

**TOWN OF IRRICANA**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

## Independent Auditor's Report

To the Members of Council of the Town of Irricana:

### **Qualified Opinion**

We have audited the financial statements of the Town of Irricana (the "Town"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net financial assets (debt), cash flows, and the related schedules I to VI for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

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

### **Basis for Qualified Opinion**

As described in Note 1(j), information was not available to determine the costs associated with potential asset retirement obligations. Therefore, we were unable to determine the amount of adjustments, if any, that may be necessary to tangible capital assets, asset retirement obligations, accretion expense, excess (deficiency) of revenue over expenses, or accumulated surplus as at, and for the year ended, December 31, 2023.

Tangible capital assets were not subject to satisfactory audit verification as the Town does not have an asset management system or listing available. As such, we were unable to assess the reasonability of the tangible capital assets useful lives, and we were unable to determine the amount of adjustments, if any, that may be necessary to tangible capital assets, amortization expense, excess (deficiency) of revenue over expenses, or accumulated surplus as at, and for the year ended, December 31, 2023.

### **Emphasis of Matter - Comparative Information**

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022, has been restated. Our opinion is not modified in respect of this matter.

### **Other Matter**

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

### **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 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 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 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 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 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 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.

Medicine Hat, Alberta  
November 10, 2025

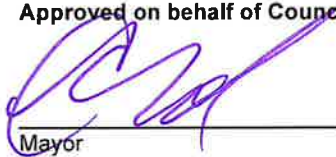
*MNP LLP*

Chartered Professional Accountants

**Town of Irricana**  
**Statement of Financial Position**  
As at December 31, 2023

	<b>2023</b>	2022 <i>(Restated)</i>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 4)	7,879	111,683
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	118,543	156,504
Trade and other receivables	166,215	121,154
Receivables from other governments (Note 6)	29,132	35,534
	<b>321,769</b>	424,875
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	133,224	164,891
Deposit liabilities (Note 8)	182,148	115,527
Deferred revenue (Note 9)	139,239	154,873
Long-term debt (Note 10)	409,975	473,910
	<b>864,586</b>	909,201
<b>NET FINANCIAL DEBT</b>	<b>(542,817)</b>	(484,326)
Contingencies and commitments (Notes 17 and 18)		
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule II)	10,734,317	11,084,877
Prepaid expenses	-	2,638
<b>ACCUMULATED SURPLUS</b> (Schedule I, Note 13)	<b>10,191,500</b>	10,603,189

Approved on behalf of Council

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Councillor

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

**Town of Irricana**  
**Statement of Operations**

For the year ended December 31, 2023

	2023 Budget	2023	2022 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule III)	1,370,221	<b>1,286,716</b>	1,112,281
User fees and sales of goods	101,070	<b>693,906</b>	551,491
Government transfers for operating (Schedule IV)	133,302	<b>174,027</b>	106,559
Franchise and concession contracts	-	<b>78,634</b>	33,963
Other revenue	850	<b>63,422</b>	22,882
Penalties and costs of taxes	-	<b>38,855</b>	42,142
Rentals	44,980	<b>23,151</b>	28,892
Licenses and permits	-	<b>13,370</b>	12,266
Investment income	-	<b>13,009</b>	25,597
Fines	-	<b>162</b>	287
	1,650,423	<b>2,385,252</b>	1,936,360
<b>EXPENSES</b>			
General government			
Council and other legislative	148,752	<b>62,731</b>	38,048
General administrative	338,224	<b>738,687</b>	669,214
Protective services			
Fire and disaster	248,123	<b>156,289</b>	110,570
Bylaw enforcement	44,952	<b>59,768</b>	33,991
Transportation services			
Common and equipment pool	283,474	<b>217,820</b>	247,114
Roads, streets, walks, lighting	155,336	<b>210,759</b>	232,231
Planning and development			
Land use planning, zoning and development	103,157	<b>73,533</b>	12,942
Subdivision land and development	108,409	<b>30,725</b>	28,846
Recreation and culture			
Parks and recreation	276,460	<b>224,284</b>	229,173
Libraries, museums, halls	3,450	<b>107,309</b>	106,668
Environmental services			
Water supply and distribution	753,715	<b>675,906</b>	625,717
Wastewater treatment and disposal	21,800	<b>65,797</b>	101,985
Waste management	7,200	<b>168,141</b>	185,535
Public health and welfare			
Family and community support	160,844	<b>20,825</b>	39,426
	2,653,896	<b>2,812,574</b>	2,661,460
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(1,003,473)	<b>(427,322)</b>	(725,100)
<b>OTHER</b>			
Government transfers for capital (Schedule IV)	262,500	<b>15,633</b>	1,092,369
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(740,973)	<b>(411,689)</b>	367,269
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	10,604,177	<b>10,604,177</b>	10,235,920
Correction of errors (Note 3)	-	<b>(988)</b>	-
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>	10,604,177	10,603,189	10,235,920
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	9,863,204	<b>10,191,500</b>	10,603,189

