

VILLAGE OF ALLIANCE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Alliance is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as of December 31, 2024 and the results of its operations for the year then ended.

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

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

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

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

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

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

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

Sincerely,

Carmen Frank

Carmen Frank
Chief Administrative Officer
April 17, 2025



ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

Daniel J. St. Arnaud, CPA, CA ▪
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INDEPENDENT AUDITOR'S REPORT

To the Council of the Village of Alliance

Opinion

We have audited the accompanying consolidated municipal financial information return of the Village of Alliance (the "Village"), which comprise the schedule 9A statement of financial position as at December 31, 2023, and schedules 9B through 9D, 9Q, 9E through 9M and 9AA, and 9P for the year then ended.

In our opinion, the consolidated municipal financial information return of the Village for the year ended December 31, 2024 is prepared, in all material respects, in accordance with the required presentation and financial reporting provisions of the Municipal Financial Information Return Manual as provided by the Ministry of Municipal Affairs.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Municipal Financial Information Return section of the report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the consolidated municipal financial information return 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.

Emphasis of Matter

The municipal financial information return is prepared to meet the requirements of the Municipal Government Act (Section 277(1)), as requested by Alberta Municipal Affairs, and is to be used primarily for statistical purposes. As a result, the consolidated financial information return may not be suitable for another purpose. Our report is intended solely for the Village of Alliance and the Ministry of Municipal Affairs and should not be distributed to or used by parties other than the Village of Alliance or the Ministry of Municipal Affairs. Our report is not modified in respect of this matter.

Other Matters

The Village has prepared a complete set of consolidated financial statements for the year ended December 31, 2024 in accordance with Canadian public sector accounting standards on which we issued an auditor's report to the Council of the Village dated April 17, 2025 and reference should be made to those audited consolidated financial statements for complete information.

(continues)

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

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

Management is responsible for the preparation of the municipal financial information return in accordance with the financial reporting provisions of the Municipal Financial Information Return Manual as provided by the Ministry of Municipal Affairs, determining that the described framework is acceptable in circumstances, and for such internal control as management determines is necessary to enable the preparation of a municipal financial information return that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 statement of grant revenues and expenditures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial information return, and whether the financial information return represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

JAM Accounting Group LLP

Edmonton, Alberta
April 17, 2025

JAM Accounting Group LLP
Chartered Professional Accountants

VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and cash equivalents (note 2)	184,671	133,474
Short term investments (note 2)	154,123	200,000
Taxes and grants in place of taxes receivables (note 3)	33,257	18,583
Trade, grants and other receivables	24,157	21,226
Due from other governments	326,882	282,069
Inventory held for resale	20,400	20,400
Investments	20,000	20,000
Other financial assets	<u>15,271</u>	<u>12,524</u>
	778,761	708,276
LIABILITIES		
Accounts payable and accrued liabilities	42,997	32,606
Asset retirement obligation (note 13)	365,050	350,000
Deferred revenue (note 4)	524,983	427,720
Long term debt (note 5)	<u>42,500</u>	<u>85,000</u>
	<u>975,530</u>	<u>895,326</u>
NET FINANCIAL ASSETS	(196,769)	(187,050)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	4,946,184	4,988,417
Prepaid expenses	<u>938</u>	<u>1,042</u>
	4,947,122	4,989,459
ACCUMULATED SURPLUS (SCHEDULE 1, NOTE 8)	<u><u>4,750,353</u></u>	<u><u>4,802,409</u></u>
Commitments and contingencies - See notes 5, 11 and 12		

VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
REVENUE			
Net municipal property taxes (Schedule 3)	\$ 237,961	\$ 236,806	\$ 232,697
User fees and sale of goods	191,930	195,747	195,767
Government transfers for operating (Schedule 4)	69,426	69,426	69,426
Franchise and concession contracts	17,000	17,300	16,776
Penalties and costs on taxes	4,900	7,766	7,253
Rentals	3,045	6,584	5,093
Investment income	6,000	13,916	4,733
Licenses and permits	1,370	1,155	1,475
Other	<u>4,600</u>	<u>7,987</u>	<u>9,548</u>
	536,232	556,687	542,768
EXPENSES			
Legislative	24,861	24,624	24,146
Administration	140,400	133,662	134,178
Protective Services	24,157	23,477	22,124
Transportation	149,053	148,395	144,379
Water supply and distribution	73,316	86,243	78,484
Wastewater treatment and disposal	16,233	31,713	14,706
Waste management	31,065	31,065	31,094
Public health and welfare	1,577	3,452	2,911
Planning and development	6,000	5,981	5,718
Recreation	30,435	33,351	27,582
Culture and community events	3,390	3,664	7,373
Amortization	<u>-</u>	<u>242,634</u>	<u>211,832</u>
	<u>500,487</u>	<u>768,261</u>	<u>704,527</u>
EXCESS OF REVENUE OVER EXPENSES			
BEFORE OTHER ITEMS	35,745	(211,574)	(161,759)
Government transfers for capital (Schedule 4)	<u>-</u>	<u>159,518</u>	<u>337,067</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	35,745	(52,056)	175,308
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>-</u>	<u>4,802,409</u>	<u>4,627,101</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>35,745</u></u>	<u><u>4,750,353</u></u>	<u><u>4,802,409</u></u>

VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (52,056)	\$ 175,308
Purchase of tangible capital assets (net of disposals)	(200,400)	(319,183)
Asset retirement obligation capital assets	-	(350,000)
Amortization of tangible capital assets	242,634	211,832
Increase in prepaid expenses	<u>103</u>	<u>167</u>
	42,337	(457,184)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(9,719)	(281,876)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(187,050)</u>	<u>94,826</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>(196,769)</u></u>	<u><u>(187,050)</u></u>

VILLAGE OF ALLIANCE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ (52,056)	\$ 175,308
Plus: Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	242,634	211,832
Asset retirement obligations tangible capital assets	-	(350,000)
Accretion expenses	15,050	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(14,674)	25,200
Decrease (increase) in trade and other receivables	(2,931)	2,504
Decrease (increase) asset retirement obligation	(15,050)	-
Decrease (increase) in amounts due from other governments	(44,813)	112,858
Decrease (increase) in other financial assets	(2,747)	(1,962)
Increase (decrease) in accounts payable and accrued liabilities	25,441	348,168
Increase (decrease) in deferred revenue	<u>97,263</u>	<u>(229,720)</u>
	248,117	294,188
CAPITAL		
Acquisition of tangible capital assets (net of proceeds)	(200,400)	(319,015)
INVESTING		
Increase (decrease) in restricted cash or cash equivalents	(41,270)	101,155
FINANCING		
Long term debt repaid	<u>(42,500)</u>	<u>(42,500)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(36,053)	33,828
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>164,477</u>	<u>130,649</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>128,424</u></u>	<u><u>164,477</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and temporary investments (note 2)	338,794	333,474
Less: restricted portion of cash and temporary investments (note 2)	<u>(210,270)</u>	<u>(168,997)</u>
	<u><u>128,524</u></u>	<u><u>164,477</u></u>

VILLAGE OF ALLIANCE

SCHEDULE 1: CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF YEAR	120,992	43,000	4,638,417	4,802,409	4,627,101
Excess (deficiency) of revenues over expenses	(52,056)	-	-	(52,056)	175,308
Transfer to reserves	-	-	-	-	-
Current year funds used for tangible capital assets	(200,400)	-	200,400	-	-
Asset retirement obligation accretion expense	15,050	-	(15,050)	-	-
Annual amortization expense	242,634	-	(242,634)	-	-
Change in accumulated surplus	5,228	-	(57,284)	(52,056)	175,308
BALANCE, END OF YEAR	126,220	43,000	4,581,133	4,750,353	4,802,409

VILLAGE OF ALLIANCE

SCHEDULE 2: CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Land	Land Improve- ments	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST								
Balance, beginning of year	68,041	145,847	1,503,386	5,945,015	372,552	103,228	8,138,069	7,588,351
Acquisitions (net)	-	7,889	14,000	175,787	2,724	-	200,400	549,718
Balance, end of year	68,041	153,736	1,517,386	6,120,802	375,276	103,228	8,338,469	8,138,069
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	100,279	436,503	2,270,538	250,120	92,212	3,149,652	3,056,951
Amortization expense (net)	-	7,490	30,207	183,140	18,125	3,672	242,634	92,701
Balance, end of year	-	107,769	466,710	2,453,679	268,245	95,884	3,392,287	3,149,652
NET BOOK VALUE	68,041	45,967	1,050,676	3,667,123	107,031	7,344	4,946,182	4,988,417
<i>NET BOOK VALUE, 2023</i>	<i>68,041</i>	<i>45,568</i>	<i>1,066,883</i>	<i>3,674,477</i>	<i>122,432</i>	<i>11,016</i>	<i>4,988,417</i>	

