



Village of Innisfree  
Special Council Meeting  
September 18, 2025 @ 4:00 p.m.  
Village of Innisfree Council Chambers

1. Special Council Meeting - Call to Order
2. Agenda
  - a. Deletions/Additions
  - b. Adoption of Agenda
3. Delegation
  - a. Metrix Group – Jeff Alliston, CPA, CA
4. Adoption of Minutes –
5. Business Arising from the Minutes –
6. Policies & Bylaws – N/A
7. New Business
  - a. 2024 Audited Financial Statements
8. Councillor Reports
9. Administration Reports
10. Correspondence
11. Closed Session
  - a. Land Development Contract-- FOIP S.27(1)(a)/ POPA S.4.3
  - b. Personnel issues-- FOIP S.27(1)(a)/ POPA S.4.3
  - c. Bylaw Enforcement-- FOIP S.27(1)(a)/ POPA S.4.3
12. Adjournment

## Request for Decision (RFD)

**Topic:** 2024 Audited Financial Statements

**Initiated by:** Administration

**Attachments:**

1. 2024 Audited Financial Statements

**Purpose(s):**

1. To present the 2024 Audited Financial Statements to Council for formal approval, as required under the Municipal Government Act (MGA).

**Background:**

1. The Village's auditor has completed the audit of the 2024 financial year and presented the audited financial statements to Council at the September 18, 2025 Special Meeting.
2. Approval of the audited financial statements is required by Council to meet legislative obligations and to ensure timely submission to Municipal Affairs.

**Key Issues/Concepts:**

1. The audited financial statements provide an independent review of the Village's financial position for the year ended December 31, 2024.
2. Council approval is required prior to submission to the Province.
3. The audit confirms compliance with generally accepted accounting principles and provides assurance to the public regarding the Village's financial reporting

**Options:**

1. That Council approve the 2024 Audited Financial Statements as presented.
2. That Council defer approval and request further clarification from the auditor before approving.

**Financial Implications:**

1. Approval of the audited financial statements allows the Village to remain in compliance with legislative reporting requirements and ensures eligibility for future provincial funding and grants.

**Relevant Policy/Legislation:**

- MGA, s. 276 – Requirement for annual financial statements and submission to the Minister

**Political/Public Implication(s):**

- Approval of the audited financial statements demonstrates accountability and transparency in municipal financial reporting.

**Recommendation:**

That Council approve the 2024 Audited Financial Statements as presented by the auditor at the September 18, 2025 Special Meeting.

**VILLAGE OF INNISFREE**  
**Financial Statements**  
**For the Year Ended December 31, 2024**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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

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

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

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Ms. Lisa Han,  
Chief Administrative Officer

Innisfree, Alberta  
September 18, 2025

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Village of Innisfree

### *Qualified Opinion*

We have audited the financial statements of Village of Innisfree (the "Village"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

The Village derives revenue from user fee charges for the use of recreational facilities. The completeness of revenue related to recreation is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Village. Therefore, we were not able to determine whether any adjustments might be necessary to sales and user charges, annual surplus (deficit), cash flows from operations for the year ended December 31, 2024 and accumulated surplus as at December 31, 2024.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Emphasis of Matter*

We draw attention to Note 16 of the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

(continues)

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

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

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

Chartered Professional Accountants

Edmonton, Alberta  
September 18, 2025

**VILLAGE OF INNISFREE**  
**Statement of Financial Position**  
**December 31, 2024**

	2024	2023 (Restated) (Note 16)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 582,399	\$ 1,273,766
Taxes and grants in place of taxes receivable (Note 2)	184,716	131,239
Trade and other receivables	48,131	98,853
Due from other governments (Note 3)	421,851	139,678
Other financial assets	20	20
	<u>1,237,117</u>	<u>1,643,556</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	113,641	135,478
Deferred revenue (Note 6)	619,889	842,631
Asset retirement obligations (Note 7)	66,280	63,426
	<u>799,810</u>	<u>1,041,535</u>
<b>NET FINANCIAL ASSETS</b>	<u>437,307</u>	<u>602,021</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 3)	3,696,101	3,093,424
Intangible assets	4,080	-
Prepaid expenses	985	4,454
	<u>3,701,166</u>	<u>3,097,878</u>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<u>\$ 4,138,473</u>	<u>\$ 3,699,899</u>
CONTINGENT LIABILITY (Note 11)		
SUBSEQUENT EVENT (Note 17)		

