

**COUNTY OF PAINTEARTH NO. 18**  
**Financial Statements**  
**Year Ended December 31, 2023**

**COUNTY OF PAINT EARTH NO. 18**  
**Contents**  
**For the Year Ended December 31, 2023**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management of the County of Paintearth No. 18 (the "County") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2023 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 judgments. Such amounts have been determined on a reasonable basis in order to ensure 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 County Council carries out its responsibilities for review of the financial statements primarily through the Finance and Administration departments. Council meets annually with management and 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 County Council has approved the financial statements.

The financial statements have been audited by Ascend LLP, independent external auditors appointed by the County. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the County's financial statements.



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Michael Simpson, Chief Administrative Officer



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Lana Roth, Assistant Chief Administrative Officer

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## INDEPENDENT AUDITOR'S REPORT

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To the Reeve & Council of County of Paintearth No. 18

### *Opinion*

We have audited the financial statements of County of Paintearth No. 18 (the "County"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets, cash flows, and schedules 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 County as at December 31, 2023, 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 County 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.

### *Emphasis of Matter*

As disclosed in note 2, the County adopted *Canadian Public Sector Accounting Standard PS3280 - Asset Retirement Obligations*. This new standard establishes how to account for, and disclose, liabilities for asset retirement obligations which are legal obligations associated with the retirement of tangible capital assets. This standard was adopted using the modified retroactive application method.

We also draw your attention to note 3 of these financial statements, which describes a prior period adjustment related to the write-off outstanding accounts receivable and the impact of adopting the asset retirement obligation standard.

Our opinion is not modified with respect to these matters.

### *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 County'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 County or to cease operations, or has no realistic alternative but to do so.

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

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*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County'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 County 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.

(*continues*)

Independent Auditor's Report to the Reeve & Council of County of Paintearth No. 18 (*continued*)

*Report on Other Legal and Regulatory Requirements*

Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in Note 14.

Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke underneath the entire word.

**Ascend LLP**  
**Chartered Professional Accountant**  
Hanna, Alberta  
April 16, 2024

**COUNTY OF PAINT EARTH NO. 18**  
**Statement of Financial Position**  
**As at December 31, 2023**

|  | 2023                 | 2022<br>(restated)   |
|--|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                                |                      |                      |
| Cash   | \$ 29,885,710        | \$ 29,151,584        |
| Short-term investments (Note 5)                        | 5,056,143            | 5,053,474            |
| Receivables  |                      |                      |
| Taxes and grants in place of taxes receivable (Note 6) | 688,218              | 414,367              |
| Trade and other receivables                            | 461,101              | 138,432              |
| Receivables from other governments                     | 4,028,310            | 3,337,566            |
| Land inventory held for resale                         | 1,038,817            | 1,038,817            |
| Investments (Note 7)                                   | 50                   | 50                   |
|  | <u>41,158,349</u>    | <u>39,134,290</u>    |
| <b>LIABILITIES</b>                                     |                      |                      |
| Accounts payable and accrued liabilities (Note 8)      | 1,033,459            | 1,151,044            |
| Deferred revenue (Note 9)                              | 3,030,418            | 2,941,859            |
| Employee benefit obligations (Note 10)                 | 726,557              | 700,244              |
| Gravel reclamation liability (Note 11)                 | 201,959              | 201,959              |
| Asset retirement obligations (Note 12)                 | 750,000              | 750,000              |
|  | <u>5,742,393</u>     | <u>5,745,106</u>     |
| NET FINANCIAL ASSETS                                   | <u>35,415,956</u>    | <u>33,389,184</u>    |
| <b>NON-FINANCIAL ASSETS</b>                            |                      |                      |
| Tangible capital assets (Schedule 1)                   | 46,463,371           | 45,222,705           |
| Inventory for consumption (Note 15)                    | 8,971,555            | 8,175,690            |
| Prepaid expenses                                       | 809,662              | 809,327              |
| Gravel reserves for development                        | 2,727,287            | 2,727,287            |
|  | <u>58,971,875</u>    | <u>56,935,009</u>    |
| <b>ACCUMULATED SURPLUS</b>                             | <u>\$ 94,387,831</u> | <u>\$ 90,324,193</u> |
| OPERATING LINE OF CREDIT (Note 4)                      |                      |                      |
| CONTAMINATED SITES LIABILITY (Note 13)                 |                      |                      |
| COMMITMENTS (Note 22)                                  |                      |                      |
| CONTINGENCIES (Note 23)                                |                      |                      |

