

SUMMER VILLAGE OF ISLAND LAKE SOUTH
Financial Statements
Year Ended December 31, 2024

SUMMER VILLAGE OF ISLAND LAKE SOUTH
Index to Financial Statements
Year Ended December 31, 2024

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Schedule of Property and Other Taxes (<i>Schedule 1</i>)	8
Schedule of Government Transfers (<i>Schedule 2</i>)	8
Schedule of Expenditures by Object (<i>Schedule 3</i>)	8
Schedule of Changes in Accumulated Surplus (<i>Schedule 4</i>)	9
Schedule of Segmented Disclosure (<i>Schedule 5</i>)	10
Schedule of Tangible Capital Assets (<i>Schedule 6</i>)	11
Notes to Financial Statements	12 - 21

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the financial statements.

Management reports directly to Council on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

Prior to their submission to Council, the financial statements have been reviewed and recommended for approval by management. The financial statements have been audited by the independent firm of Seniuk and Marcato, Chartered Professional Accountants. Their report to the Council, stating their opinion, basis for opinion, other information, responsibilities of management and those charged with governance for the financial statements, and auditors' responsibilities for the audit of the financial statements, follows.

Ms. Kim Bancroft, CAO

Sherwood Park, Alberta
April 27, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Island Lake South

Opinion

We have audited the financial statements of Summer Village of Island Lake South (the "municipality"), 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, the accompanying financial statements present fairly, in all material respects, the financial position of the municipality 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 (PSAS).

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 Financial Statements* section of our report. We are independent of the municipality 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 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 PSAS, 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 municipality'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 municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(continues)

*Denotes professional corporation

#102, 12750 – 127 St. NW, Edmonton Alberta T5L 1A5

Telephone (780) 482-3431 Fax: (780) 488-5710 Website: www.seniuk.com

Independent Auditor's Report to the Members of Council of Summer Village of Island Lake South
(continued)

- 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 municipality'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 municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the municipality 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.

Edmonton, Alberta
April 27, 2025


Seniuk and Marcato,
Chartered Professional Accountants

SUMMER VILLAGE OF ISLAND LAKE SOUTH**Statement of Financial Position****December 31, 2024**

	2024	2023
FINANCIAL ASSETS		
Cash (Note 2)	\$ 271,399	\$ 232,253
Restricted portion of cash (Note 2)	1,200	244,896
Taxes and grants in place of taxes receivable (Note 4)	3,216	3,012
Grants and receivables from other governments (Note 5)	84,820	81,889
Interest receivable	-	380
	360,635	562,430
LIABILITIES		
Accounts payable	15,186	7,973
Deferred income (Note 7)	80,561	322,409
	95,747	330,382
NET FINANCIAL ASSETS	264,888	232,048
NON-FINANCIAL ASSETS		
Prepaid expenses	3,788	3,794
Tangible capital assets (Note 6)	984,063	730,035
	987,851	733,829
ACCUMULATED SURPLUS	\$ 1,252,739	\$ 965,877

ON BEHALF OF COUNCIL_____
*Mayor*_____
Councilor

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2024

	Budget (Unaudited) 2024	2024	2023
REVENUES			
Net municipal taxes (Schedule 1)	\$ 101,232	\$ 101,177	\$ 92,411
User fees	618	838	1,237
Government transfers for operating (Schedule 2)	11,616	11,278	15,953
Investment income	7,000	17,721	25,374
Penalties and costs of taxes	1,285	1,980	1,651
	121,751	132,994	136,626
EXPENSES			
Administration and Legislative	60,461	55,695	53,633
Protective services	9,298	7,919	4,878
Transportation services	5,253	56,296	54,656
Environmental services	17,288	18,917	17,120
Planning and development	1,500	-	1,063
Recreation and culture	17,951	26,305	18,714
	111,751	165,132	150,064
SURPLUS (DEFICIT) FROM OPERATIONS	10,000	(32,138)	(13,438)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	-	319,000	215,717
ANNUAL SURPLUS	10,000	286,862	202,279
ACCUMULATED SURPLUS - BEGINNING OF YEAR	965,877	965,877	763,598
ACCUMULATED SURPLUS - END OF YEAR	\$ 975,877	\$ 1,252,739	\$ 965,877

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH
Statement of Changes in Net Financial Assets
Year Ended December 31, 2024

	Budget (Unaudited) 2024	2024	2023
ANNUAL SURPLUS	\$ 10,000	\$ 286,862	\$ 202,279
Amortization of tangible capital assets	-	64,972	57,132
Purchase of tangible capital assets	-	(319,000)	(215,717)
Decrease (increase) in prepaid expenses	-	6	(482)
	-	(254,022)	(159,067)
INCREASE IN NET FINANCIAL ASSETS	10,000	32,840	43,212
NET FINANCIAL ASSETS - BEGINNING OF YEAR	232,048	232,048	188,836
NET FINANCIAL ASSETS - END OF YEAR	\$ 242,048	\$ 264,888	\$ 232,048