The accompanying notes are an integral part of these financial statements

**Town of Irricana**  
**Statement of Change in Net Financial Assets (Debt)**

For the year ended December 31, 2023

	2023 Budget	<b>2023</b>	2022 <i>(Restated)</i>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(740,973)	<b>(411,689)</b>	367,269
Acquisition of tangible capital assets	(1,283,240)	<b>(68,951)</b>	(1,092,368)
Transfer of land held for sale	-	-	(577,366)
Transfer of equipment	-	-	(11,181)
Amortization of tangible capital assets	-	<b>419,511</b>	522,924
Use of prepaid expenses	-	<b>2,638</b>	32,512
<b>DECREASE IN NET FINANCIAL ASSETS (DEBT)</b>	(2,024,213)	<b>(58,491)</b>	(758,210)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR,</b>			
<b>AS RESTATED</b>	(484,326)	<b>(484,326)</b>	273,884
<b>NET FINANCIAL DEBT, END OF YEAR</b>	(2,508,539)	<b>(542,817)</b>	(484,326)

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**Town of Irricana**  
**Statement of Cash Flows**  
For the year ended December 31, 2023

	2023	2022
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenue over expenses	(411,689)	367,269
Non-cash items included in excess (deficiency) of revenue over expenses:		
Amortization of tangible capital assets	419,511	522,924
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	37,961	(30,542)
Decrease (increase) in trade and other receivables	(45,061)	(13,353)
Decrease (increase) in land held for resale	-	988
Decrease (increase) in prepaid expenses	2,638	21,331
Decrease (increase) in receivable from other governments	6,402	361,449
Increase (decrease) in accounts payable and accrued liabilities	(31,667)	(18,343)
Increase (decrease) in deposit liabilities	66,621	(3,538)
Increase (decrease) in deferred revenue	(15,634)	(914,791)
Cash provided by operating transactions	29,082	293,394
<b>CAPITAL</b>		
Acquisition of tangible capital assets (Schedule II)	(68,951)	(1,092,368)
Cash applied to capital transactions	(68,951)	(1,092,368)
<b>INVESTING</b>		
Decrease in restricted cash and temporary investments	71,647	744,072
Cash provided by investing transactions	71,647	744,072
<b>FINANCING</b>		
Long-term debt repaid	(63,935)	(71,430)
Cash applied to financing transactions	(63,935)	(71,430)
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR</b>	<b>(32,157)</b>	<b>(126,332)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<b>11,300</b>	<b>137,632</b>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<b>(20,857)</b>	<b>11,300</b>
<b>Cash and temporary investments is made up of:</b>		
Cash and temporary investments (Note 4)	7,879	111,683
Less: restricted portion of cash and temporary investments (Note 4)	(28,736)	(100,383)
	<b>(20,857)</b>	<b>11,300</b>

The accompanying notes are an integral part of these financial statements

**Town of Irricana**  
**Schedule I - Schedule of Changes in Accumulated Operating Surplus**  
For the year ended December 31, 2023