**ON BEHALF OF COUNCIL**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Councillor

**VILLAGE OF INNISFREE****Statement of Operations and Accumulated Surplus****Year Ended December 31, 2024**

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Restated) (Note 16)
<b>REVENUES</b>			
Net municipal taxes ( <i>Schedule 1</i> )	\$ 293,599	\$ 296,287	\$ 283,261
Sales and user charges	257,181	263,063	252,407
Government transfers for operating ( <i>Schedule 2</i> )	81,300	227,736	77,736
Franchise and concession contracts ( <i>Note 10</i> )	41,554	41,803	39,671
Penalties and costs on taxes	22,000	31,133	25,000
Investment income	53,255	29,106	36,101
Other	26,190	18,436	65,627
Rentals	8,897	11,240	9,969
	783,976	918,804	789,772
<b>EXPENSES</b>			
Water supply and distribution	187,878	349,102	185,299
Administration	281,605	318,612	281,535
Transportation	234,770	200,516	196,315
Waste water treatment and disposal	70,507	58,195	70,919
Recreation	71,564	43,490	66,509
Waste management	54,505	33,401	47,119
Protective services	31,267	18,711	24,313
Culture	13,875	15,345	10,809
Legislative	15,004	9,336	14,710
Family and community support	2,000	1,920	1,901
Planning and development	2,600	1,817	1,641
	965,575	1,050,445	901,070
<b>DEFICIT FROM OPERATIONS</b>	(181,599)	(131,641)	(111,298)
<b>OTHER INCOME</b>			
Government transfers for capital ( <i>Schedule 2</i> )	-	570,215	168,152
Gain on disposal of tangible capital assets	-	-	1,524
	-	570,215	169,676
<b>ANNUAL SURPLUS (DEFICIT)</b>	(181,599)	438,574	58,378
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	3,743,703	3,743,703	3,680,900
Restatement ( <i>Note 16</i> )	(43,804)	(43,804)	(39,379)
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS RESTATED</b>	3,699,899	3,699,899	3,641,521
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	\$ 3,518,300	\$ 4,138,473	\$ 3,699,899



**VILLAGE OF INNISFREE****Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Restated) (Note 16)
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (181,599)</b>	<b>\$ 438,574</b>	<b>\$ 58,378</b>
Amortization of tangible capital assets	158,535	177,392	166,542
Purchase of tangible capital assets	-	(780,069)	(261,817)
Proceeds on disposal of tangible capital assets	-	-	5,292
Loss (gain) on disposal of assets	-	-	(1,524)
Amortization of intangible assets	-	1,020	-
Purchase of intangible asset	-	(5,100)	-
	158,535	(606,757)	(91,507)
Use of prepaid expenses	-	3,469	739
	158,535	(603,288)	(90,768)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(23,064)</b>	<b>(164,714)</b>	<b>(32,390)</b>
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<b>602,021</b>	<b>602,021</b>	<b>634,411</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 578,957</b>	<b>\$ 437,307</b>	<b>\$ 602,021</b>

**VILLAGE OF INNISFREE**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 438,574	\$ 58,378
Items not affecting cash:		
Amortization of tangible capital assets	177,392	166,542
Amortization of intangible assets	1,020	-
Gain on disposal of tangible capital assets	-	(1,524)
Accretion of asset retirement obligations	2,854	4,350
	<u>619,840</u>	<u>227,746</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(53,477)	11,388
Trade and other receivables	50,722	(65,635)
Due from other governments	(282,173)	386,056
Prepaid expenses	3,469	739
Accounts payable and accrued liabilities	(21,837)	52,808
Deferred revenue	(222,742)	(30,853)
	<u>(526,038)</u>	<u>354,503</u>
	<u>93,802</u>	<u>582,249</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(780,069)	(261,817)
Proceeds on disposal of tangible capital assets	-	5,292
Settlement of asset retirement obligations	-	(37,583)
Purchase of intangible assets	(5,100)	-
	<u>(785,169)</u>	<u>(294,108)</u>
<b>INCREASE (DECREASE) IN CASH FLOWS</b>	<u>(691,367)</u>	<u>288,141</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>1,273,766</u>	<u>985,625</u>
<b>CASH - END OF YEAR</b>	<u>\$ 582,399</u>	<u>\$ 1,273,766</u>