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH**Statement of Cash Flows****Year Ended December 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 286,862	\$ 202,279
Item not affecting cash:		
Amortization of tangible capital assets	64,972	57,132
	351,834	259,411
Changes in non-cash working capital:		
Interest receivable	380	(22)
Grants and receivables from other governments	(2,931)	74,443
Current taxes and grants in place of taxes	(204)	1,271
Accounts payable	7,213	1,962
Prepaid expenses	6	(483)
Deferred income	(241,848)	(178,671)
	(237,384)	(101,500)
Cash flow from operating activities	114,450	157,911
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(319,000)	(215,717)
Cash flow used by capital activities	(319,000)	(215,717)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	243,696	94,445
Cash flow from investing activities	243,696	94,445
INCREASE IN CASH FLOW	39,146	36,639
Cash - beginning of year	232,253	195,614
CASH - END OF YEAR (Note 2)	\$ 271,399	\$ 232,253
CASH CONSISTS OF:		
Cash	\$ 271,399	\$ 232,253

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH**Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2024**

	Budget (Unaudited) 2024	2024	2023
TAXATION			
Real property tax	\$ 170,323	\$ 170,268	\$ 150,701
Linear property taxes	18,014	18,014	17,489
	188,337	188,282	168,190
REQUISITIONS			
Alberta school foundation	83,262	83,262	72,427
Seniors' housing requisition	3,843	3,843	3,352
	87,105	87,105	75,779
NET MUNICIPAL TAXES	\$ 101,232	\$ 101,177	\$ 92,411

Schedule of Government Transfers**(Schedule 2)****TRANSFERS FOR OPERATING**

Provincial Government	\$ 11,616	\$ 11,278	\$ 15,953
	11,616	11,278	15,953

TRANSFERS FOR CAPITAL

Provincial Government	-	319,000	215,717
-----------------------	---	----------------	---------

TOTAL GOVERNMENT TRANSFERS	\$ 11,616	\$ 330,278	\$ 231,670
-----------------------------------	-----------	-------------------	------------

Schedule of Expenditures by Object**(Schedule 3)****EXPENSES**

Salaries, wages & benefits	\$ 24,935	\$ 23,719	\$ 24,399
Contracted and general services	76,118	69,322	62,774
Materials, goods and utilities	6,820	6,461	4,994
Transfer to local boards and agencies	3,878	658	765
Amortization	-	64,972	57,132

Total Expenditures by Object	\$ 111,751	\$ 165,132	\$ 150,064
-------------------------------------	------------	-------------------	------------

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2024

(Schedule 4)

	Unrestricted Surplus	Equity in Tangible Capital Assets	Total 2024	Total 2023
BALANCE, BEGINNING OF YEAR	\$ 235,842	\$ 730,035	\$ 965,877	\$ 763,598
Excess (deficiency) of revenues over expenses	286,862	-	286,862	202,279
Current year funds used to purchase of tangible capital assets	(319,000)	319,000	-	-
Annual amortization expense	64,972	(64,972)	-	-
	32,834	254,028	286,862	202,279
BALANCE, END OF YEAR	\$ 268,676	\$ 984,063	\$ 1,252,739	\$ 965,877

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Schedule of Segmented Disclosure

(Schedule 5)

Year Ended December 31, 2024

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2024
REVENUE							
Net municipal taxes	\$ 101,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,177
Government transfers	11,278	-	-	-	-	-	11,278
User fees and sales of goods	150	-	-	688	-	-	838
Investment income	17,721	-	-	-	-	-	17,721
Other revenues	1,980	-	-	-	-	-	1,980
	132,306	-	-	688	-	-	132,994
EXPENSES							
Contract and general services	25,641	7,919	6,900	-	9,945	18,917	69,322
Salaries and wages	23,719	-	-	-	-	-	23,719
Materials, goods and utilities	6,335	-	-	-	126	-	6,461
Transfers to local boards	-	-	-	-	658	-	658
Amortization	-	-	49,396	-	15,576	-	64,972
	55,695	7,919	56,296	-	26,305	18,917	165,132
Excess (deficiency) of revenue over expenses before other	76,611	(7,919)	(56,296)	688	(26,305)	(18,917)	(32,138)
OTHER							
Government transfers for capital	-	-	-	-	319,000	-	319,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 76,611	\$ (7,919)	\$ (56,296)	\$ 688	\$ 292,695	\$ (18,917)	\$ 286,862

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE SOUTH
Schedule of Tangible Capital Assets
(Schedule 6)
Year Ended December 31, 2024