	Unrestricted Surplus	Restricted Surplus (Note 13)	Equity in Tangible Capital Assets (Note 12)	2023	2022 <i>(Restated)</i>
<b>BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	<b>(184,873)</b>	<b>474,193</b>	<b>10,314,857</b>	<b>10,604,177</b>	10,235,920
<b>PRIOR PERIOD ADJUSTMENT (Note 3)</b>	<b>(297,097)</b>	<b>-</b>	<b>296,109</b>	<b>(988)</b>	-
<b>BALANCE, BEGINNING OF YEAR AS RESTATED</b>	<b>(481,970)</b>	<b>474,193</b>	<b>10,610,966</b>	<b>10,603,189</b>	10,235,920
Excess (deficiency) of revenue over expenses	(411,689)	-	-	<b>(411,689)</b>	367,269
Acquisition of tangible capital assets	(68,951)	-	68,951	-	-
Annual amortization expense	419,511	-	(419,511)	-	-
Long-term debt repaid	(63,936)	-	63,936	-	-
<b>Change in accumulated surplus</b>	<b>(125,065)</b>	<b>-</b>	<b>(286,624)</b>	<b>(411,689)</b>	367,269
<b>BALANCE, END OF YEAR</b>	<b>(607,035)</b>	<b>474,193</b>	<b>10,324,342</b>	<b>10,191,500</b>	10,603,189

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**Town of Irricana**  
**Schedule II - Schedule of Tangible Capital Assets**  
For the year ended December 31, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022 <i>(Restated)</i>
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	1,203,675	641,925	4,782,113	13,815,616	1,103,430	220,382	21,767,141	20,086,226
Acquisition of tangible capital assets	-	5,543	6,840	-	56,568	-	68,951	1,092,368
Transfers from land held for sale (Note 3)	-	-	-	-	-	-	-	577,366
Transfers from inventory (Note 3)	-	-	-	-	-	-	-	11,181
BALANCE, END OF YEAR	1,203,675	647,468	4,788,953	13,815,616	1,159,998	220,382	21,836,092	21,767,141
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	301,825	2,563,700	6,840,609	781,594	194,536	10,682,264	10,159,340
Annual amortization	-	31,390	95,779	262,284	19,041	11,017	419,511	522,924
BALANCE, END OF YEAR	-	333,215	2,659,479	7,102,893	800,635	205,553	11,101,775	10,682,264
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,203,675</b>	<b>314,253</b>	<b>2,129,474</b>	<b>6,712,723</b>	<b>359,363</b>	<b>14,829</b>	<b>10,734,317</b>	<b>11,084,877</b>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,203,675	340,100	2,218,413	6,975,007	321,836	25,846	11,084,877	

During the year, tangible capital assets were acquired at an aggregate cost of \$68,951 (2022 - \$1,092,368). Of the \$68,951 (2022 - \$1,092,368) acquired, \$nil (2022 - \$nil) is included in accounts payable at year end, consequently, \$68,951 (2022 - \$1,092,368) was paid in cash to acquire tangible capital assets during the year.

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

**Town of Irricana**  
**Schedule III - Schedule of Property and Other Taxes**

For the year ended December 31, 2023

	2023 Budget	<b>2023</b>	2022
<b>TAXATION</b>			
Residential land and improvement taxes	1,737,890	<b>1,601,195</b>	1,455,430
Linear property taxes	-	<b>30,927</b>	17,352
Non-residential land and improvement taxes	-	<b>2,725</b>	3,980
	1,737,890	<b>1,634,847</b>	1,476,762
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	341,730	<b>331,840</b>	332,873
Rocky View Seniors Foundation Fund	7,102	<b>7,102</b>	6,993
Calgary Roman Catholic Separate School Division	18,837	<b>9,189</b>	24,615
	367,669	<b>348,131</b>	364,481
<b>NET MUNICIPAL PROPERTY TAXES</b>	1,370,221	<b>1,286,716</b>	1,112,281

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

**Town of Irricana**  
**Schedule IV - Schedule of Government Transfers**  
For the year ended December 31, 2023

	2023 Budget	<b>2023</b>	2022
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	133,302	<b>174,027</b>	105,040
Federal government	-	-	1,519
	133,302	<b>174,027</b>	106,559
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	262,500	<b>15,633</b>	1,092,369
<b>TOTAL GOVERNMENT TRANSFERS</b>	395,802	<b>189,660</b>	1,198,928