**VILLAGE OF INNISFREE****Schedule of Property Taxes Levied  
For the Year Ended December 31, 2024****(Schedule 1)**

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 301,823	\$ 299,984	\$ 291,745
Linear property taxes	31,093	35,705	30,877
Government grants in place of property taxes	1,300	1,224	1,244
	334,216	336,913	323,866
<b>REQUISITIONS</b>			
Alberta school foundation	36,510	36,510	36,707
M.D. of Minburn foundation	4,015	4,116	3,898
Designated industrial properties	92	-	-
	40,617	40,626	40,605
<b>NET MUNICIPAL TAXES</b>	<b>\$ 293,599</b>	<b>\$ 296,287</b>	<b>\$ 283,261</b>

**VILLAGE OF INNISFREE****Schedule of Government Transfers****(Schedule 2)****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
<b>TRANSFER FOR OPERATING</b>			
Provincial government	\$ 75,000	\$ 223,536	\$ 73,536
Federal government	6,300	4,200	4,200
	81,300	227,736	77,736
<b>TRANSFER FOR CAPITAL</b>			
Provincial government	-	570,215	168,152
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 81,300</b>	<b>\$ 797,951</b>	<b>\$ 245,888</b>

**VILLAGE OF INNISFREE**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2024**

**(Schedule 3)**

	Land	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Construction in Progress	2024	2023 (Restated) (Note 16)
<b>Cost</b>								
Balance, beginning of year	\$ 113,628	\$ 691,113	\$ 414,616	\$ 125,900	\$ 5,888,892	\$ 168,293	\$ 7,402,442	\$ 7,144,893
Restatement (Note 16)	-	3,913	-	-	-	-	3,913	3,913
Balance, beginning of year, as restated	113,628	695,026	414,616	125,900	5,888,892	168,293	7,406,355	7,148,806
Additions	-	64,268	10,500	-	-	705,301	780,069	261,817
Disposals	-	-	-	-	-	-	-	(4,268)
Transfers	-	-	-	-	634,811	(634,811)	-	-
<b>Balance, end of year</b>	<b>113,628</b>	<b>759,294</b>	<b>425,116</b>	<b>125,900</b>	<b>6,523,703</b>	<b>238,783</b>	<b>8,186,424</b>	<b>7,406,355</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	283,855	315,826	86,422	3,624,119	-	4,310,222	4,144,255
Restatement (Note 16)	-	2,709	-	-	-	-	2,709	2,634
Balance, beginning of year, as restated	-	286,564	315,826	86,422	3,624,119	-	4,312,931	4,146,889
Amortization	-	16,536	27,304	7,361	126,191	-	177,392	166,542
Disposals	-	-	-	-	-	-	-	(500)
<b>Balance, end of year</b>	<b>-</b>	<b>303,100</b>	<b>343,130</b>	<b>93,783</b>	<b>3,750,310</b>	<b>-</b>	<b>4,490,323</b>	<b>4,312,931</b>
<b>Net Book Value</b>	<b>\$ 113,628</b>	<b>\$ 456,194</b>	<b>\$ 81,986</b>	<b>\$ 32,117</b>	<b>\$ 2,773,393</b>	<b>\$ 238,783</b>	<b>\$ 3,696,101</b>	<b>\$ 3,093,424</b>

**VILLAGE OF INNISFREE****Schedule of Equity in Tangible Capital Assets****(Schedule 4)****For the Year Ended December 31, 2024**

