

TOWN OF IRRICANA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

TOWN OF IRRICANA

DECEMBER 31, 2022

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TOWN OF IRRICANA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2022 are the responsibility of the management of the Town of Irricana.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Irricana is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town. Scase & Partner Chartered Professional Accountants has full and free access to Council.



Mayor

Date



SCASE & PARTNER
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF COUNCIL
TOWN OF IRRICANA**

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of Town of Irricana, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of operations, the consolidated statement of changes in net financial assets (debt) and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of Town of Irricana as at December 31, 2022, and its consolidated financial performance and its consolidated 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 Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

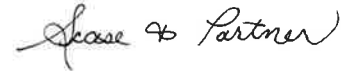
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the town audit. We remain solely responsible for our audit opinion.

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.

May 1, 2023
Calgary, Alberta



Chartered Professional Accountants

TOWN OF IRRICANA


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 111,689	\$ 982,087
Receivables:		
Taxes and grants in lieu receivable (Note 3)	156,504	125,962
Trade and other receivables (Note 3)	121,154	107,801
Due from other governments (Note 3)	587,667	949,116
Land held for resale	578,354	578,354
	<u>1,555,368</u>	<u>2,743,320</u>
LIABILITIES		
Accounts payable and accrued liabilities	164,891	183,234
Deposit liabilities	115,527	119,065
Deferred revenue (Note 7)	707,006	1,621,797
Long term debt (Note 8)	473,910	545,340
	<u>1,461,334</u>	<u>2,469,436</u>
NET FINANCIAL ASSETS	<u>94,034</u>	<u>273,884</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	10,496,324	9,926,880
Prepaid expenses (Note 4)	13,819	35,156
	<u>10,510,143</u>	<u>9,962,036</u>
ACCUMULATED SURPLUS (Schedule 1, Note 11)	<u>\$10,604,177</u>	<u>\$10,235,920</u>

APPROVED:

 Mayor

 Councilor

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET (Unaudited)	2022	2021
REVENUE			
Net municipal taxes (Schedule 3)	\$ 1,104,780	\$ 1,112,281	\$ 1,059,214
User fees and sales	632,329	551,492	555,348
Government transfers (Schedule 4)	117,827	106,559	141,979
Penalties and costs of taxes	53,500	42,142	44,003
Licences and permits	15,500	12,266	11,508
Fines	500	287	-
Franchise and concession contracts	37,000	33,963	25,817
Investment income	5,000	25,597	3,625
Rentals	48,737	28,892	18,983
Other	2,500	22,882	78,222
	2,017,673	1,936,361	1,938,699
EXPENSES			
Legislative	49,000	37,061	45,682
Administration	494,008	669,214	540,440
Fire and disaster	106,771	110,570	100,507
Bylaws enforcement	49,747	33,991	23,747
Common service	263,205	247,114	291,917
Roads, streets, walks, lighting	400,654	232,231	250,524
Water supply and distribution	512,980	625,717	524,965
Wastewater treatment and disposal	525,393	101,985	79,234
Waste management	130,190	185,535	119,176
Family and community support	40,184	39,426	27,050
Cemeteries	2,500	-	576
Land use, planning, zoning and development	18,298	12,942	16,186
Subdivision land development	41,742	28,846	28,741
Parks and recreation	224,221	229,173	194,026
Culture	242,072	106,668	89,835
	3,100,965	2,660,473	2,332,606
(SHORTFALL) OF REVENUE OVER EXPENSES			
- BEFORE OTHER	(1,083,292)	(724,112)	(393,907)
OTHER			
Government transfers for capital (Schedule 4)	287,000	1,092,369	376,417
(SHORTFALL) OF REVENUE OVER EXPENSES	(796,292)	368,257	(17,490)
ACCUMULATED SURPLUS, beginning of year	10,235,920	10,235,920	10,253,410
ACCUMULATED SURPLUS, end of year	\$ 9,439,628	\$10,604,177	\$10,235,920

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET (Unaudited)	2022	2021
(SHORTFALL) OF REVENUES OVER EXPENSES	\$ (796,292)	\$ 368,257	\$ (17,490)
Acquisition of tangible capital assets	-	(1,092,368)	(245,654)
Amortization of tangible capital assets	-	522,924	490,251
	-	(569,444)	244,597
Acquisition of prepaid assets	(13,819)	(13,819)	(35,156)
Use of prepaid assets	35,156	35,156	13,819
	21,337	21,337	(21,337)
INCREASE (DECREASE) IN NET ASSETS	(774,955)	(179,850)	205,770
NET FINANCIAL ASSETS, beginning of year	273,884	273,884	68,114
NET FINANCIAL ASSETS, end of year	\$ (501,071)	\$ 94,034	\$ 273,884