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2024				
Cost				
Land	\$ 161,170	\$ -	\$ -	\$ 161,170
Land improvements	106,047	-	-	106,047
Engineered structures	740,939	-	-	740,939
Buildings	112,970	319,000	87,416	519,386
Machinery and equipment	74,301	-	-	74,301
Assets under construction	87,416	-	(87,416)	-
	1,282,843	319,000	-	1,601,843
Accumulated Amortization				
Land improvements	(17,596)	(4,913)	-	(22,509)
Buildings	(57,784)	(7,198)	-	(64,982)
Engineered structures	(470,591)	(49,396)	-	(519,987)
Machinery and equipment	(6,837)	(3,465)	-	(10,302)
	(552,808)	(64,972)	-	(617,780)
Net Book Value	\$ 730,035	\$ 254,028	\$ -	\$ 984,063

For the year ended December 31, 2023

Cost				
Land	\$ 161,170	\$ -	\$ -	\$ 161,170
Land improvements	41,657	61,089	3,301	106,047
Engineered structures	740,939	-	-	740,939
Buildings	112,970	-	-	112,970
Machinery and equipment	7,090	67,211	-	74,301
Assets under construction	3,301	87,416	(3,301)	87,416
	1,067,127	215,716	-	1,282,843
Accumulated Amortization				
Land improvements	(13,904)	(3,692)	-	(17,596)
Buildings	(55,525)	(2,259)	-	(57,784)
Engineered structures	(421,195)	(49,396)	-	(470,591)
Machinery and equipment	(5,052)	(1,785)	-	(6,837)
	(495,676)	(57,132)	-	(552,808)
Net Book Value	\$ 571,451	\$ 158,584	\$ -	\$ 730,035

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Island Lake South (the Municipality) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

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

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality Council in accordance with legislation and the Municipality Council approved policies to raise the tax revenue required to meet the Municipality's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

Segment disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes.

Segments include:

- a) Transportation Services includes roadway and parking services.

(continues)

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

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

- b) Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue.
- c) Recreation and Culture includes parks and recreation, community and family services, planning and corporate properties and public housing.
- d) General Government includes municipal administration and council governance.
- e) Planning and Development includes related services for the betterment of the municipality.
- f) Environmental Services include water, sewage, and garbage services.

Cash and Short Term Investments

Cash and cash equivalents consist of cash on deposit, bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market value. These cash equivalents generally mature within 90 days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the Municipality's cash position throughout the year.

Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities 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.

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Municipality are in the form of tangible capital assets, grants and subsidies.

Use of Estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the municipality's best information and judgment. Actual results could differ from these estimates.

Significant estimates include:

- estimated accrued receivables;
- the estimated useful lives of assets;
- assessment of impairment of long term assets; and

(continues)

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

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

- estimated accrued payables.

Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

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.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period that the project expenditures are completed.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations are determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

Non-Financial Assets

Non-financial assets are not available to discharge 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. Non-financial assets include tangible capital assets, inventory of materials and supplies, and other assets.

(continues)

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

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

Tangible Capital Assets

Tangible capital assets are stated at cost which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	10 - 25 years
Buildings	50 years
Machinery and equipment	20 years
Engineered structures	10 - 20 years

The municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Asset Retirement Obligations

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 Municipality 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.

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

Impairment of Long Lived Assets

The municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

(continues)

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

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

Cultural and Historical Tangible Capital Assets

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

Leases

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

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

2. CASH, TEMPORARY INVESTMENTS, AND RESTRICTED CASH

	2024	2023
Cash	\$ 271,399	\$ 232,253
Restricted portion of cash	1,200	244,896
	\$ 272,599	\$ 477,149

3. TERM DEPOSITS

	2024 Cost	2024 Market value	2023 Cost	2023 Market value
1 Year term deposit maturing in December 2024 at 4.78% per annum	\$ -	\$ -	\$ 80,773	\$ 80,773
1 Year term deposit maturing in December 2024 at 4.78% per annum	-	-	80,725	80,725
	\$ -	\$ -	\$ 161,498	\$ 161,498

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

Taxes and grants in place of taxes receivable are comprised of:

	2024	2023
Current taxes and grants in place of taxes	\$ 2,916	\$ 3,012
Arrears taxes and grants in place of taxes	300	-
	\$ 3,216	\$ 3,012

SUMMER VILLAGE OF ISLAND LAKE SOUTH**Notes to Financial Statements****Year Ended December 31, 2024****5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS**

Grants and receivables from other governments are comprised of:

	2024	2023
Municipal Sustainability Initiative - Capital grant receivable	\$ -	\$ 33,889
Local Government Fiscal Framework - Capital grant receivable	67,413	-
Canada Community-Building Fund grant receivable	9,719	34,616
Subtotal	77,132	68,505
Goods and services tax refundable	7,688	13,384
	\$ 84,820	\$ 81,889

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 161,170	\$ -	\$ 161,170	\$ 161,170
Land improvements	106,047	22,509	83,538	88,451
Engineered structures	740,939	519,987	220,952	270,348
Buildings	519,386	64,982	454,404	55,186
Machinery and equipment	74,301	10,302	63,999	67,464
Assets under construction	-	-	-	87,416
	\$ 1,601,843	\$ 617,780	\$ 984,063	\$ 730,035

For additional information, see the Schedule of Tangible Capital Assets (Schedule 6).