VILLAGE OF ALLIANCE

SCHEDULE 3: CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
TAXATION			
Real property taxes	267,932	256,885	248,285
Linear property taxes	<u>-</u>	<u>9,892</u>	<u>9,207</u>
	267,932	266,777	257,492
REQUISITIONS			
Alberta School Foundation	28,256	28,256	23,745
Flagstaff Regional Housing Group	<u>1,715</u>	<u>1,715</u>	<u>1,050</u>
	<u>29,971</u>	<u>29,971</u>	<u>24,795</u>
NET MUNICIPAL TAXES	<u><u>237,961</u></u>	<u><u>236,806</u></u>	<u><u>232,697</u></u>

VILLAGE OF ALLIANCE

SCHEDULE 4: CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
TRANSFERS FOR OPERATING			
Provincial government	59,426	59,426	59,426
Other local governments	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	69,426	69,426	69,426
TRANSFERS FOR CAPITAL			
Provincial government	-	111,108	102,839
Federal government	<u>-</u>	<u>48,410</u>	<u>234,228</u>
	<u>-</u>	<u>159,518</u>	<u>337,067</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>69,426</u></u>	<u><u>228,944</u></u>	<u><u>406,493</u></u>

VILLAGE OF ALLIANCE

SCHEDULE 5: CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
EXPENDITURES			
Salaries, wages and benefits	208,455	214,028	207,375
Contracted and general services	177,567	180,852	174,690
Materials, goods and utilities	74,360	88,008	70,282
Provision for allowances	6,755	4,859	14,243
Transfers to local boards and agencies	15,700	15,553	15,604
Interest on long term debt - operating	4,455	5,590	8,453
Other expenditures	13,195	1,687	2,048
Accretion expense	-	15,050	-
Amortization of tangible capital assets	-	242,634	211,832
	<u>500,487</u>	<u>768,261</u>	<u>704,527</u>

VILLAGE OF ALLIANCE

SCHEDULE 6: SCHEDULE OF SEGMENTED DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Govern- ment	Protective Services	Transpor- tation Services	Environ- mental Services	Public Health & Welfare	Planning & Develop- ment	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 3)	236,807	-	-	-	-	-	-	236,807
User fees and sale of goods	-	16,758	7,396	159,489	1,920	265	9,919	195,747
Penalties and costs on taxes	4,667	-	-	3,099	-	-	-	7,766
Licenses and permits	-	1,155	-	-	-	-	-	1,155
Franchise and concession contracts	17,300	-	-	-	-	-	-	17,300
Investment income	13,916	-	-	-	-	-	-	13,916
Rentals	-	-	2,144	-	-	-	4,440	6,584
Government transfers (Schedule 4)	59,426	-	-	-	-	-	10,000	69,426
Other	6,974	-	15	-	-	1,000	-	7,989
	<u>339,090</u>	<u>17,913</u>	<u>9,555</u>	<u>162,588</u>	<u>1,920</u>	<u>1,265</u>	<u>24,359</u>	<u>556,690</u>
EXPENSES								
Salaries, wages and benefits (note 10)	103,331	1,736	68,144	40,817	-	-	-	214,028
Contracted and general services	38,901	9,140	38,339	74,247	-	5,981	14,244	180,852
Materials, goods and utilities	4,949	254	41,912	18,907	1,875	-	20,111	88,008
Provision for allowances	4,859	-	-	-	-	-	-	4,859
Transfers to local boards and agencies	-	12,267	-	-	1,577	-	1,709	15,553
Accretion expenses	-	-	-	15,050	-	-	-	15,050
Interest on long term debt - operating	5,590	-	-	-	-	-	-	5,590
Other expenditures	658	80	-	-	-	-	951	1,689
	<u>158,288</u>	<u>23,477</u>	<u>148,395</u>	<u>149,021</u>	<u>3,452</u>	<u>5,981</u>	<u>37,015</u>	<u>525,629</u>
NET REVENUE (SHORTFALL)								
BEFORE AMORTIZATION	180,802	(5,564)	(138,840)	13,567	(1,532)	(4,716)	(12,656)	31,061
Amortization of tangible capital assets	1,936	1,613	94,192	127,094	810	-	16,989	242,634
NET REVENUE (SHORTFALL)	<u>178,866</u>	<u>(7,177)</u>	<u>(233,032)</u>	<u>(113,527)</u>	<u>(2,342)</u>	<u>(4,716)</u>	<u>(29,645)</u>	<u>(211,573)</u>

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

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

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity. The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

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

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Financial statement items that require the use of estimates are the useful life and amortization of capital assets and accretion expenses on ARO. The best estimate includes an adjustment for the cost of inflation from initial measurement.

d) Investments

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

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Requisition Over-levy and Under-levy

