued	<u>\$ -</u>	<u>\$ -</u>

The Village has set aside \$23,967 (2022 - \$42,050) for closure and post-closure activities.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

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>2023</u>	<u>2022</u>
Total debt limit	\$ 1,184,658	\$ 1,016,883
Total debt	-	-
Amount of debt limit unused	<u>\$ 1,184,658</u>	<u>\$ 1,016,883</u>
Debt servicing limit	\$ 197,443	\$ 169,481
Debt servicing	-	-
Amount of service on debt limit unused	<u>\$ 197,443</u>	<u>\$ 169,481</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.

9. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 437,671	\$ 476,182
Reserves		
Sewer system	53,500	51,000
General capital	25,650	16,500
Public works	32,095	28,595
Recreation	29,500	27,500
Fire	8,711	20,500
Solid waste capital	23,967	42,050
Water system	22,954	7,500
General	2,880	880
Stormwater capital	14,555	9,555
	<u>213,812</u>	<u>204,080</u>
Equity in tangible capital assets	<u>3,092,220</u>	<u>3,000,638</u>
	<u>\$ 3,743,703</u>	<u>\$ 3,680,900</u>

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

10. FRANCHISE AND CONCESSION CONTRACTS

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

	<u>2023</u>	<u>2022</u>
ATCO Gas and Pipelines Ltd.	\$ 23,208	\$ 26,733
ATCO Electric Ltd.	16,463	16,353
	<u>\$ 39,671</u>	<u>\$ 43,086</u>

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.

The Village is a defendant in a lawsuit arising in the normal course of operations. The loss to the Village, if any, cannot be determined at this time. No amounts have been accrued in these financial statements relating to this claim. Any awards or settlements will be reflected in the Statement of Operations as the matters are resolved or when sufficient information on amounts and likelihood are known.

12. BUDGET

Budget figures presented in these financial statements are based on the 2022 operating budget adopted by Council on April 27, 2022. 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.

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Annual deficit	\$ (110,933)	\$ 62,803	\$ (48,013)
Amortization	157,500	166,467	159,611
Transfers from reserves	86,789	49,372	60,395
Transfer to reserves	(49,954)	(59,104)	(32,380)
Results of operations as budgeted	<u>\$ 83,402</u>	<u>\$ 219,538</u>	<u>\$ 139,613</u>

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

13. 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, 2023

13. 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).

14. FINANCIAL RISK MANAGEMENT

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.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. 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.

(b) 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 Village manages exposure through its normal operating and financing activities. The Village is exposed to interest rate risk primarily through its floating interest rate operating line of credit. As at December 31, 2023, no balance (2022 - \$NIL) was drawn on the operating line of credit.

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

15. APPROVAL OF THE FINANCIAL STATEMENTS

Council and management have approved these financial statements on April 16, 2024.

VILLAGE OF INNISFREE
Notes to Financial Statements
Year Ended December 31, 2023

16. 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)	2023	2022
Mayor E. Raycraft	\$ 2,588	\$ 8	\$ 2,596	\$ 2,485
Councillor Johnson	2,426	-	2,426	3,708
Councillor D. McMann	3,008	15	3,023	2,668
	\$ 8,022	\$ 23	\$ 8,045	\$ 8,861
Acting chief administrative officer	\$ 35,133	\$ 1,939	\$ 37,072	\$ 10,219
Interim chief administrative officer	25,472	1,413	26,885	-
Designated officer (contract)	4,600	-	4,600	4,600
Chief administrative officer	-	-	-	50,344
	\$ 65,205	\$ 3,352	\$ 68,557	\$ 65,163

(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.