	<b>2024</b>	<b>2023 (Restated) (Note 16)</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 3,029,998</b>	<b>\$ 2,905,258</b>
Amortization of tangible capital assets	(177,392)	(166,542)
Acquisition of tangible capital assets	780,069	261,817
Net book value of tangible capital assets disposed of	-	(3,768)
Settlement of asset retirement obligations	-	37,583
Accretion of asset retirement obligations	(2,854)	(4,350)
<b>BALANCE, END OF YEAR</b>	<b>\$ 3,629,821</b>	<b>\$ 3,029,998</b>
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 3,696,101	\$ 3,093,424
Asset retirement obligations	(66,280)	(63,426)
	<b>\$ 3,629,821</b>	<b>\$ 3,029,998</b>

**VILLAGE OF INNISFREE**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2024**

**(Schedule 5)**

	General Government	Protective Services	Transportation	Public Utilities	Planning & Development and Public Health	Recreation & Culture	2024	2023 (Restated) (Note 16)
<b>REVENUE</b>								
Government transfers	\$ 115,317	\$ -	\$ 2,100	\$ 678,434	\$ -	\$ 2,100	\$ 797,951	\$ 245,888
Net municipal taxes	296,287	-	-	-	-	-	296,287	283,261
Sales and user charges	1,474	-	5,644	223,821	-	32,124	263,063	252,407
Franchise and concession contracts	41,803	-	-	-	-	-	41,803	39,671
Penalties and costs on taxes	29,942	-	-	1,191	-	-	31,133	25,000
Investment income	29,106	-	-	-	-	-	29,106	36,101
Other revenues	17,201	985	-	-	250	-	18,436	65,627
Rentals	11,190	-	50	-	-	-	11,240	9,969
	542,320	985	7,794	903,446	250	34,224	1,489,019	957,924
<b>EXPENSES</b>								
Contracted services	99,235	1,851	24,825	93,070	797	24,084	243,862	235,508
Salaries, wages and benefits	164,172	-	51,004	14,454	-	2,332	231,962	221,117
Materials, goods and supplies	26,819	-	75,939	69,866	-	19,731	192,355	229,376
Transfers to local boards, agencies and other organizations	1,200	15,153	-	150,000	1,920	4,702	172,975	21,492
Provision for allowance	20,134	-	-	-	-	-	20,134	20,700
Other expenses	7,891	-	-	-	-	-	7,891	1,985
Accretion expense	2,854	-	-	-	-	-	2,854	4,350
	322,305	17,004	151,768	327,390	2,717	50,849	872,033	734,528
<b>OTHER INCOME</b>								
Amortization of tangible capital assets	(5,643)	(1,707)	(48,748)	(113,308)	-	(7,986)	(177,392)	(166,542)
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	1,524
Amortization of intangible assets	-	-	-	-	(1,020)	-	(1,020)	-
	(5,643)	(1,707)	(48,748)	(113,308)	(1,020)	(7,986)	(178,412)	(165,018)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 214,372	\$ (17,726)	\$ (192,722)	\$ 462,748	\$ (3,487)	\$ (24,611)	\$ 438,574	\$ 58,378

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Reporting entity**

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial position and cash flow of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

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

**(b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

**(c) Tax revenue**

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

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

**(d) Requisition over-levies and under-levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

*(continues)*



**1. SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**(e) Government transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Village, and reasonable estimates of the amounts can be made.

**(f) Asset retirement obligations**

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the statement of operations.

**(g) Non-financial assets**

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

*(continues)*

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Tangible capital assets**

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

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

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

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

**(i) Intangible assets**

An intangible asset is recorded when it is identifiable, controlled by the Village, and expected to provide future service potential.

Intangible assets consists of software and other set up costs related to the Village's GIS system, and is amortized over its estimated useful life of five years on a straight-line basis.