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 368,257	\$ (17,490)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	522,924	490,251
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(30,540)	(45,975)
Decrease (increase) in due from other governments	361,449	87,800
Decrease (increase) in trade and other receivables	(13,353)	7,655
Decrease (increase) in prepaid expenses	21,337	(21,337)
Increase (decrease) in accounts payable and accrued liabilities	(18,345)	(172,672)
Increase (decrease) in deposit liabilities	(3,538)	75,802
Increase (decrease) in deferred revenue	(914,791)	96,068
CASH PROVIDED BY OPERATING TRANSACTIONS	293,400	500,102
CAPITAL		
Acquisition of tangible capital assets	(1,092,368)	(245,654)
CASH APPLIED TO CAPITAL TRANSACTIONS	(1,092,368)	(245,654)
FINANCING		
Long-term debt repaid	(71,430)	(68,442)
CASH APPLIED TO FINANCING TRANSACTIONS	(71,430)	(68,442)
CHANGE IN CASH AND CASH EQUIVALENTS	(870,398)	186,006
CASH AND CASH EQUIVALENTS, beginning of year	982,087	796,081
CASH AND CASH EQUIVALENTS, end of year	\$ 111,689	\$ 982,087
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 111,689	\$ 982,087
INTEREST PAID ON LONG-TERM DEBT	\$ 23,156	\$ 26,154

The accompanying notes form an integral part of these financial statements

TOWN OF IRRICANA

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, beginning of year	\$ 40,963	\$ 474,193	\$ 9,720,764	\$10,235,920	\$10,253,410
Excess (deficiency) of revenues over expenses	368,257	-	-	368,257	(17,490)
Current year funds used for tangible capital assets	(1,092,368)	-	1,092,368	-	-
Annual amortization expense	522,924	-	(522,924)	-	-
Long term debt repaid	(24,649)	-	24,649	-	-
Change in accumulated surplus	(225,836)	-	594,093	368,257	(17,490)
BALANCE, end of year	\$ (184,873)	\$ 474,193	\$10,314,857	\$10,604,177	\$10,235,920

TOWN OF IRRICANA

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 2

	LAND	ENGINEERED STRUCTURES				VEHICLES	2022	2021
		IMPROVEMENT	BUILDINGS	ROADS AND STREETS	WATER SYSTEM			
COST:								
BALANCE, beginning of year	\$ 626,309	\$ 4,704,916	\$ 5,172,513	\$ 4,496,283	\$ 3,184,149	\$ 1,039,744	\$ 220,382	\$ 19,840,567
Acquisition of tangible capital assets	-	77,197	-	-	962,671	52,500	-	1,092,368
Disposal of tangible capital assets	-	-	-	-	-	-	-	245,654
BALANCE, end of year	626,309	4,782,113	5,172,513	4,496,283	4,146,820	1,092,244	220,382	20,086,221
ACCUMULATED AMORTIZATION:								
BALANCE, beginning of year	-	272,102	3,552,726	1,615,065	1,366,188	712,777	179,896	9,669,090
Annual amortization	-	29,723	149,338	75,590	81,702	68,817	14,640	522,924
Accumulated amort on disposals	-	-	-	-	-	-	-	490,251
BALANCE, end of year	-	301,825	3,702,064	1,690,655	1,447,890	781,594	194,536	10,159,341
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	626,309	340,100	1,470,449	2,805,628	2,698,930	310,650	25,846	9,926,880
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	626,309	369,823	1,619,787	2,881,218	1,817,961	326,966	40,486	9,926,880

TOWN OF IRRICANA

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 3

	BUDGET (Unaudited)	2022	2021
TAXATION			
Real property taxes, net of requisitions	\$ 1,402,260	\$ 1,044,983	\$ 994,355
Linear property taxes, net of requisitions	16,373	15,567	10,406
Non residential, net of requisitions	57,016	51,731	54,453
Net property tax	\$ 1,475,649	\$ 1,112,281	\$ 1,059,214
REQUISITIONS			
Alberta School Foundation Fund	\$ 332,873	\$ 332,873	\$ 302,636
Calgary Separate School District #1	31,081	24,615	34,724
Rocky View Seniors Foundation Fund	6,915	6,993	6,915
Total requisitions	\$ 370,869	\$ 364,481	\$ 344,275

