

VILLAGE OF ALIX
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Alix is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the village's financial position as at December 31, 2022 and the results of its operations for the year then ended.

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

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

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

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

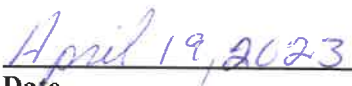
The village council carries out its responsibilities for review of the financial statements principally through council meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Gitzel & Company, Chartered Professional Accountants, independent external auditors appointed by the village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the village's financial statements.



Chief Administrative Officer



Date



*Peggy Weinzierl, CPA, CA *Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
Village of Alix

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the village as at December 31, 2022, the results of its operations, change in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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 ability of the village 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 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 controls.
- 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 purposes 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 the 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.

Stettler, Alberta
April 19, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF ALIX
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 2,277,829	\$ 2,237,366
Taxes receivable (Note 4)	189,692	141,778
Trade and other receivables (Note 5)	<u>926,426</u>	<u>1,059,846</u>
	<u>3,393,947</u>	<u>3,438,990</u>
LIABILITIES		
Accounts payable and accrued liabilities	145,682	155,910
Other deferred revenue	-	6,280
Tax sale surplus (Note 6)	11,018	11,018
Deferred revenue (Note 7)	1,304,957	1,495,539
Accrued vacation pay	27,467	47,863
Long-term debt (Note 8)	<u>2,578,405</u>	<u>2,721,925</u>
	<u>4,067,529</u>	<u>4,438,535</u>
NET DEBT	<u>(673,582)</u>	<u>(999,545)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	11,413,987	11,326,060
Prepaid expenses	3,005	178
Inventory for consumption	36,968	38,685
Land held for resale	<u>40,000</u>	<u>40,000</u>
	<u>11,493,960</u>	<u>11,404,923</u>
ACCUMULATED SURPLUS (Schedule 1, Note 9)	\$ <u>10,820,378</u>	\$ <u>10,405,378</u>
Contingencies Note 17		

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:

 _____ Mayor

VILLAGE OF ALIX

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 1,447,717	\$ 1,455,290	\$ 1,424,065
Government transfers for operating (Schedule 4)	57,680	58,209	134,003
Sales of goods and user fees	773,200	789,437	817,042
Investment income	9,600	45,659	10,351
Rentals	28,000	34,037	39,275
Franchise and concession contracts	112,300	130,994	113,082
Penalties and costs of taxes	41,200	46,398	38,724
Other	9,500	18,533	12,600
Gain on disposal of tangible capital assets	-	21,766	87,977
Total Revenue	<u>2,479,197</u>	<u>2,600,323</u>	<u>2,677,119</u>
EXPENSES (Schedule 5)			
Legislative	48,450	38,953	37,223
Administration	428,050	439,107	461,585
Fire, ambulance and bylaws enforcement	182,424	201,862	269,548
Roads, streets, walk, lighting	453,592	675,383	612,311
Water and wastewater	490,605	746,068	601,778
Waste management	140,250	137,826	138,806
Family and community support and cemetery	45,220	41,198	61,915
Subdivision land and development	81,541	94,529	89,665
Recreation and parks	232,380	260,176	226,861
Total Expenses	<u>2,102,512</u>	<u>2,635,102</u>	<u>2,499,692</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE OTHER	<u>376,685</u>	<u>(34,779)</u>	<u>177,427</u>
OTHER			
Government transfers for capital (Schedule 4)	<u>345,000</u>	<u>449,779</u>	<u>408,283</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	721,685	415,000	585,710
ACCUMULATED SURPLUS – BEGINNING OF YEAR	<u>10,405,378</u>	<u>10,405,378</u>	<u>9,819,668</u>
ACCUMULATED SURPLUS – END OF YEAR	\$ <u>11,127,063</u>	\$ <u>10,820,378</u>	\$ <u>10,405,378</u>