**(j) Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets and intangible assets, future cash flows associated with asset retirement obligations, and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements

**(k) New accounting standards adopted during the year**

**i) PS 3280 Asset Retirement Obligations**

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

*(continues)*

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

During the year, the Village adopted PS 3280 with respect to asset retirement obligations. The Village has applied this standard using a modified retroactive approach, resulting in a restatement of the Village's financial statements as discussed in Note 16.

ii) PS 3400 Revenue

This standard establishes guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring, and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor. This section may be applied retroactively or prospectively.

During the year, the Village adopted PS 3400 with respect to revenue. The Village adopted this standard prospectively and continues to recognize revenue as performance obligations are met. Any revenue transactions with no performance obligations are recognized at the time when revenue recognition criteria are met through the application of PS 3400. There has been no current year impact on the Village's financial statements.

iii) PSG-8 Purchased Intangibles

This standard provides guidance on accounting and reporting for purchased intangible capital assets. It provides clarity on the recognition criteria, along with instances of assets that would not meet the definition of such. Application may be made either retroactively or prospectively in accordance with PS 2120 Accounting Changes.

During the year, the Village adopted PSG-8 with respect to purchased intangibles. The Village has applied this standard prospectively and has recognized a purchased intangible asset accordingly in the current year.

iv) PS 3160 Public Private Partnerships

This standard establishes guidance on how to account for and report on partnerships between public and private sector entities. Specifically those in which the entity in the public sector procures infrastructure in conjunction with a private sector entity. In these scenarios the private sector entity must have obligations to design, build, acquire, or improve existing infrastructure. Furthermore they must also finance the transaction past the point in which the asset is initially ready for use along with operating and/or maintaining such on an ongoing basis. The standard may be applied retroactively or prospectively.

During the year, the Village adopted PS 3160 with respect to public private partnerships. The Village has applied this standard prospectively and the standard change has had no impact on the Village's financial statements.

**(I) Future changes in significant accounting policies**

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

i) PS 1202 Financial Statement Presentations

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

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

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

	<b>2024</b>	<b>2023</b>
Current receivables	\$ 121,200	\$ 46,352
Receivables in arrears	121,426	134,084
	<b>242,626</b>	180,436
Allowance for doubtful accounts	(57,910)	(49,197)
	<b>\$ 184,716</b>	<b>\$ 131,239</b>

**3. DUE FROM OTHER GOVERNMENTS**

	<b>2024</b>	<b>2023</b>
Due from other governments	\$ 371,872	\$ 112,920
Goods and Services Tax recoverable	49,979	26,758
	<b>\$ 421,851</b>	<b>\$ 139,678</b>

**4. OPERATING LINE OF CREDIT**

The Village has access to a credit facility with ATB Financial, which includes an approved revolving operating line, (Overdraft Facility #2), that can be drawn upon to a maximum of \$120,000, which bears interest at the prime rate plus 1.00% and is secured by all assets of the Village at large. As at December 31, 2024, the Village had not drawn on the operating line (2023 - \$NIL).

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2024</b>	<b>2023</b>
Trade and other accounts payable	\$ 108,651	\$ 97,535
Source deductions	4,990	(188)
Employee benefit obligation	-	38,261
Payable to other governments	-	(130)
	<b>\$ 113,641</b>	<b>\$ 135,478</b>

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

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**6. DEFERRED REVENUE**

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

	2023	Funds Received	Revenue Recognized	2024
Canada Community Building Fund	\$ 472,066	\$ 76,821	\$ 199,944	\$ 348,943
Local Government Fiscal Framework	-	210,978	-	210,978
Alberta Community Partnership	-	200,000	150,000	50,000
Other	8,711	8,327	7,070	9,968
Municipal Sustainability Initiative	361,854	8,416	370,270	-
	<u>\$ 842,631</u>	<u>\$ 504,542</u>	<u>\$ 727,284</u>	<u>\$ 619,889</u>

**7. ASSET RETIREMENT OBLIGATIONS**

Tangible capital assets with associated retirement obligations include land, land improvements, buildings, engineered structures, and machinery and equipment.

The Village has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Village to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Village to remove the materials when the asset retirement activities occur.