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

**Town of Irricana**  
**Schedule V - Schedule of Expenses by Object**

For the year ended December 31, 2023

	2023 Budget	<b>2023</b>	2022 (Restated)
<b>EXPENSES BY OBJECT</b>			
Contracted and general services	1,526,604	<b>1,198,750</b>	1,123,321
Salaries, wages and benefits	839,642	<b>901,613</b>	709,488
Amortization of tangible capital assets	-	<b>419,511</b>	522,924
Materials, goods, supplies, and utilities	173,650	<b>159,967</b>	161,825
Transfers to local boards and agencies	107,500	<b>108,290</b>	112,950
Interest on capital long-term debt	-	<b>18,488</b>	23,156
Bank charges and short-term interest	6,500	<b>5,955</b>	6,646
Other expenses	-	-	1,150
	2,653,896	<b>2,812,574</b>	2,661,460

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**Town of Irricana**  
**Schedule VI - Schedule of Segmented Disclosure**  
For the year ended December 31, 2023

	General government	Protective services	Transportation services	Planning & development	Recreation & culture	Environmental services	Public Health & Welfare	Total
<b>REVENUE</b>								
Net municipal taxes	1,286,716	-	-	-	-	-	-	1,286,716
User fees and sales of goods	17,410	-	-	-	-	676,496	-	693,906
Government transfers for operating	109,083	-	-	-	-	-	64,944	174,027
Investment income	13,009	-	-	-	-	-	-	13,009
Penalties and costs of taxes	32,438	-	-	-	-	6,417	-	38,855
Licenses and permits	13,016	40	-	314	-	-	-	13,370
Franchise and concession contracts	78,634	-	-	-	-	-	-	78,634
Rentals	-	-	-	-	23,151	-	-	23,151
Other revenue	62,072	162	-	1,350	-	-	-	63,584
	1,612,378	202	-	1,664	23,151	682,913	64,944	2,385,252
<b>EXPENSES</b>								
Salaries, wages and benefits	518,317	-	195,283	75,377	52,472	60,164	-	901,613
Contracted and general services	242,482	102,032	54,479	21,054	77,770	680,108	20,825	1,198,750
Materials, goods, supplies, and utilities	-	62,580	25,754	-	46,338	25,295	-	159,967
Bank charges and short-term interest	5,955	-	-	-	-	-	-	5,955
Interest on capital long-term debt	-	-	-	7,827	-	10,661	-	18,488
Transfer to local boards and agencies	-	44,952	-	-	63,338	-	-	108,290
	766,754	209,564	275,516	104,258	239,918	776,228	20,825	2,393,063
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION AND OTHER</b>	845,624	(209,362)	(275,516)	(102,594)	(216,767)	(93,315)	44,119	(7,811)
Capital government transfers	10,090	-	5,543	-	-	-	-	15,633
Amortization expense	(34,664)	(6,493)	(153,063)	-	(91,675)	(133,616)	-	(419,511)
<b>NET REVENUE</b>	<b>821,050</b>	<b>(215,855)</b>	<b>(423,036)</b>	<b>(102,594)</b>	<b>(308,442)</b>	<b>(226,931)</b>	<b>44,119</b>	<b>(411,689)</b>

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Irricana (the "Town") are the representations of management and are prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

**a) Reporting entity**

The financial statements reflect the assets, liabilities, revenue and expenditures, and changes 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.

The schedule of taxes levied also includes requisitions for educational, health, social and other external organizations that are not part of the municipal reporting entity.

The financial 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 recognizes 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 or goods have yet to be provided.

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 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 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.

The areas which require management to make significant judgments, estimates, and assumptions in determining carrying values include, but are not limited to, allowances for doubtful accounts, employee benefit obligations, useful life of tangible capital assets, accrued liabilities, and fair value of contributed tangible capital assets.

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

**d) Valuation of financial assets and liabilities**

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Temporary investments	Amortized cost
Taxes and grants in place of taxes receivable	Lower of cost or net recoverable value
Trade and other receivables	Lower of cost or net recoverable value
Receivables from other governments	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost

**e) Cash and temporary investments**

Cash and temporary investments are comprised of cash on deposits with financial institutions and highly liquid investments.

**f) Long-term debt**

Long-term debt is initially recognized net of any premiums, discounts, fees, and transaction costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

**g) 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.

**h) 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.

Proceeds from sales of land held for resale are recorded as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

**i) Revenue recognition**

Revenue from transactions with no performance obligations is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations is satisfied by providing the promised goods or services to the payor.