VILLAGE OF ALIX

STATEMENT OF CHANGES IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>721,685</u>	\$ <u>415,000</u>	\$ <u>585,710</u>
Acquisition of tangible capital assets	(383,000)	(542,514)	(906,059)
Amortization of tangible capital assets	-	438,554	428,563
(Gain) loss on disposal of tangible capital assets	-	(21,766)	(87,977)
Proceeds on disposal of tangible capital assets	-	37,799	179,636
Other tangible capital asset adjustment	-	-	4,768
	<u>(383,000)</u>	<u>(87,927)</u>	<u>(381,069)</u>
Change in inventory for consumption	-	1,717	(15,901)
Change in prepaid expenses	-	(2,827)	-
	<u>-</u>	<u>(1,110)</u>	<u>(15,901)</u>
(INCREASE) DECREASE IN NET DEBT	338,685	325,963	188,740
NET DEBT - BEGINNING OF YEAR	<u>(999,945)</u>	<u>(999,545)</u>	<u>(1,188,285)</u>
NET DEBT - END OF YEAR	\$ <u><u>(661,260)</u></u>	\$ <u><u>(673,582)</u></u>	\$ <u><u>(999,545)</u></u>

VILLAGE OF ALIX

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ 415,000	\$ 585,710
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	438,554	428,563
Gain/Loss on disposal of tangible capital assets	(21,766)	(87,977)
Other	-	4,768
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivables	(47,914)	(34,222)
Trade and other receivables	133,420	50,492
Prepaid expenses	(2,827)	-
Inventory for consumption	1,717	(15,901)
Accounts payable and accrued liabilities	(10,228)	(69,608)
Other deferred revenue	(6,280)	3,796
Tax sale surplus	-	11,018
Deferred revenue	(190,582)	(95,514)
Accrued vacation pay	(20,396)	7,993
Net cash provided by (used in) operating activities	<u>688,698</u>	<u>789,118</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	37,799	179,636
Acquisition of tangible capital assets	(542,514)	(906,059)
Net cash provided by (used in) capital activities	<u>(504,715)</u>	<u>(726,423)</u>
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash and short-term investments	(51,863)	29,151
Net cash provided by (used in) investing activities	<u>(51,863)</u>	<u>29,151</u>
FINANCING ACTIVITIES		
Repayment of long - term debt	(143,520)	(138,501)
Net cash provided by (used in) financing activities	<u>(143,520)</u>	<u>(138,501)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(11,400)	(46,655)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,706,433</u>	<u>1,753,088</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>1,695,033</u></u>	<u><u>1,706,433</u></u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash (Note 3)	2,277,829	2,237,366
Less: Restricted portion of cash (Note 3)	(582,796)	(530,933)
	<u>\$ 1,695,033</u>	<u>\$ 1,706,433</u>

VILLAGE OF ALIX

SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE - BEGINNING OF YEAR	\$ 914,624	\$ 886,619	\$ 8,604,135	\$ 10,405,378	\$ 9,819,668
Excess (deficiency) of revenues over expenses	415,000	-	-	415,000	585,710
Restricted funds used for tangible capital assets	-	(65,522)	65,522	-	-
Restricted funds used for operations	129,840	(129,840)	-	-	-
Funds designated for future use	(578,987)	578,987	-	-	-
Current year funds used for tangible capital assets	(476,992)	-	476,992	-	-
Debtenture principal payments	(143,520)	-	143,520	-	-
Disposal of tangible capital assets	16,033	-	(16,033)	-	-
Annual amortization expense	438,554	-	(438,554)	-	-
Change in accumulated surplus	(200,072)	383,625	231,447	415,000	585,710
BALANCE - END OF YEAR	\$ 714,552	\$ 1,270,244	\$ 8,835,582	\$ 10,820,378	\$ 10,405,378