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINT EARTH NO. 18**  
**Statement of Operations**  
**For the Year Ended December 31, 2023**

|   | Budget<br>(Unaudited) | 2023                 | 2022<br>(Restated)   |
|---|-----------------------|----------------------|----------------------|
| <b>REVENUES</b>   |                       |                      |                      |
| Net municipal taxes (Schedule 2)                                  | \$ 13,329,429         | \$ 13,704,773        | \$ 13,159,290        |
| User fees and sale of goods                                       | 505,358               | 349,082              | 383,053              |
| Government transfers for operating (Schedule 3)                   | 343,907               | 1,338,660            | 1,068,011            |
| Investment income   | 480,000               | 1,816,433            | 789,960              |
| Penalties and costs on taxes                                      | 125,000               | 99,736               | 237,012              |
| Licenses and permits  | 39,000                | 76,196               | 74,786               |
| Gain on disposal of capital assets                                | 10,000                | 183,274              | 228,178              |
| Other   | 18,950                | 21,805               | 19,672               |
| <b>Total Revenue</b>  | <b>14,851,644</b>     | <b>17,589,959</b>    | <b>15,959,962</b>    |
| <b>Expenses</b>   |                       |                      |                      |
| General government  |                       |                      |                      |
| Council and other legislative                                     | 638,700               | 629,500              | 538,144              |
| General administrative  | 2,120,400             | 3,041,823            | 2,792,956            |
| Protective services   |                       |                      |                      |
| Fire  | 281,500               | 267,971              | 255,654              |
| Disaster and emergency measures                                   | 9,700                 | 44,125               | 84                   |
| Ambulance and first aid   | 12,500                | 10,495               | 10,510               |
| Bylaw enforcement   | 449,900               | 376,687              | 299,918              |
| Transportation services   |                       |                      |                      |
| Roads, streets, walks, lighting                                   | 9,919,168             | 7,612,921            | 8,307,360            |
| Environmental services  |                       |                      |                      |
| Water supply and distribution                                     | 726,300               | 718,422              | 664,970              |
| Wastewater treatment and disposal                                 | 86,000                | 38,967               | 31,997               |
| Waste management  | -                     | 25                   | -                    |
| Public health and welfare   |                       |                      |                      |
| Family and community support                                      | 102,000               | 101,769              | 98,708               |
| Planning and development  |                       |                      |                      |
| Land use planning, zoning and development                         | 471,400               | 302,762              | 380,052              |
| Agricultural development  | 685,400               | 582,653              | 610,016              |
| Recreation and culture  |                       |                      |                      |
| Parks and recreation  | 601,200               | 560,255              | 539,001              |
| Libraries, museums, halls   | 41,000                | 40,840               | 39,651               |
| <b>Total Expenses</b>   | <b>16,145,168</b>     | <b>14,329,215</b>    | <b>14,569,021</b>    |
| <b>Excess (Shortfall) of Revenue Over Expenses - Before Other</b> | <b>(1,293,524)</b>    | <b>3,260,744</b>     | <b>1,390,941</b>     |
| Government transfers for capital (Schedule 3)                     | 3,004,250             | 799,043              | 997,389              |
| Capital donations   | -                     | 3,851                | 10,681               |
| <b>Excess of Revenue Over Expenses</b>                            | <b>1,710,726</b>      | <b>4,063,638</b>     | <b>2,399,011</b>     |
| ACCUMULATED SURPLUS - BEGINNING OF YEAR                           | -                     | 90,324,193           | 87,925,182           |
| <b>ACCUMULATED SURPLUS - END OF YEAR</b>                          | <b>\$ 1,710,726</b>   | <b>\$ 94,387,831</b> | <b>\$ 90,324,193</b> |

The accompanying notes are an integral part of these financial statements



**COUNTY OF PAINT EARTH NO. 18**  
**Statement of Changes in Net Financial Assets (Debt)**  
**For the Year Ended December 31, 2023**

|  | Budget<br><i>(Unaudited)</i> | 2023          | 2022<br><i>(Restated)</i> |
|--|------------------------------|---------------|---------------------------|
| <b>SURPLUS FOR THE YEAR</b>                              | \$ 1,710,726                 | \$ 4,063,638  | \$ 2,399,011              |
| Acquisition of tangible capital assets                   | (6,315,500)                  | (4,030,102)   | (1,854,734)               |
| Amortization of tangible capital assets (Schedule 1)     | 2,375,300                    | 2,114,116     | 2,097,535                 |
| Proceeds on disposal of tangible capital assets          | 507,000                      | 797,765       | 729,368                   |
| Gain on disposal of tangible capital assets              | 51,000                       | (122,445)     | (228,178)                 |
| Write-off of Accounts Receivable <i>(Note 3)</i>         | -                            | -             | (707,352)                 |
| Loss on disposal of tangible capital assets              | -                            | -             | -                         |
| Increase in Asset Retirement Obligation <i>(Note 12)</i> | -                            | -             | (750,000)                 |
|  | -                            | -             | -                         |
|  | (3,382,200)                  | (1,240,666)   | (713,361)                 |
| Change in prepaids                                       | -                            | (335)         | (285,411)                 |
| Change in inventory for consumption                      | -                            | (795,865)     | 738,650                   |
|  | -                            | -             | -                         |
|  | (3,382,200)                  | (2,036,866)   | (260,122)                 |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>                  | (1,671,474)                  | 2,026,772     | 2,138,889                 |
| <b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>          | -                            | 33,389,184    | 31,250,295                |
| <b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>         | \$ (1,671,474)               | \$ 35,415,956 | \$ 33,389,184             |