**i) Tax revenue**

The Town recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Town evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

**ii) 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.

**iii) Other revenue**

User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance. Those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied. The Town accounts for all other revenue in the period in which the transactions or events giving rise to the revenue occurred and collectibility is reasonably assured.

**j) 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 Town 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 the 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 the use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town 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 Town 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.

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

**j) Asset retirement obligation** *(continued from previous page)*

Currently no asset retirement obligations have been recognized and the Town has not determined if there are items that would require an asset retirement obligation.

**k) Contaminated sites liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Town is directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

It is management's assessment that no contaminated sites exist for the Town.

**l) Deferred revenue**

Deferred revenues represent government transfers, donations and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves and offsite levies are calculated using an average investment earnings monthly.

**m) 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 annual surplus, provides the change in net financial 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 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:

	<u>Years</u>
Land improvements	15-20
Buildings	25-50
Engineering structures	
Water system	35-65
Wastewater system	35-65
Road system	15-40
Machinery and equipment	5-20
Vehicles	3-20

In the year of acquisition and in the year of disposal of a tangible capital asset, one half of the annual amortization is charged. 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 are recorded as revenue.

**iii) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

**m) Non-financial assets** *(continued from previous page)*

**iv) Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**n) Future changes in accounting standards**

The Town will adopt the following accounting standards approved by the Public Sector Accounting Board:

- **Revenue**  
PS approved PS 3400, which comes into effect for fiscal years beginning on or after April 1, 2023. PS 3400 provides guidance on when to recognize revenue arising from exchange transactions and from unilateral transactions. This section is to be adopted retroactively or prospectively. The Town has not yet adopted this section or determined the effect on the Financial Statements.
- **Public Private Partnerships**  
The Canadian Public Sector Accounting Board approved PS 3160, which comes into effect for fiscal years beginning on or after April 1, 2023. PS 3160 provides standards for the recognition, measurement, presentation and disclosure of infrastructure procured through certain types of public private partnership arrangements. This section is to be adopted retroactively with or without prior period restatement. The Town has not yet adopted this section or determined the effect on the Financial Statements.
- **Purchased Intangibles**  
The Canadian Public Sector Accounting Board issued a new guideline PSG 8, which comes into effect for fiscal years beginning on or after April 1, 2023. PSG 8 provides guidance on recognizing purchased intangibles in financial statements. This section is to be adopted retroactively with or without prior period restatement. The Town has not yet adopted this section or determined the effect on the Financial Statements.

**2. ADOPTION OF NEW ACCOUNTING POLICIES AND GUIDELINES**

**PS 3450: Financial Instruments**

On January 1, 2023, the Town adopted Public Accounting Standard PS 3450 - *Financial Instruments*. The standard was adopted prospectively from the date of adoption. The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instruments and the Town's accounting policy choices.

In accordance with the provisions of this new standard, the Town was not required to make any adjustments at January 1, 2023.

**Town of Irricana**  
**Notes to the Financial Statements**  
For the year ended December 31, 2023

**3. CORRECTION OF AN ERROR**

During the year the Town determined that tangible capital assets of land and equipment were being incorrectly classified in land held for resale and prepaid expenses in the amounts of \$577,366 and \$11,181 which resulted in tangible capital assets and equity in tangible capital assets to be understated by \$588,547, land held for resale to be overstated by \$577,366, and prepaid expenses to be overstated by \$11,181.

Additionally, the Town identified that the funds from the Mortgage that was previously obtained were spent on purchases of tangible capital assets in previous years, this amount was not properly included as a reduction to the equity in tangible capital assets as is required because the additions were paid for with this debt. Subsequently each year the Town had not recorded the increase to the equity held in tangible capital assets for the amount of the mortgage that was repaid each year. The net effect of this resulted in the equity in tangible capital assets being overstated by \$292,438, this error has been corrected and going forward the amount of debt repaid on the mortgage will be recorded as an increase to the equity in tangible capital assets.

Included in opening corrections was also \$988 of land held for resale that was a prior cost that should have been expensed. This resulted in land inventory held for sale being overstated and expenses being understated.