VILLAGE OF ALIX

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
COST:								
BALANCE - BEGINNING OF YEAR	\$ 412,806	\$ 345,934	\$ 2,569,730	\$ 13,216,985	\$ 986,439	\$ 394,369	\$ 17,926,263	\$ 17,422,844
Acquisition of tangible capital assets	-	116,672	-	334,122	91,720	-	542,514	906,059
Disposal of tangible capital assets	-	(9,829)	-	(97,801)	(35,456)	-	(143,086)	(402,640)
BALANCE - END OF YEAR	412,806	452,777	2,569,730	13,453,306	1,042,703	394,369	18,325,691	17,926,263
ACCUMULATED AMORTIZATION:								
BALANCE - BEGINNING OF YEAR	-	274,250	565,539	4,885,782	652,382	222,250	6,600,203	6,477,853
Annual amortization	-	15,945	50,374	306,852	46,974	18,409	438,554	428,563
Accumulated amortization on disposals	-	(6,313)	-	(85,284)	(35,456)	-	(127,053)	(306,213)
BALANCE - END OF YEAR	-	283,882	615,913	5,107,350	663,900	240,659	6,911,704	6,600,203
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 412,806	\$ 168,895	\$ 1,953,817	\$ 8,345,956	\$ 378,803	\$ 153,710	\$ 11,413,987	\$ 11,326,060
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 412,806	\$ 71,684	\$ 2,004,191	\$ 8,331,203	\$ 334,057	\$ 172,119	\$ 11,326,060	

VILLAGE OF ALIX

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	\$ 1,637,235	\$ 1,644,808	\$ 1,616,661
Linear property taxes	23,767	23,767	23,228
Government grants in lieu of property taxes	<u>1,777</u>	<u>1,777</u>	<u>1,828</u>
	<u>1,662,779</u>	<u>1,670,352</u>	<u>1,641,717</u>
REQUISITIONS			
Alberta School Foundation Fund	209,003	209,003	211,468
Lacombe Foundation	<u>6,059</u>	<u>6,059</u>	<u>6,184</u>
	<u>215,062</u>	<u>215,062</u>	<u>217,652</u>
NET MUNICIPAL TAXES	\$ <u>1,447,717</u>	\$ <u>1,455,290</u>	\$ <u>1,424,065</u>

VILLAGE OF ALIX

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Federal government	\$ -	\$ -	\$ 1,600
Provincial government	41,900	41,910	108,911
Local government	<u>15,780</u>	<u>16,299</u>	<u>23,492</u>
	<u>57,680</u>	<u>58,209</u>	<u>134,003</u>
TRANSFERS FOR CAPITAL			
Federal government	150,000	192,693	50,000
Provincial government	<u>195,000</u>	<u>257,086</u>	<u>358,283</u>
	<u>345,000</u>	<u>449,779</u>	<u>408,283</u>
TOTAL GOVERNMENT TRANSFERS	\$ <u>402,680</u>	\$ <u>507,988</u>	\$ <u>542,286</u>

SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 741,750	\$ 699,475	\$ 722,476
Contracted and general services	652,433	769,436	573,448
Materials, goods, supplies and utilities	517,050	519,986	503,621
Transfers to individuals, organizations and boards	97,520	112,655	169,412
Bank charges and interest	200	37	36
Interest on long-term debt	93,559	91,916	97,368
Amortization of tangible capital assets (Note 18)	-	438,554	428,563
Other expenditures	<u>-</u>	<u>3,043</u>	<u>4,768</u>
	\$ <u>2,102,512</u>	\$ <u>2,635,102</u>	\$ <u>2,499,692</u>