The Village has asset retirement obligations pursuant to the Environmental Enhancement and Protection Act (Alberta) to fund the closure of its landfill sites and provide for the post-closure care of the facilities. Closure and post-closure activities include the final covering and landscaping, surface and ground water monitoring, leachate control, site inspection, and maintenance. The Village is required to provide closure care upon closure of the landfill and to provide post-closure care for 25 years subsequent to closure.

	2024	2023
Balance, Beginning of Year	\$ 63,426	\$ 96,659
Net change in the year		
Accretion expense	2,854	4,350
Liabilities settled	-	(37,583)
	<u>5,708</u>	<u>8,700</u>
Balance, End of Year	<u>\$ 66,280</u>	<u>\$ 63,426</u>

Asset retirement obligations are measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$87,915 (2023 - \$87,915), a discount rate of 4.50% (2023 - 4.50%), with retirement and reclamation activities expected to be settled between 2035 and 2049.

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**8. DEBT LIMITS**

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

	<b>2024</b>	2023
Total debt limit	\$ 1,378,206	\$ 1,184,658
Total debt	-	-
Amount of debt limit unused	<b>\$ 1,378,206</b>	\$ 1,184,658
Debt servicing limit	\$ 229,701	\$ 197,443
Debt servicing	-	-
Amount of service on debt limit unused	<b>\$ 229,701</b>	\$ 197,443

The debt limit is calculated at 1.5 times revenue of the Village (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Village. Rather, the financial statements must be interpreted as a whole.

**9. ACCUMULATED SURPLUS**

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

	<b>2024</b>	2023 (Restated) (Note 16)
<b>Unrestricted surplus</b>	<b>\$ 294,405</b>	\$ 456,091
<b>Reserves</b>		
Sewer system	<b>53,500</b>	53,500
Public works	<b>32,095</b>	32,095
Recreation	<b>29,500</b>	29,500
General capital	<b>25,650</b>	25,650
Solid waste capital	<b>23,967</b>	23,967
Water system	<b>22,954</b>	22,954
Stormwater capital	<b>14,555</b>	14,555
Fire	<b>8,711</b>	8,711
General	<b>3,315</b>	2,878
	<b>214,247</b>	213,810
<b>Equity in tangible capital assets</b>	<b>3,629,821</b>	3,029,998
	<b>\$ 4,138,473</b>	\$ 3,699,899

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**10. FRANCHISE AND CONCESSION CONTRACTS**

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

	<b>2024</b>	<b>2023</b>
ATCO Gas and Pipelines Ltd.	\$ <b>25,210</b>	\$ 23,208
ATCO Electric Ltd.	<b>16,593</b>	16,463
	<b>\$ 41,803</b>	\$ 39,671

**11. CONTINGENT LIABILITY**

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

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

**12. BUDGET**

Budget figures presented in these financial statements are based on the 2024 operating budget adopted by Council on November 21, 2023. The Village compiles a budget on a modified accrual basis. The reconciliation below adjusts annual surplus (deficit) to align with the budget process. It should not be used as a replacement for the Statement of Operations and Accumulated Surplus. Users should note that this information may not be appropriate for their purposes.

	2024 (Budget)	2024 (Actual)	2023 (Actual)
Annual surplus	\$ (181,599)	\$ <b>438,574</b>	\$ 58,378
Amortization	158,535	<b>178,412</b>	166,542
Transfers from reserves	31,962	-	49,372
Transfer to reserves	(50,454)	<b>(436)</b>	(59,104)
Results of operations as budgeted	<b>\$ (41,556)</b>	<b>\$ 616,550</b>	\$ 215,188

**13. SEGMENTED DISCLOSURE**

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

*(a) General Government*

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

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

*(b) Protective Services*

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

*(c) Transportation*

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

*(d) Public Utilities*

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

*(e) Public Health*

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

*(f) Planning and Development*

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

*(g) Recreation and Culture*

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

*(continues)*



**13. SEGMENTED DISCLOSURE *(continued)***

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

**14. FINANCIAL RISK MANAGEMENT**

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

***(a) Credit risk***

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

***(b) Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Village manages exposure through its normal operating and financing activities. The Village is exposed to interest rate risk primarily through its floating interest rate operating line of credit. As at December 31, 2024, no balance (2023 - \$NIL) was drawn on the operating line of credit.