Previously, receivables were set up and deferred for government funding in the amount of \$552,133. As the approved projects have not started, the transaction obligation criteria has not been met, therefore, it cannot be reported as a liability. The net effect of this resulted in both assets and liabilities being overstated by \$552,133.

Prior year figures have been restated as a result of these corrections.

**4. CASH AND TEMPORARY INVESTMENTS**

	<b>2023</b>	2022
Cash (overdraft)	<b>(20,857)</b>	11,300
Temporary investments	<b>28,736</b>	100,383
	<b>7,879</b>	111,683

Temporary investments consist of T-bill savings accounts. The temporary investment balance resulted from the sale of a tax recovery property and cannot be utilized for general purposes.

The Town of Irricana is approved for a revolving loan in the amount of \$490,000 (2022 - \$490,000) that bears interest at 7.95% per annum (2022 - 7.2%). A balance of \$50,643 (2022 - \$nil) has been used at year end.

**5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<b>2023</b>	2022
Current taxes and grants in place of taxes	<b>4,259</b>	119,774
Arrears	<b>114,284</b>	36,730
	<b>118,543</b>	156,504

**6. RECEIVABLES FROM OTHER GOVERNMENTS**

	<b>2023</b>	2022 <i>(Restated)</i>
Goods and services tax receivable	<b>29,132</b>	35,534

**Town of Irricana**  
**Notes to the Financial Statements**  
For the year ended December 31, 2023

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2023</b>	2022
Trade accounts payable	<b>105,834</b>	148,149
Accrued wages and benefits	18,764	-
Source deductions payable	8,626	16,742
	<b>133,224</b>	164,891

**8. DEPOSIT LIABILITIES**

Deposit liabilities consist of prepaid taxes and utilities from members of the Town.

**9. DEFERRED REVENUE**

	<b>2023</b>	2022 <i>(Restated)</i>
Alberta Municipal Sustainability Initiative	<b>73,286</b>	88,920
Canada Community-Building Fund	38,203	38,203
Basic Municipal Transportation Grant	27,750	27,750
	<b>139,239</b>	154,873

**Alberta Municipal Sustainability Initiative (MSI Capital)**

The MSI is the Province of Alberta's commitment to assist municipalities in meeting growth-related challenges and enhancing long term sustainability. It includes incentives to encourage collaboration and cooperation between municipalities. The balance at year-end represents the unspent portion of the funding received to date plus interest earned.

**Canada Community-Building Fund**

The Canada Community-Building Fund provides long term funding to municipalities to help build and revitalize local public infrastructure. The balance at year-end represents the unspent portion of the funding received at the end of the year.

**Basic Municipal Transportation Grant**

The BMTG provides annual allocation-based funding to municipalities for the capital construction and rehabilitation of local infrastructure including roads, bridges, and public transit. Included in the program are initiatives for barrier-free transportation for seniors and persons with disabilities.

**Town of Irricana**  
**Notes to the Financial Statements**  
For the year ended December 31, 2023

**10. LONG-TERM DEBT**

	<b>2023</b>	2022
Tax supported debentures	<b>155,369</b>	181,466
Mortgage	<b>254,606</b>	292,444
	<b>409,975</b>	473,910

The current portion of the long-term debt amounts to \$64,798 (2022 - \$74,555).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	64,798	23,179	87,977
2025	68,678	19,299	87,977
2026	72,791	15,186	87,977
2027	77,150	10,827	87,977
2028	81,771	6,206	87,977
Thereafter	44,787	1,309	46,096
	<b>409,975</b>	<b>76,006</b>	<b>485,981</b>

The Alberta Capital Finance Authority loan is repayable annually on November 17 and matures November 17, 2028. The annual payments include interest payable at rate of 5.875%.

Debenture is issued on the credit and security of the Town at large.

The mortgage is repayable in monthly instalments of \$4,268 including interest at 5.91% (2022 - payments of \$4,833 including interest at 3.53%), maturing 2029.

The mortgage is secured by the property, assignment of rents, and a general security agreement covering all present and after acquired personal property.