VILLAGE OF ALIX

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2022

	General Government	Protective Services	Transportation Services	Environmental use & Protection	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal taxes	\$ 1,455,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,455,290
Government transfers	-	-	355,483	3,389	29,130	-	119,986	507,988
Sales of goods and user fees	5,467	41,425	-	719,165	4,050	-	19,330	789,437
Penalties and costs on taxes	46,398	-	-	-	-	-	-	46,398
Franchise and concession contracts	130,994	-	-	-	-	-	-	130,994
Investment income	45,659	-	-	-	-	-	-	45,659
Rentals	-	-	-	-	-	-	-	-
Gain on sale of tangible capital assets	-	-	21,766	-	-	34,037	-	34,037
Other revenues	2,300	13,385	-	-	-	-	-	21,766
	<u>1,686,108</u>	<u>54,810</u>	<u>377,249</u>	<u>722,554</u>	<u>33,180</u>	<u>2,848</u>	<u>139,316</u>	<u>18,533</u>
						<u>36,885</u>		<u>3,050,102</u>
EXPENSES								
Contracted and general services	133,537	145,323	115,421	282,210	10,863	15,264	66,818	769,436
Salaries, wages and benefits	317,546	-	172,198	127,791	-	-	81,940	699,475
Materials, goods, supplies and utilities	20,542	34,116	100,584	298,738	42,898	-	23,108	519,986
Transfers - individuals, organizations, boards	-	6,003	-	-	29,830	-	76,822	112,655
Interest on long - term debt	-	2,332	19,023	34,026	-	36,535	-	91,916
Other expenditures	3,080	-	-	-	-	-	-	3,080
	<u>474,705</u>	<u>187,774</u>	<u>407,226</u>	<u>742,765</u>	<u>83,591</u>	<u>51,799</u>	<u>248,688</u>	<u>2,196,548</u>
NET REVENUE - BEFORE AMORTIZATION	<u>1,211,403</u>	<u>(132,964)</u>	<u>(29,977)</u>	<u>(20,211)</u>	<u>(50,411)</u>	<u>(14,914)</u>	<u>(109,372)</u>	<u>853,554</u>
Amortization of tangible capital assets	<u>(2,756)</u>	<u>(14,688)</u>	<u>(268,157)</u>	<u>(141,129)</u>	<u>(336)</u>	<u>-</u>	<u>(11,488)</u>	<u>(438,554)</u>
NET REVENUE	<u>1,208,647</u>	<u>(147,652)</u>	<u>(298,134)</u>	<u>(161,340)</u>	<u>(50,747)</u>	<u>(14,914)</u>	<u>(120,860)</u>	<u>415,000</u>
2021 NET REVENUE	<u>\$ 1,157,384</u>	<u>\$ (175,037)</u>	<u>\$ (253,210)</u>	<u>\$ 106,276</u>	<u>\$ (20,231)</u>	<u>\$ (57,596)</u>	<u>\$ (171,876)</u>	<u>\$ 585,710</u>

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all the organizations that are owned or controlled by the village and are, therefore, accountable to the council for the administration of their financial affairs and resources.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due with the exception of pension expenditures as disclosed in Note 1(h).

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

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

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates - Continued

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

(d) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

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

(e) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the village 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 are satisfied by providing the promised goods or services to the payor. 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.

(f) 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 a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

(g) 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(h) Pension Expenditure

The village participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

(i) Taxes and Grants in Place of Taxes Receivables

Current and arrears taxes and grants in place of taxes receivables consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(j) Investments

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(k) Land for Resale

Land held for resale is recorded at the lower of cost and 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.

(l) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term, highly liquid investments.

(m) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

(n) Requisition Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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.

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(n) Requisition Over-levies and Under-levies - Continued

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

(o) 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 (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:

	YEARS
Land improvements	15-30
Buildings	50
Engineered structures	10-75
Machinery and equipment	5-20
Vehicles	10-25

One half of the amortization is calculated in the year of acquisition and no amortization upon disposal. Assets under construction are not amortized until the asset is available for productive use. At December 31, 2022 \$83,752 (2021 - \$78,556) of engineered structures are under construction.

(ii) Contributions of Tangible Capital Assets

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

(iii) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

(a) Section PS 1201 - Financial Statement Presentation

This section provides guidance on general reporting principles and disclosure of information in financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(b) Section PS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency. Effective for the fiscal years beginning on or after April 1, 2022.

(c) Section PS 3041 - Portfolio Investments

This section establishes standards on how to account for and report portfolio investments in government financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(d) Section PS 3050 – Loans Receivable

This section establishes standards on how to account for and report loans receivable in government financial statements. The standards apply to loans to borrowers outside of the government reporting entity. Effective for the fiscal years beginning on or after April 1, 2022.

(e) Section PS 3160 – Public Private Partnerships

This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.

(f) Section PS 3450 – Financial Instruments

This section establishes guidance on the recognition, measurement and disclosure requirements for financial instruments. Effective for the fiscal years beginning on or after April 1, 2022.

(g) Section PS 3280 – Asset Retirement Obligations

This section establishes standards on how to account for a liability for retirement of a tangible capital asset. Effective for the fiscal years beginning on or after April 1, 2022.

(h) Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.

