

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

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VILLAGE OF ALLIANCE

AN ARTISTIC TOUCH

Village of Alliance
209 Main Street, T0B0A0
(780) 879-3911

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Alliance is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as of December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by JAM Accounting Group LLP, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

Sincerely,

Carmen Frank
Chief Administrative Officer
April 30, 2024



ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

Daniel J. St. Arnaud, CPA, CA •
John H.C. Pinsent, FCPA, FCA, ICD.D •
Benardus C. Steman, CPA, CA, CFA •
JAM Accounting Group LLP •

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Alliance:

Opinion

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Alliance as at December 31, 2023, and its financial performance 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the 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.

Other matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 30, 2022.

Responsibilities of Management and Those Charged with Governance for the 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 controls 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 concerns 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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.

• Operating as a Professional Corporation • Operating as a Limited Liability Partnership

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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Matters

Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we 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 6.

Supplementary Accounting Principles and Standards Regulation:

In accordance with Alberta Regulation 313/2000, we 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 6.

The engagement partner on the audit resulting in this independent auditor's report is Monique Andrie.

JAM Accounting Group LLP

April 30, 2024
Edmonton, Alberta

JAM Accounting Group LLP
Chartered Professional Accountants



VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and cash equivalents (note 2)	\$ 133,474	\$ 285,801
Short term investments (note 2)	200,000	115,000
Taxes and grants in place of taxes (note 3)	18,583	43,783
Trade, grants and other receivables	21,226	23,730
Due from other governments	282,069	394,927
Inventory held for resale	20,400	20,400
Investments	20,000	20,000
Other financial assets	<u>12,524</u>	<u>10,562</u>
	708,276	914,203
LIABILITIES		
Accounts payable and accrued liabilities	32,606	34,438
Asset retirement obligation (note 13)	350,000	-
Deferred revenue (note 4)	427,720	657,440
Long term debt (note 5)	<u>85,000</u>	<u>127,500</u>
	<u>895,326</u>	<u>819,378</u>
NET FINANCIAL ASSETS	(187,050)	94,825
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	4,988,417	4,531,400
Prepaid expenses	<u>1,042</u>	<u>875</u>
	4,989,459	4,532,275
ACCUMULATED SURPLUS (SCHEDULE 1, NOTE 8)	<u>4,802,409</u>	<u>4,627,100</u>

Commitments and contingencies - See notes 5, 11 and 12

VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
REVENUE			
Net municipal property taxes (Schedule 3)	\$ 233,582	\$ 232,697	\$ 219,035
User fees and sale of goods	200,540	195,767	223,485
Government transfers for operating (Schedule 4)	69,426	69,426	41,990
Franchise and concession contracts	15,500	16,776	16,022
Penalties and costs on taxes	5,980	7,253	7,189
Rentals	4,400	5,093	4,618
Investment income	5,000	4,733	3,373
Licenses and permits	1,320	1,475	945
Other	<u>8,000</u>	<u>9,548</u>	<u>10,559</u>
	543,748	542,768	527,216
EXPENSES			
Legislative	24,485	24,146	21,978
Administration	118,428	134,178	125,518
Protective Services	20,094	22,124	18,441
Transportation	155,677	144,379	164,975
Water supply and distribution	76,425	78,484	77,274
Wastewater treatment and disposal	12,523	14,706	18,531
Waste management	31,094	31,094	26,342
Public health and welfare	1,536	2,911	2,265
Planning and development	6,000	5,718	6,076
Recreation	30,067	27,582	31,694
Culture and community events	3,270	7,373	3,111
Amortization	<u>-</u>	<u>211,832</u>	<u>212,087</u>
	<u>479,599</u>	<u>704,527</u>	<u>708,292</u>
EXCESS OF REVENUE OVER EXPENSES			
BEFORE OTHER ITEMS	64,149	(161,759)	(181,076)
Government transfers for capital (Schedule 4)	-	337,067	208,978
Revaluation of land held for resale	<u>-</u>	<u>-</u>	<u>(45,483)</u>
	<u>-</u>	<u>337,067</u>	<u>163,495</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	64,149	175,308	(17,581)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>4,627,100</u>	<u>4,627,101</u>	<u>4,644,682</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>4,691,249</u></u>	<u><u>4,802,409</u></u>	<u><u>4,627,101</u></u>

VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 175,308	\$ (17,582)
Purchase of tangible capital assets (net of disposals)	(319,183)	(208,608)
Asset retirement obligation capital assets	(350,000)	-
Amortization of tangible capital assets	211,832	212,087
Increase in prepaid expenses	<u>167</u>	<u>-</u>
	(457,184)	3,479
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(281,876)	(14,103)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>94,826</u>	<u>108,929</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>(187,050)</u></u>	<u><u>94,826</u></u>

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

	<u>2023</u>	<u>2022</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 175,308	\$ (17,581)
Less: Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	211,832	212,087
Asset retirement obligations tangible capital assets	(350,000)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	25,200	18,514
Decrease (increase) in trade and other receivables	2,504	(2,165)
Decrease (increase) in land held for resale	-	45,483
Decrease (increase) in amounts due from other governments	112,858	130,074
Decrease (increase) in other financial assets	(1,962)	(1,789)
Decrease (increase) in accounts payable and accrued liabilities	348,168	5,541
Decrease (increase) deferred revenue	<u>(229,720)</u>	<u>(101,425)</u>
	294,188	288,739
CAPITAL		
Acquisition of tangible capital assets	(319,015)	(208,608)
INVESTING		
Increase (decrease) in restricted cash or cash equivalents	101,155	(14,925)
FINANCING		
Long term debt repaid	<u>(42,500)</u>	<u>(42,500)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	33,828	22,706
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>130,649</u>	<u>107,943</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>164,477</u></u>	<u><u>130,649</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and temporary investments (note 2)	333,474	400,801
Less: restricted portion of cash and temporary investments (note 2)	<u>(168,997)</u>	<u>(270,152)</u>
	<u><u>164,477</u></u>	<u><u>130,649</u></u>

VILLAGE OF ALLIANCE

SCHEDULE 1: CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	52,701	43,000	4,531,400	4,627,101	4,644,683
Excess of revenues over expenses	175,308	-	-	175,308	(17,581)
Transfer to reserves	-	-	-	-	-
Current year funds used for tangible capital assets	(318,849)	-	318,849	-	-
Addition of ARO tangible capital asset	(350,000)	-	350,000	-	-
Annual amortization expense	211,832	-	(211,832)	-	-
Change in accumulated surplus	(281,709)	-	457,017	175,308	(17,581)
BALANCE, END OF YEAR	(229,008)	43,000	4,988,417	4,802,409	4,627,102

VILLAGE OF ALLIANCE

SCHEDULE 2: CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Land Improve- ments	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022
COST								
Balance, beginning of year	68,041	145,847	1,503,386	5,292,890	356,052	222,135	7,588,351	7,379,742
Acquisitions (net)	-	-	-	652,125	16,500	(118,907)	549,718	208,609
Balance, end of year	68,041	145,847	1,503,386	5,945,015	372,552	103,228	8,138,069	7,588,351
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	92,987	406,435	2,117,127	232,956	207,446	3,056,951	2,844,863
Amortization expense (net)	-	7,292	30,068	153,411	17,164	(115,234)	92,701	212,088
Balance, end of year	-	100,279	436,503	2,270,538	250,120	92,212	3,149,652	3,056,951
NET BOOK VALUE	68,041	45,568	1,066,883	3,674,477	122,432	11,016	4,988,417	4,531,400
<i>NET BOOK VALUE, 2022</i>	<i>68,041</i>	<i>52,860</i>	<i>1,096,951</i>	<i>3,175,763</i>	<i>123,096</i>	<i>14,689</i>	<i>4,531,400</i>	

VILLAGE OF ALLIANCE

SCHEDULE 3: CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
TAXATION			
Real property taxes	258,355	248,285	235,909
Linear property taxes	<u>22</u>	<u>9,207</u>	<u>8,666</u>
	258,377	257,492	244,575
REQUISITIONS			
Alberta School Foundation	23,745	23,745	24,490
Flagstaff Regional Housing Group	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>
	<u>24,795</u>	<u>24,795</u>	<u>25,540</u>
NET MUNICIPAL TAXES	<u><u>233,582</u></u>	<u><u>232,697</u></u>	<u><u>219,035</u></u>