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINT EARTH NO. 18**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

|  | 2023                 | 2022<br>(restated)   |
|--|----------------------|----------------------|
| <b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b> |                      |                      |
| <b>OPERATING</b>   |                      |                      |
| Excess of Revenue Over Expenses  | \$ 4,063,638         | \$ 2,399,011         |
| Items not affecting cash:  |                      |                      |
| Amortization of tangible capital assets                                  | 2,114,116            | 2,097,535            |
| Gain on disposal of tangible capital assets                              | (183,274)            | (228,178)            |
| Loss on disposal of tangible capital assets                              | 60,829               | -                    |
| Write down of accounts receivable (Note 3)                               | -                    | (167,091)            |
|  | <u>6,055,309</u>     | <u>4,101,277</u>     |
| <b>Non-cash changes to operations (net change):</b>                      |                      |                      |
| Taxes and grants in place of taxes receivable                            | (273,851)            | 1,169,422            |
| Trade and other receivables  | (322,668)            | 47,178               |
| Receivables from other governments                                       | (690,744)            | (954,587)            |
| Inventory consumption  | (795,865)            | 738,650              |
| Prepaid expenses   | (335)                | (285,411)            |
| Deposit for asset acquisition  | -                    | -                    |
| Accounts payable and accrued liabilities                                 | (117,586)            | 571,687              |
| Deferred revenue   | 88,559               | (196,233)            |
| Employee benefit obligations   | 26,313               | (42,454)             |
| Asset retirement obligation  | -                    | -                    |
|  | <u>(2,086,177)</u>   | <u>1,048,252</u>     |
|  | <u>3,969,132</u>     | <u>5,149,529</u>     |
| <b>CAPITAL</b>   |                      |                      |
| Acquisition of tangible capital assets (Schedule 1)                      | (4,030,102)          | (1,854,734)          |
| Proceeds on disposal of tangible capital assets                          | 797,765              | 729,368              |
|  | <u>(3,232,337)</u>   | <u>(1,125,366)</u>   |
| <b>INVESTING</b>   |                      |                      |
| Purchase of short-term investments                                       | (2,669)              | (5,000,266)          |
| Increase in land held for resale   | -                    | (28,307)             |
|  | <u>(2,669)</u>       | <u>(5,028,573)</u>   |
| <b>CHANGE IN CASH DURING THE YEAR</b>                                    | <b>734,126</b>       | <b>(1,004,410)</b>   |
| <b>CASH - BEGINNING OF YEAR</b>  | <b>29,151,584</b>    | <b>30,155,993</b>    |
| <b>CASH - END OF YEAR</b>  | <b>\$ 29,885,710</b> | <b>\$ 29,151,584</b> |

The accompanying notes are an integral part of these financial statements

COUNTY OF PAINT EARTH NO. 18  
 Schedule of Tangible Capital Assets  
 For the Year Ended December 31, 2023

(Schedule 1)