(i) Section PSG – 8 – Purchased Intangibles

This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3. CASH AND SHORT TERM INVESTMENTS

	2022	2021
Cash	\$ <u>2,277,829</u>	\$ <u>2,237,366</u>

Council has designated funds of \$1,270,244 (2021 - \$886,619) included in the above amounts for restricted surplus.

Included in the above are the restricted amounts of \$571,778 (2021 - \$519,915) of deferred grant funding, \$11,018 (2021 - \$11,018) of tax recovery funds.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2022	2021
Current taxes and grants in place of taxes	\$ 126,895	\$ 107,495
Arrears taxes and grants in place of taxes	<u>62,797</u>	<u>34,283</u>
	\$ <u>189,692</u>	\$ <u>141,778</u>

5. TRADE AND OTHER RECEIVABLES

	2022	2021
Canada Community Revitalization Fund grant	\$ 93,750	\$ -
Gas Tax grant	-	100,000
GST	14,545	6,504
Investing in Canada Infrastructure grant (ICIP)	340,196	353,913
MSI Capital	390,140	521,711
Other trade accounts receivable	75,685	65,321
Utilities	<u>12,110</u>	<u>12,397</u>
	\$ <u>926,426</u>	\$ <u>1,059,846</u>

6. TRUST FUNDS

A summary of trust fund activities by the village is as follows:

	2022	2021
Tax Sale Surplus		
Balance – end of year	\$ <u>11,018</u>	\$ <u>11,018</u>

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

7. DEFERRED REVENUE

	2022	2021
Investing in Canada Infrastructure grant (ICIP)	\$ 453,913	\$ 453,940
MSI capital grant	799,961	941,533
Canada Community Building Fund grant	48,240	100,020
Municipal Operating Support Transfer	-	46
Canada Community Revitalization Fund grant	2,843	-
	<u>\$ 1,304,957</u>	<u>\$ 1,495,539</u>

8. LONG – TERM DEBT

	2022	2021
Alberta Capital Finance Authority Debentures, interest ranging from 2.72% to 4.89%, maturity dates range from 2030 to 2048	<u>\$ 2,578,405</u>	<u>\$ 2,721,925</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 148,730	\$ 87,528	\$ 236,258
2024	154,137	82,121	236,258
2025	159,748	76,509	236,257
2026	165,573	70,685	236,258
2027	171,618	64,640	236,258
Thereafter	<u>1,778,599</u>	<u>477,629</u>	<u>2,256,228</u>
	<u>\$ 2,578,405</u>	<u>\$ 859,112</u>	<u>\$ 3,437,517</u>

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

9. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted surplus (deficit)	\$ 714,552	\$ 914,624
Equity in tangible capital assets (Note 11)	8,835,582	8,604,135
Restricted surplus (Note 10)	<u>1,270,244</u>	<u>886,619</u>
	<u>\$ 10,820,378</u>	<u>\$ 10,405,378</u>

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10. RESTRICTED SURPLUS

	2021	Increases	Decreases	2022
Administration	\$ 50,000	\$ -	\$ 8,000	\$ 42,000
Cemetery	20,000	-	-	20,000
Culture	43,779	-	-	43,779
Fire	135,610	8,000	5,220	138,390
Parks and recreation	216,034	45,000	45,000	216,034
Roads and streets	214,819	-	30,000	184,819
Water	92,185	-	-	92,185
Waste water	114,192	525,987	107,142	533,037
Total	<u>\$ 886,619</u>	<u>\$ 578,987</u>	<u>\$ 195,362</u>	<u>\$ 1,270,244</u>

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (Schedule 2)	\$ 18,325,691	\$ 17,926,263
Accumulated amortization (Schedule 2)	(6,911,704)	(6,600,203)
Debenture debt (Note 8)	<u>(2,578,405)</u>	<u>(2,721,925)</u>
	<u>\$ 8,835,582</u>	<u>\$ 8,604,135</u>