VILLAGE OF ALLIANCE

SCHEDULE 4: CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
TRANSFERS FOR OPERATING			
Provincial government	59,426	59,426	29,713
Other local governments	<u>10,000</u>	<u>10,000</u>	<u>12,277</u>
	69,426	69,426	41,990
TRANSFERS FOR CAPITAL			
Provincial government	-	102,839	130,155
Federal government	<u>-</u>	<u>234,228</u>	<u>78,823</u>
	<u>-</u>	<u>337,067</u>	<u>208,978</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>69,426</u></u>	<u><u>406,493</u></u>	<u><u>250,968</u></u>

VILLAGE OF ALLIANCE

SCHEDULE 5: CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
EXPENDITURES			
Salaries, wages and benefits	194,921	207,375	206,120
Contracted and general services	171,683	174,690	176,355
Materials, goods and utilities	85,210	70,282	89,288
Provision for allowances	3,000	14,243	49,311
Transfers to local boards and agencies	15,585	15,604	14,542
Interest on long term debt - operating	8,600	8,453	6,456
Other expenditures	600	2,048	(383)
Amortization of tangible capital assets	-	211,832	212,087
	<u>479,599</u>	<u>704,527</u>	<u>753,776</u>

VILLAGE OF ALLIANCE

SCHEDULE 6: SCHEDULE OF SEGMENTED DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Govern- ment	Protective Services	Transpor- tation Services	Environ- mental Services	Public Health & Welfare	Planning & Develop- ment	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 3)	232,697	-	-	-	-	-	-	232,697
User fees and sale of goods	-	16,769	10,233	163,469	1,790	160	3,346	195,767
Penalties and costs on taxes	5,411	-	-	1,842	-	-	-	7,253
Licenses and permits	-	1,475	-	-	-	-	-	1,475
Franchise and concession contracts	16,776	-	-	-	-	-	-	16,776
Investment income	4,733	-	-	-	-	-	-	4,733
Rentals	-	-	1,423	-	-	-	3,670	5,093
Government transfers (Schedule 4)	59,426	-	-	-	-	-	10,000	69,426
Other	2,818	-	1,045	-	-	2,525	3,160	9,548
	<u>321,861</u>	<u>18,244</u>	<u>12,701</u>	<u>165,311</u>	<u>1,790</u>	<u>2,685</u>	<u>20,176</u>	<u>542,768</u>
EXPENSES								
Salaries, wages and benefits (note 10)	99,903	2,113	68,140	37,219	-	-	-	207,375
Contracted and general services	30,111	7,235	39,070	73,150	-	5,718	19,406	174,690
Materials, goods and utilities	3,566	512	37,168	13,915	1,120	-	14,001	70,282
Provision for allowances	14,243	-	-	-	-	-	-	14,243
Transfers to local boards and agencies	-	12,264	-	-	1,791	-	1,549	15,604
Interest on long term debt - operating	8,453	-	-	-	-	-	-	8,453
Other expenditures	2,048	-	-	-	-	-	-	2,048
	<u>158,324</u>	<u>22,124</u>	<u>144,378</u>	<u>124,284</u>	<u>2,911</u>	<u>5,718</u>	<u>34,956</u>	<u>492,695</u>
NET REVENUE (SHORTFALL) BEFORE AMORTIZATION	<u>163,537</u>	<u>(3,880)</u>	<u>(131,677)</u>	<u>41,027</u>	<u>(1,121)</u>	<u>(3,033)</u>	<u>(14,780)</u>	<u>50,073</u>
Amortization of tangible capital assets	1,936	1,613	86,313	104,368	810	-	16,792	211,832
NET REVENUE (SHORTFALL)	<u><u>161,601</u></u>	<u><u>(5,493)</u></u>	<u><u>(217,990)</u></u>	<u><u>(63,341)</u></u>	<u><u>(1,931)</u></u>	<u><u>(3,033)</u></u>	<u><u>(31,572)</u></u>	<u><u>(161,759)</u></u>

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Alliance (the "village") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the village are as follows:

a) Reporting Entity

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

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 leveling 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) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Requisitions operate as a flow-through and are excluded from municipal revenue.

h) 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.

i) 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.

j) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Non-Financial Assets (Continued)

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:

Buildings	50 years
Engineered Structures - other	20 years
Engineered Structures - water system and wastewater system	50 – 75 years
Engineered structures - wastewater system	50 – 75 years
Land Improvements	20 years
Machinery and Equipment	10 – 15 years
Vehicles	10 – 20 years

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.