TOWN OF IRRICANA

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 4

	BUDGET (Unaudited)	2022	2021
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 96,827	\$ 105,040	\$ 138,829
Other Local Governments	21,000	-	-
Federal Government	-	1,519	3,150
	117,827	106,559	141,979
TRANSFERS FOR CAPITAL:			
Provincial Government	287,000	1,092,369	376,417
	287,000	1,092,369	376,417
TOTAL GOVERNMENT TRANSFERS	\$ 404,827	\$ 1,198,928	\$ 518,396

TOWN OF IRRICANA

**SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 5**

	BUDGET (Unaudited)	2022	2021
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 721,462	\$ 709,488	\$ 678,111
Contracted and general services	1,164,864	744,473	537,805
Materials, goods and utilities	462,555	539,686	478,717
Provision for allowances	-	-	185
Transfers to local boards and agencies	90,200	112,950	113,293
Bank charges and short-term interest	5,000	6,646	6,528
Interest on long-term debt	28,109	23,156	26,154
Other expenses	4,000	1,150	1,562
Amortization of tangible capital assets	487,773	522,924	490,251
	\$ 2,963,963	\$ 2,660,473	\$ 2,332,606

TOWN OF IRRICANA

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 1,112,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,112,281
Government transfers	52,082	-	77,198	-	-	1,037,821	31,827	1,198,928
User fees and sales of goods	-	-	-	-	-	551,491	-	551,491
Investment income	25,597	-	-	-	-	-	-	25,597
Other revenues	96,549	3,867	4,164	2,155	28,892	4,804	-	140,431
	<u>1,286,509</u>	<u>3,867</u>	<u>81,362</u>	<u>2,155</u>	<u>28,892</u>	<u>1,594,116</u>	<u>31,827</u>	<u>3,028,728</u>
EXPENSES								
Contract & general services	296,900	41,551	16,751	2,425	78,822	295,144	12,881	744,474
Salaries and wages	344,586	-	170,146	28,142	57,654	93,512	15,447	709,487
Goods and supplies	25,684	10,335	82,350	-	74,074	347,243	-	539,686
Transfers to local boards	-	85,349	-	-	27,600	-	-	112,949
Long-term debt interest	-	-	-	11,221	-	11,935	-	23,156
Other expenses	7,796	-	-	-	-	-	-	7,796
	<u>674,966</u>	<u>137,235</u>	<u>269,247</u>	<u>41,788</u>	<u>238,150</u>	<u>747,834</u>	<u>28,328</u>	<u>2,137,548</u>
NET REVENUE BEFORE AMORTIZATION								
Amortization Expense	611,543	(133,368)	(187,885)	(39,633)	(209,258)	846,282	3,499	891,180
	43,105	8,177	210,099	-	95,466	166,076	-	522,923
NET REVENUE	\$ 568,438	\$ (141,545)	\$ (397,984)	\$ (39,633)	\$ (304,724)	\$ 680,206	\$ 3,499	\$ 368,257

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Irricana 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the town 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 town and are therefore, accountable to the town council for the administration of their financial affairs and resources. They include the following:

Irricana Family & Community Support Services

The schedule of taxes levied also includes requisitions for education, health, social and other external organization 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 public sector accounting standards for local governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Requisition Over-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. 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 functions. Although inventory of land held for resale may not be sold for a number of years due to various reasons including market conditions, management evaluates its classification as a financial asset annually.

(g) Tax Revenues

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.

(h) 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.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) 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 (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost less residual value of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15-20 years
Buildings	25-50 years
Engineered Structures	
Water System	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-20 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 are 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 used internally

Inventories held for consumption are recorded at the lower of cost and replacement cost. This cost is reported as part of prepaid expenses.

(j) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the applicable fund.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Fund Accounting

Funds consist of the operating, tangible capital asset, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues.

(l) Taxes and Grants in Lieu Receivable

Current taxes and grants in lieu receivable consist of current tax levies that remain outstanding at December 31, 2022.

(m) Interest on Long Term Debt

Interest on long-term debt is recorded as an expenditure as the payment is made and there is an accrual for long-term debt interest payable at the end of the year.

(n) Liability for contamination of sites.

Contaminated sites are result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under environmental standard. This standard relates to that are not in productive use and site in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sires is recognized when all of the following criteria is met:

- an environmental standard exists
- contamination exceeds environmental standard
- the town is directly responsible or accepts responsibility
- the town expects the future economic benefits will be given up
- a reasonable estimate of the amount can be made

The town has determined that all of the above criteria have not been met and as such no amounts have been accrued.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
(Overdraft) cash	\$ (29,134)	\$ 137,632
Temporary investments	<u>140,823</u>	<u>844,455</u>
	<u>\$ 111,689</u>	<u>\$ 982,087</u>

0.02Cash consists of cash on hand and funds on deposit with financial institutions.