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

**15. APPROVAL OF THE FINANCIAL STATEMENTS**

Council and management have approved these financial statements on September 18, 2025.

**16. RESTATEMENT**

Effective January 1, 2024, the Village adopted Canadian public sector accounting standard 3280, Asset Retirement Obligations, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On January 1, 2023, the Village recognized the following to conform to the new standard:

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of accumulated surplus.

Comparative figures have been restated as follows:

*(continues)*

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**16. RESTATEMENT (continued)**

	<b>As Previously Stated</b>	<b>Restatement</b>	<b>As Restated</b>
<b>Statement of Financial Position</b>			
Financial assets	\$ 1,643,556	\$ -	\$ 1,643,556
Liabilities	(996,527)	(45,008)	(1,041,535)
Net financial assets	647,029	(45,008)	602,021
Non-financial assets	3,096,674	1,204	3,097,878
Accumulated surplus	\$ 3,743,703	\$ (43,804)	\$ 3,699,899
<b>Statement of Operations</b>			
Revenues	\$ 789,772	\$ -	\$ 789,772
Expenses	(896,645)	(4,425)	(901,070)
Other income	169,676	-	169,676
Annual surplus (deficit)	62,803	(4,425)	58,378
Accumulated surplus, beginning of year	3,680,900	(39,379)	3,641,521
Accumulated surplus, end of year	\$ 3,743,703	\$ (43,804)	\$ 3,699,899
<b>Statement of Changes in Net Financial Assets (Debt)</b>			
Annual surplus (deficit)	\$ 62,803	\$ (4,425)	\$ 58,378
Amortization of tangible capital assets	166,467	75	166,542
Purchase of tangible capital assets	(261,817)	-	(261,817)
Proceeds on disposal of tangible capital assets	5,292	-	5,292
Loss (gain) on disposal of assets	(1,524)	-	(1,524)
Net change in prepaid expenses	739	-	739
Increase (decrease) in net financial assets	(28,040)	(4,350)	(32,390)
Net financial assets, beginning of year	675,069	(40,658)	634,411
Net financial assets, end of year	\$ 647,029	\$ (45,007)	\$ 602,021

**17. SUBSEQUENT EVENTS**

Subsequent to year-end, the Village drew on its existing line of credit to meet operational and capital cash flow needs. As at September 11, 2025, \$8,702 was drawn on the line of credit. While the line of credit provides access to short-term financing, reliance on this facility highlights ongoing liquidity pressures. Management continues to monitor cash flow closely to ensure that sufficient resources are available to meet obligations as they come due. Management anticipates recovery of capital expenditures through future government transfers, subject to approval.

This event relate to circumstances arising subsequent to year-end and is not reflected in the accompanying financial statements.

**VILLAGE OF INNISFREE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2024**

**18. SALARIES AND BENEFITS DISCLOSURE**

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

	Salary (1)	Benefits (2)	2024	2023
Mayor E. Raycraft	\$ 2,960	\$ -	\$ <b>2,960</b>	\$ 2,596
Councillor J. Johnson	2,078	-	<b>2,078</b>	2,426
Councillor D. McMann	1,980	-	<b>1,980</b>	3,023
	<b>\$ 7,018</b>	<b>\$ -</b>	<b>\$ 7,018</b>	<b>\$ 8,045</b>
Chief administrative officer	\$ 67,978	\$ 6,283	\$ <b>74,261</b>	\$ -
Acting chief administrative officer	11,168	1,111	<b>12,279</b>	37,072
Designated officer (3)	4,600	-	<b>4,600</b>	4,600
Interim chief administrative officer	-	-	-	26,885
	<b>\$ 83,746</b>	<b>\$ 7,394</b>	<b>\$ 91,140</b>	<b>\$ 68,557</b>

(1) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition's.

(3) Designated officers include the Village's third party assessor.