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 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.

k) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the village to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

VILLAGE OF ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Asset Retirement Obligation (continued)

At each financial reporting date, the village reviews the carrying amount of the liability. The village recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2. CASH AND CASH EQUIVALENTS

Included in cash and term deposits are amounts received from various grant funding programs that are held for use exclusively for approved projects (Note 4).

	<u>2023</u>	<u>2022</u>
Canada Community-Building Fund	33,210	36,049
Municipal Sustainable Initiative - Capital	<u>135,787</u>	<u>234,103</u>
	168,997	270,152
Total cash resources available	<u>333,474</u>	<u>400,801</u>
Excess of restricted cash resources	<u><u>164,477</u></u>	<u><u>130,649</u></u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	17,549	22,557
Arrears taxes	<u>11,401</u>	<u>25,082</u>
	28,950	47,639
Less: Allowance for doubtful accounts	<u>(10,367)</u>	<u>(3,856)</u>
	<u><u>18,583</u></u>	<u><u>43,783</u></u>

4. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2023</u>	<u>2022</u>
Canada Community Balanced Fund	33,210	86,049
Municipal Sustainable Initiative - Capital	394,510	570,806
Prepaid property taxes	-	585
	<u><u>427,720</u></u>	<u><u>657,440</u></u>

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

5. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Demand loan with Vision Credit Union, bearing interest at prime + 1% per annum, repayable over five years in 20 quarterly payments of \$10,625 plus interest. Principal and interest payments began January 1, 2021.	<u>85,000</u>	<u>127,500</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	42,500	4,455	46,955
2025	<u>42,500</u>	<u>1,713</u>	<u>44,213</u>
	<u>85,000</u>	<u>6,168</u>	<u>91,168</u>

6. DEBT LIMITS

Section 276(2) of the MGA requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Alliance are to be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	814,152	790,824
Total debt	<u>85,000</u>	<u>127,500</u>
Amount of debt limit unused	<u>729,152</u>	<u>663,324</u>
Debt servicing limit	135,692	131,804
Debt servicing	<u>46,955</u>	<u>49,696</u>
Amount of debt servicing limit unused	<u>88,737</u>	<u>82,108</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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

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

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	8,138,069	7,588,351
Accumulated amortization (Schedule 2)	(3,149,652)	(3,056,951)
	<u>4,988,417</u>	<u>4,531,400</u>

8. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets.

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	(229,008)	52,701
Restricted surplus		
Fire department	10,000	10,000
Water and sewer	<u>33,000</u>	<u>33,000</u>
	43,000	43,000
Equity in tangible capital assets	<u>4,988,417</u>	<u>4,531,400</u>
	<u>4,802,409</u>	<u>4,627,101</u>

9. SEGMENTED DISCLOSURE

The Village of Alliance provides a range of services to its ratepayers. For each reported segment (Schedule 6), 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 overall, and as disclosed in Note 1.

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

10. SALARY AND BENEFITS DISCLOSURE

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

	2023	2022
	Salary	Benefits and allowances
	Total	Total
Ganshirt	7,544	225
Nychyporuk	7,499	220
Wyse	8,088	220
CAO	63,280	6,156
Designated Officer	<u>7,314</u>	<u>425</u>
	<u>7,769</u>	<u>7,739</u>
		<u>13,015</u>

11. COMMITMENTS

The village has entered into a three-year contract with Wainwright Assessment Group for property assessment services from August 01, 2023 to July 31, 2026, at a cost of \$431 per month for the first year, \$435 per month for the second year and \$439 per month for the third year.

12. CONTINGENCIES

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

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

13. ASSET RETIREMENT OBLIGATION

The village has adopted PS3260 Liability for Contaminated Sites. The village identified financial liabilities in 2023 of \$350,000 (2022 - nil) as a result of this standard.

The village operates a lagoon which covers 2.6 hectares for the treatment and storage of waste water prior to its release. The village is legally required to decommission and remediate this site. The estimated total liability for the decommissioning, remediation and reclamation of the lagoon is \$350,000 adjusted annually for inflation.

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

14. FINANCIAL INSTRUMENTS

The village's financial instruments consist of cash and temporary investments, accounts receivable, investments, 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 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 variable rate of interest on long-term debt.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.