Temporary investments and short term deposits have maturities of three months or less. These investments earn interest at rates ranging from from 0.180% to 2.45%.

Overdraft - (Note 6).

3. RECEIVABLES

	<u>2022</u>	<u>2021</u>
<u>Property taxes</u>		
Current taxes and grants in place of taxes	\$ 119,774	\$ 111,635
Arrears taxes	<u>36,730</u>	<u>14,328</u>
	<u>156,504</u>	<u>125,963</u>
<u>Trade and other</u>		
Accounts receivable - utilities	116,640	104,644
Trade and other receivables	<u>4,513</u>	<u>3,158</u>
	<u>121,153</u>	<u>107,802</u>
<u>Due from governments</u>	<u>587,667</u>	<u>949,116</u>
Total accounts receivable	<u>\$ 865,324</u>	<u>\$ 1,182,881</u>

4. PREPAID EXPENSES

	<u>2022</u>	<u>2021</u>
Prepaid general services and supplies	<u>\$ 13,819</u>	<u>\$ 35,156</u>

Prepaid expenses are for parts and supplies to be used by the Town's public works department. It also include prepayment of Q1 2023 fire services requisition to the Rocky View County.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

5. TANGIBLE CAPITAL ASSETS

	<u>NET BOOK VALUE</u>	<u>2022</u>	<u>2021</u>
Land		\$ 626,309	\$ 626,309
Land Improvements		340,099	369,823
Buildings		2,218,414	2,244,329
Engineered Structures			
Roadway system		1,470,449	1,619,788
Water distribution system		2,805,628	2,881,218
Wastewater treatment system		2,698,930	1,817,962
Machinery, equipment and furnishings		310,649	326,965
Vehicles		<u>25,846</u>	<u>40,486</u>
		<u>\$10,496,324</u>	<u>\$ 9,926,880</u>

6. OPERATING LINE OF CREDIT

The Town has a revolving line of credit facility with ATB Financial to an authorized limit of \$490,000 with interest calculated at a ATB prime plus 6.7%. The prime rate at December 31, 2022 was 6.7%. Security is provided by the Town at large. At year end there there was no balance outstanding.

7. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
MSI capital	\$ 88,920	\$ 971,634
CCBF	590,336	569,966
BMTG	27,750	27,750
Other deferred revenue	<u>-</u>	<u>52,447</u>
	<u>\$ 707,006</u>	<u>\$ 1,621,797</u>

8. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Tax supported debentures - ACFA	\$ 181,466	\$ 206,115
Mortgage payable - Connect First	<u>292,444</u>	<u>339,225</u>
	<u>\$ 473,910</u>	<u>\$ 545,340</u>
Current Portion	<u>\$ 74,555</u>	<u>\$ 71,428</u>

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

8. LONG-TERM DEBT continued

Outstanding from 2023 to 2027

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 74,555	\$ 20,205	\$ 94,760
2024	77,827	16,933	94,760
2025	81,251	13,509	94,760
2026	84,834	9,925	94,759
2027	55,587	6,173	61,760
Thereafter	<u>99,856</u>	<u>2,244</u>	<u>102,100</u>
	<u>\$ 473,910</u>	<u>\$ 68,989</u>	<u>\$ 542,899</u>

Debenture debt is repayable to Alberta Capital Finance Authority, and bears interest at 5.875% per annum, before Provincial subsidy, and matures in 2028. Debenture debt is issued on the credit and security of the Town of Irricana at large.

The mortgage is repayable to First Connect Credit Union starting in 2018 with blended principal and interest monthly payments of \$4,833. Interest is at a 5 year fixed term of 3.53%. The Town has the option of 10% monthly addition to the regular monthly payment. Security for the mortgage by way of a borrowing resolution of the Town of Irricana includes a charge over the property purchased, assignments of rents and a general security agreement covering all present and after acquired personal property.