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

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

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

f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

g) Tax Revenue

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

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

h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the village is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

j) Non-Financial Assets

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

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Non-Financial Assets (Continued)

i. Tangible Capital Assets

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

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

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

k) Asset Retirement Obligation

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

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

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Asset Retirement Obligation (continued)

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

2. CASH AND CASH EQUIVALENTS

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

	<u>2024</u>	<u>2023</u>
Canada Community-Building Fund	(15,200)	33,210
Municipal Sustainable Initiative - Capital	<u>225,470</u>	<u>135,787</u>
Restricted cash resources	<u>210,270</u>	<u>168,997</u>
 Cash and cash equivalents	 184,671	 133,474
Short term investments	<u>154,123</u>	<u>200,000</u>
Total cash resources available	<u>338,794</u>	<u>333,474</u>
Unrestricted cash resources	<u><u>128,524</u></u>	<u><u>164,477</u></u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2024</u>	<u>2023</u>
Current taxes and grants in place of taxes	29,844	17,549
Arrears taxes	<u>13,799</u>	<u>11,401</u>
	43,643	28,950
Less: Allowance for doubtful accounts	<u>(10,386)</u>	<u>(10,367)</u>
	<u><u>33,257</u></u>	<u><u>18,583</u></u>

4. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2024</u>	<u>2023</u>
Canada Community-Building Fund	44,471	33,210
Municipal Sustainable Initiative - Capital	283,402	394,510
Local Government Fiscal Framework	<u>197,110</u>	<u>-</u>
	<u><u>524,983</u></u>	<u><u>427,720</u></u>

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Demand loan with Vision Credit Union, bearing interest at prime + 1% per annum, repayable over five years in 20 quarterly payments of \$10,625 plus interest. Principal and interest payments began January 1, 2021.	<u>42,500</u>	<u>85,000</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>42,500</u>	<u>1,713</u>	<u>44,213</u>
	<u>42,500</u>	<u>1,713</u>	<u>44,213</u>

6. DEBT LIMITS

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

	<u>2024</u>	<u>2023</u>
Total debt limit	835,031	814,152
Total debt	<u>42,500</u>	<u>85,000</u>
Amount of debt limit unused	<u>792,531</u>	<u>729,152</u>
Debt servicing limit	139,172	135,692
Debt servicing	<u>44,213</u>	<u>46,955</u>
Amount of debt servicing limit unused	<u>94,959</u>	<u>88,737</u>

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

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets (Schedule 2)	8,338,469	8,138,069
Accumulated amortization (Schedule 2)	(3,392,287)	(3,149,651)
Asset retirement obligation	<u>(365,050)</u>	<u>(350,000)</u>
	<u><u>4,581,132</u></u>	<u><u>4,638,418</u></u>

8. ACCUMULATED SURPLUS

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

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	126,220	120,992
Restricted surplus		
Water and sewer	43,000	43,000
Equity in tangible capital assets	<u>4,581,132</u>	<u>4,638,418</u>
	<u><u>4,750,352</u></u>	<u><u>4,802,410</u></u>

9. SEGMENTED DISCLOSURE

The Village of Alliance provides a range of services to its ratepayers. For each reported segment (Schedule 6), revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements overall, and as disclosed in Note 1.

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

10. SALARY AND BENEFITS DISCLOSURE

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

	2024		2023	
	Salary	Benefits and allowances	Total	Total
Ganshirt	7,630	236	7,866	7,769
Nychporuk	7,260	238	7,498	7,719
Wyse	8,016	273	8,289	8,308
CAO	63,984	6,168	70,152	69,436
Designated Officer	<u>8,303</u>	<u>480</u>	<u>8,783</u>	<u>7,739</u>

11. COMMITMENTS

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

12. CONTINGENCIES

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

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

13. ASSET RETIREMENT OBLIGATION

The village operates a lagoon which covers 2.6 hectares for the treatment and storage of waste water prior to its release. The village is legally required to decommission and remediate this site. The estimated total liability for the decommissioning, remediation and reclamation of the lagoon is \$350,000 in 2023. Based on construction cost index this amount is adjusted to inflation in 2024.

	<u>2024</u>	<u>2023</u>
Balance at the beginning	350,000	-
Liabilities incurred	-	350,000
Liabilities settled	-	-
Accretion expenses	<u>15,050</u>	<u>-</u>
Total	<u>365,050</u>	<u>350,000</u>

VILLAGE OF ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

14. FINANCIAL INSTRUMENTS

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

The village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

The village is exposed to interest rate risk with respect to the variable rate of interest on long-term debt.

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

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.