12. SALARY & 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:

	2022			2021
	Salary(1)	Benefits Allowances(2)	Total	Total
Mayor Fehr	\$ 7,458	\$ -	\$ 7,458	\$ 7,400
Councillor T. Besuijen	5,909	-	5,909	5,725
Councillor J. Besuijen	4,842	-	4,842	1,075
Councillor Gilliat	6,184	-	6,184	5,850
Councillor Soltermann	-	-	-	4,025
Councillor Cole	5,089	-	5,089	4,475
Designated Officers	41,581	-	41,581	46,379
CAO	\$ 102,952	\$ 7,059	\$ 110,011	\$ 109,240

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

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

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village of Alix participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 281,764 people and about 435 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Village of Alix is required to make current service contributions to the Plan of 8.45% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 12.80% for the excess. Employees of the Village of Alix are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current and past service contributions by the Village of Alix to the Local Authorities Pension Plan in 2022 were \$39,860 (2021 – \$45,941). Total current and past service contributions by the employees of the Village of Alix to the Local Authorities Pension Plan in 2022 were \$35,406 (2021 – \$41,346).

At December 31, 2021, the Plan disclosed an actuarial surplus of \$11.5 billion.

14. DEBT LIMITS

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

	2022	2021
Total debt limit	\$ 3,900,486	\$ 4,015,679
Total debt	<u>2,578,405</u>	<u>2,721,925</u>
Total debt limit available	\$ <u>1,322,081</u>	\$ <u>1,293,754</u>
Debt service limit	\$ 650,081	\$ 669,280
Debt service	<u>235,436</u>	<u>235,869</u>
Debt service limit available	\$ <u>414,645</u>	\$ <u>433,411</u>

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

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

15. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The village's financial instruments consist of cash, receivables, accounts payable, accrued vacation pay and long – term debt. In management's opinion these financial instruments are not exposed to significant interest rate or currency risks.

The village is exposed to various risks through its financial instruments. The following analysis provides a measure of the village's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the village is not exposed to significant currency or other price risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The carrying value of accounts receivable reflects management's assessment of credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The village has fixed rate long-term debt which is subject to fair value risk, as the value will fluctuate as a result of changes in market rates.

16. COMMITMENTS

The village is a member of the Highway 12/21 Regional Water Services Commission and are a related party. The village has entered into an agreement to receive water. The village purchased water from the commission during the year in the amount of \$162,758 (2021 - \$173,420). Amounts are recorded at exchange amount which is the amount agreed to by the parties.

The village is party to a shared fire protection services funding agreement with Lacombe County. Under the agreement they are responsible for their share of the costs of fire protection. The village is a member of a waste management commission. As such, they could be subject to additional requisitions for future site and post – closure care obligations of the landfill.

VILLAGE OF ALIX

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

17. CONTINGENCIES

The village is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership the village could become liable for its proportionate share of any claim losses in excess of funds held by the exchange. Any liability incurred would be accounted for in the year the losses are determined.

The village is a member of the Lacombe Regional Waste Services Commission, the Highway 12/21 Regional Water Commission, and the Alberta Urban Municipalities Association. Under the terms of the membership the village could become liable for its proportionate share of any losses incurred by these organizations. Any liability incurred would be accounted for as a current transaction in the year of settlement.

The village is a defendant in a lawsuit for \$197,837 plus interest and costs. To the date of the Independent Auditors' Report this action has yet to be settled and the outcome is not determinable. No provision for any loss has been recorded in the financial statements. A reliable estimate of any loss cannot be made at the time. The amount of any future settlement would be accounted for as a current transaction in the year of settlement.

18. AMORTIZATION

Amortization is a non-cash expense and is allocated to the different functions as follows:

	2022	2021
Administration	\$ 2,756	\$ 5,387
Fire, ambulance and bylaws enforcement	14,688	17,852
Roads, streets, walk, lighting	268,158	253,745
Water and wastewater	141,128	139,722
Recreation and parks	11,488	11,521
Other	336	336
	<u>\$ 438,554</u>	<u>\$ 428,563</u>

19. SEGMENTED DISCLOSURE

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

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks, lighting and airport. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. 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.

Refer to the Schedule 6 – Segmented Disclosure.

VILLAGE OF ALIX
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

20. BUDGET AMOUNTS

Budget figures for the year ended December 31, 2022 are for information purposes only and have not been audited.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management approved these financial statements.