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

7. DEFERRED REVENUE

Deferred revenue is comprised of:

	2023 Balance	Allocations	Disbursements	2024 Balance
Grant Funding				
Municipal Sustainability Initiative - Capital	\$ 251,991	\$ -	\$ (251,991)	\$ -
Canada Community-Building Fund	60,211	9,719	(65,000)	4,930
Alberta Firesmart Grant	1,200	-	-	1,200
Local Government Fiscal Framework - Capital	-	67,413	(2,009)	65,404
	313,402	77,132	(319,000)	71,534
Other Deferred Revenue				
Prepaid Taxes	7	20	-	27
Requisition taxes over-levy	9,000	-	-	9,000
	\$ 322,409	\$ 77,152	\$ (319,000)	\$ 80,561

	2022 Balance	Allocations	Disbursements	2023 Balance
Grant Funding				
Municipal Sustainability Initiative - Capital	397,293	33,889	(179,191)	251,991
Canada Community-Building Fund	86,392	8,819	(35,000)	60,211
Alberta Firesmart Grant	1,200	-	-	1,200
Alberta Community Partnership (ACP) Program	6,200	-	(6,200)	-
	491,085	42,708	(220,391)	313,402
Other Deferred Revenue				
Prepaid Taxes	995	-	(988)	7
Requisition taxes over-levy	9,000	-	-	9,000
	501,080	42,708	(221,379)	322,409

Grant funding is comprised of the funds noted above and is allocated to the Municipality by the Provincial Government as approved by the individual restricted funding agreements. These grants are restricted to specific projects that must be approved per the agreement and are scheduled for completion in the next few years. These funds are recognized as revenue in the period they are used for the purpose specified. Unexpended funds related to the advances, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

SUMMER VILLAGE OF ISLAND LAKE SOUTH

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 255/00 for the Summer Village of Island Lake South, be disclosed as follows:

	2024	2023
Total debt limit	\$ 199,491	\$ 204,939
Total debt	-	-
Amount of debt limit unused	199,491	204,939
Debt servicing limit	33,249	34,157
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 33,249	\$ 34,157

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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2024	2023
Tangible capital assets (Note 6.)	\$ 1,601,843	\$ 1,282,842
Accumulated amortization (Note 6.)	(617,780)	(552,808)
	\$ 984,063	\$ 730,034

10. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (Schedule 4).

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

11. SALARY AND BENEFITS DISCLOSURE

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

			2024		2023
	Contract (1)	Benefits & allowances (2)	Total	Total	Total
Gary Tym - Councillor	\$ 1,125	\$ -	\$ 1,125	\$ 1,500	
Thomas Tarrant - Councillor	1,375	-	1,375	1,000	
James Storoschuk - Councillor	1,125	-	1,125	1,000	
Chief Administrative Officer	20,094	-	20,094	19,700	
Designated Officer (1)	3,613	-	3,613	3,543	
	\$ 27,332	\$ -	\$ 27,332	\$ 26,743	

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, contracted services and any other direct cash remuneration.
2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and cash equivalents investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Municipality is not exposed to significant currency risks arising from these financial instruments. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Municipality manages risk exposure on these items similar to other receivables and payables

The municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of December 31, 2024.

Credit risk

The Municipality 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 Municipality 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.

Liquidity risk

Liquidity risk is the risk that the Municipality will be unable to meet its financial obligations as they come due. The Municipality is exposed to this risk through its accounts payable. This risk is influenced by the timing and collection of property taxes and other municipal revenues. If taxpayers delay or default on payments, it could impact the Municipality's cash flow and ability to fund operations.

(continues)

SUMMER VILLAGE OF ISLAND LAKE SOUTH

Notes to Financial Statements

Year Ended December 31, 2024

12. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Municipality's financial position, potentially increasing borrowing costs or reducing investment income. This risk can indirectly impact taxpayers through higher future funding requirements. The Municipality is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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

13. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2024 (2023 – Nil) as a result of this standard.

14. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2024 (2023 – Nil) as a result of this standard.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

17. BUDGET AMOUNTS

Budget amounts are included for information purposes only and are not audited.