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Irricana be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 2,904,542	\$ 2,908,049
Total debt	<u>(473,910)</u>	<u>(545,340)</u>
Amount of debt limit (exceeded) unused	<u>\$ 2,430,632</u>	<u>\$ 2,362,709</u>
	<u>2022</u>	<u>2021</u>
Debt servicing limit	\$ 484,090	\$ 484,675
Debt servicing	<u>(94,760)</u>	<u>(94,760)</u>
Amount of debt servicing limit (exceeded) unused	<u>\$ 389,330</u>	<u>\$ 389,915</u>

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

9. DEBT LIMITS (continued)

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	\$21,178,588	\$20,086,220
Accumulated amortization (Schedule 2)	(10,682,265)	(10,159,341)
Long-term debt (Note 8)	<u>(181,466)</u>	<u>(206,115)</u>
	<u>\$10,314,857</u>	<u>\$ 9,720,764</u>

11. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ (184,873)	\$ 40,963
Restricted surplus	474,193	474,193
Equity in tangible capital assets	<u>10,314,857</u>	<u>9,720,764</u>
	<u>\$10,604,177</u>	<u>\$10,235,920</u>

12. RESERVES

	<u>2022</u>	<u>2021</u>
Water	\$ 164,256	\$ 164,256
Sewer system	115,945	115,945
Economic development	45,571	45,571
Recreation	36,000	36,000
Campground	31,236	31,236
Subdivision	26,463	26,463
Community hall	13,861	13,861
Operating	11,770	11,770
Transfer site	10,960	10,960
Cemetery	8,200	8,200
General equipment replacement	6,931	6,931
Street operating	<u>3,000</u>	<u>3,000</u>
Total Reserves	<u>\$ 474,193</u>	<u>\$ 474,193</u>

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

13. SEGMENTED DISCLOSURE

The Town of Irricana provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

14. SALARY AND BENEFITS DISCLOSURE

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

	<u>2022</u>			<u>2021</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Frank Friesen	\$ 2,824	\$ -	\$ 2,824	\$ 10,800
Deputy Mayor Kim Schmaltz	7,200	-	7,200	7,200
Councillor James Bryson	6,065	-	6,065	6,092
Councillor Debra Day	3,323	-	3,323	7,200
Councillor Lisa McAree	7,200	-	7,200	1,108
Councillor Tracy Shields	-	-	-	6,092
Councillor Anton Van Arendonk	4,153	-	4,153	1,800
Councillor Nathaniel Fleming	1,800	-	4,153	-
Julie Sim	1,827	-	1,827	-
Barrie Hutchinson - CAO	29,872	-	29,872	52,600
Doug Hafichuk - CAO	20,000	-	20,000	-
Corinne Newman - CAO	90,000	-	90,000	-
Designated Officer - Assessor	14,499	-	14,499	14,499

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concession loans, travel allowances, car allowances and club memberships.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

15. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town 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.

16. FINANCIAL INSTRUMENTS

The town's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from these financial instruments.

Financial instruments that are traded on an exchange are reported at fair market value at the reporting date. The adjustment to fair value at the reporting period is reported as an unrealized gain or loss in the statement of operations. All other financial instruments are reported at amortized cost unless there is a permanent decline in value at which time the adjustment to fair value is recorded as an unrealized loss in the statement of operations.

The town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimize the credit risk. Unless otherwise noted, the stated of these financial instruments approximate fair value.

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

17. COMMITMENTS

The Town of Irricana has numerous agreements and commitments in place which are in the normal course of operations. They would include contract for bylaw enforcement, collection and disposal of solid waste, account software maintenance, utility contracts, and property valuation assessments. These agreements are reviewed regularly and renewed as necessary.

The Town is party to the Collective Agreement with CUPE Local Sub 37 and agreed to by the Union and the employee members. The Collective Agreement is in effect up to and including December 31, 2022.

The Town has a long term agreement as a member of the Acqua 7 Regional Water Commission for the maintenance of a fresh water pipeline and supply of water to the Town itself. The Town is subject to an annual set maintenance fee plus a consumption rate for water used by the Town and residents of the Town.

TOWN OF IRRICANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

17. COMMITMENT, continued

The Town purchased new software "Muniware" for accounting and operations of the Town in 2019. The Town has agreed to pay a monthly fee of \$817 plus GST for maintenance and support of the software. This is an annual term agreement from January 1 to December 31, of each year and is to be renewed each following year. The maintenance fee may increase in future years. Other specific fees for additional services are not covered in this maintenance fee and are charged at the rates provided.

18. RELATED PARTY TRANSACTIONS

The Aqua 7 Regional Water Commission has been identified as a related party. The Town has entered into an agreement with the Commission for a supply of water service.

Service fees are based on budgeted operating costs of the Commission. Water purchases are based on actual water consumption during the year. Fees and rates are reviewed by the Commission on an annual basis.

Service fees and water purchases paid to the Commission for 2022 were \$353,302 (2021 - \$333,947). Amount payable to the Commission at December 31, 2022 is \$23,940 (2021 - \$21,660).

19. COMPARATIVE INFORMATION

Certain 2021 comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

20. ROUNDING DUE TO FORMULAS

Certain totals will vary due to the rounding of formulas.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.