The interest on long term debt amount to \$18,488 (2022 - \$23,156)

**11. 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 Town of Irricana be disclosed as follows:

	<b>2023</b>	2022
Total debt limit	<b>3,577,878</b>	2,904,542
Total debt (Note 10)	<b>(409,975)</b>	(473,910)
Amount of debt limit remaining	<b>3,167,903</b>	2,430,632
Debt servicing limit	<b>596,313</b>	484,090
Debt servicing	<b>(87,977)</b>	(94,760)
Service on debt limit remaining	<b>508,336</b>	389,330

The debt limit is calculated at 1.5 times revenue of the Town excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at a 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.

**Town of Irricana**  
**Notes to the Financial Statements**  
For the year ended December 31, 2023

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2023</b>	2022 <i>(Restated)</i>
Tangible capital assets (Schedule II)	<b>21,836,092</b>	21,767,141
Accumulated amortization (Schedule II)	<b>(11,101,775)</b>	(10,682,264)
Long-term debt (Note 10)	<b>(409,975)</b>	(473,910)
	<b>10,324,342</b>	10,610,967

**13. ACCUMULATED OPERATING SURPLUS**

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

	<b>2023</b>	2022 <i>(Restated)</i>
Unrestricted surplus (deficit)	<b>(607,035)</b>	(481,970)
Restricted surplus:		
Water	<b>164,256</b>	164,256
Sewer system	<b>115,945</b>	115,945
Economic development	<b>45,571</b>	45,571
Recreation	<b>36,000</b>	36,000
Campground	<b>31,236</b>	31,236
Subdivision	<b>26,463</b>	26,463
Community hall	<b>13,861</b>	13,861
Operating	<b>11,770</b>	11,770
Transfer site	<b>10,960</b>	10,960
Cemetery	<b>8,200</b>	8,200
General equipment replacement	<b>6,931</b>	6,931
Street operating	<b>3,000</b>	3,000
	<b>474,193</b>	474,193
Equity in tangible capital assets (Note 12)	<b>10,324,342</b>	10,610,967
	<b>10,191,500</b>	10,603,190

**14. SEGMENTED DISCLOSURE**

The Town of Irricana provides a range of services to its ratepayers. For each reported segment, revenue 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 VI).

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

**Town of Irricana**  
**Notes to the Financial Statements**  
For the year ended December 31, 2023

**15. 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:

	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	<b>2023</b>	2022
Mayor Bryson	11,215	-	<b>11,215</b>	6,065
Prior Mayor Frank Friesen	-	-	-	2,824
Deputy Mayor McAree	5,538	169	<b>5,707</b>	7,200
Councillor Sim	7,477	229	<b>7,706</b>	1,827
Councillor Schmaltz	7,477	-	<b>7,477</b>	7,200
Councillor Fleming	7,477	229	<b>7,706</b>	1,800
Councillor Day	-	-	-	3,323
Councillor Van Arendonk	-	-	-	4,153
Chief Administrative Officer Hafichuk	135,000	4,920	<b>139,920</b>	20,000
Chief Administrative Officer Hutchinson	-	-	-	29,872
Chief Administrative Officer Newman	-	-	-	90,000
Designated Assessor - Assessor	17,352	-	<b>17,352</b>	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 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 allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

**16: BUDGET AMOUNTS**

The disclosed budget information has been approved by Council of the Town of Irricana on XXX, 202X. The original approved budget included \$nil (2022 - \$nil) of reserve transfers as revenues and expenses. These are excluded from the Statement of Operations and the Statement of Change in Net Financial Assets (Net Debt) to correspond with actual expenses.

**17. CONTINGENCIES**

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

**18. COMMITMENTS**

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, 2024.

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

**19. RELATED PARTY TRANSACTIONS**

The Aqua 7 Regional Water Commission has been identified as a related party as the Town is one of the commission members. 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 2023 were \$345,451 (2022 - \$353,302).

Amount payable to the Commission at December 31, 2023 is \$24,137 (2022 - \$23,940).

**20. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Town manages risk exposure on these items similar to other receivables and payables.

The Town 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 Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number of diversity of taxpayers and customers minimizes the credit risk.

The Town is exposed to market price risk from investments in equity instruments whose value fluctuates with changes in quoted market prices.

**21. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to confirm with current year presentation.

**22. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.