|   | Land              | Land Improvement  | Building            | Engineered Structures | Machinery and Equipment | Vehicles            | 2023                 | 2022 Restated        |
|---|-------------------|-------------------|---------------------|-----------------------|-------------------------|---------------------|----------------------|----------------------|
| <b>Cost:</b>  |                   |                   |                     |                       |                         |                     |                      |                      |
| BALANCE, BEGINNING OF YEAR                            | \$ 851,070        | \$ 784,917        | \$ 5,675,956        | \$ 56,301,185         | \$ 13,208,633           | \$ 5,444,306        | \$ 82,266,067        | \$ 81,508,493        |
| Acquisition of tangible capital assets                | -                 | -                 | 233,834             | 689,562               | 1,550,067               | 1,341,455           | 3,814,918            | 1,854,734            |
| Construction-in-progress                              | -                 | -                 | -                   | 215,185               | -                       | -                   | 215,185              | 265,732              |
| Disposals of tangible capital assets                  | -                 | -                 | (105,313)           | -                     | (1,042,065)             | (444,329)           | (1,591,707)          | (1,362,892)          |
| <b>BALANCE, END OF YEAR</b>                           | <b>851,070</b>    | <b>784,917</b>    | <b>5,804,477</b>    | <b>57,205,932</b>     | <b>13,716,635</b>       | <b>6,341,432</b>    | <b>84,704,463</b>    | <b>82,266,067</b>    |
| <b>ACCUMULATED AMORTIZATION:</b>                      |                   |                   |                     |                       |                         |                     |                      |                      |
| BALANCE, BEGINNING OF YEAR                            | -                 | 467,157           | 1,567,989           | 26,288,467            | 5,044,500               | 3,675,249           | 37,043,362           | 35,541,797           |
| Annual amortization                                   | -                 | 29,723            | 112,072             | 957,086               | 698,662                 | 316,573             | 2,114,116            | 2,097,535            |
| Disposals   | -                 | -                 | (28,324)            | -                     | (475,758)               | (412,304)           | (916,386)            | (595,970)            |
| <b>BALANCE, END OF YEAR</b>                           | <b>-</b>          | <b>496,880</b>    | <b>1,651,737</b>    | <b>27,245,553</b>     | <b>5,267,404</b>        | <b>3,579,518</b>    | <b>38,241,092</b>    | <b>37,043,362</b>    |
| <b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>      | <b>\$ 851,070</b> | <b>\$ 288,037</b> | <b>\$ 4,152,740</b> | <b>\$ 29,960,379</b>  | <b>\$ 8,449,231</b>     | <b>\$ 2,761,914</b> | <b>\$ 46,463,371</b> | <b>\$ 45,222,705</b> |
| <b>2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b> | <b>\$ 851,070</b> | <b>\$ 317,758</b> | <b>\$ 4,107,968</b> | <b>\$ 30,012,718</b>  | <b>\$ 8,164,134</b>     | <b>\$ 1,769,057</b> | <b>\$ 45,222,705</b> |                      |

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINTEARTH NO. 18**  
**Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2023**

**(Schedule 2)**

|  | Budget<br>(Unaudited) | 2023          | 2022          |
|--|-----------------------|---------------|---------------|
| <b>TAXATION</b>                        |                       |               |               |
| Residential land and improvement taxes | \$ 6,069,994          | \$ 6,144,618  | \$ 5,951,164  |
| Non-residential linear property taxes  | 10,144,435            | 10,177,679    | 9,866,030     |
|  | 16,214,429            | 16,322,297    | 15,817,194    |
| <b>REQUISITIONS</b>                    |                       |               |               |
| Alberta School Foundation Fund         | 2,325,000             | 2,070,478     | 2,107,160     |
| Seniors requisition                    | 560,000               | 547,046       | 550,744       |
|  | 2,885,000             | 2,617,524     | 2,657,904     |
| <b>NET MUNICIPAL TAXES</b>             | \$ 13,329,429         | \$ 13,704,773 | \$ 13,159,290 |

**Schedule of Government Transfers**  
**For the Year Ended December 31, 2023**

**(Schedule 3)**

|                                   | Budget<br>(Unaudited) | 2023         | 2022         |
|-----------------------------------|-----------------------|--------------|--------------|
| <b>TRANSFER FOR OPERATING</b>     |                       |              |              |
| Provincial government             | \$ 343,907            | \$ 1,338,660 | \$ 1,068,011 |
| <b>TRANSFER FOR CAPITAL</b>       |                       |              |              |
| Provincial government             | 3,004,250             | 799,043      | 997,389      |
| <b>TOTAL GOVERNMENT TRANSFERS</b> | \$ 3,348,157          | \$ 2,137,703 | \$ 2,065,400 |

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINTEARTH NO. 18**  
**Schedule of Expenses by Object**  
**For the Year Ended December 31, 2023**

**(Schedule 4)**

|  | Budget<br><i>(Unaudited)</i> | 2023                 | 2022                 |
|--|------------------------------|----------------------|----------------------|
| <b>EXPENSES BY OBJECT</b>                                      |                              |                      |                      |
| Salaries, wages and benefits                                   | \$ 5,732,660                 | \$ 5,221,102         | \$ 5,051,057         |
| Contracted and general services                                | 2,139,549                    | 2,344,745            | 2,085,366            |
| Materials, goods, supplies and utilities                       | 4,709,159                    | 3,191,090            | 4,067,368            |
| Provision for allowances                                       | 101,500                      | 428,313              | 362,904              |
| Transfers to other government                                  | 2,300                        | 2,686                | 2,616                |
| Transfers to local boards and agencies                         | 194,000                      | 207,905              | 176,147              |
| Transfers to individuals and organizations                     | 817,900                      | 754,706              | 722,152              |
| Bank charges and short-term interest                           | 11,800                       | 3,722                | 3,876                |
| Amortization of tangible capital assets<br><i>(Schedule 1)</i> | 2,375,300                    | 2,114,116            | 2,097,535            |
| Loss on disposal of tangible capital assets                    | 61,000                       | 60,830               | -                    |
|  | <u>\$ 16,145,168</u>         | <u>\$ 14,329,215</u> | <u>\$ 14,569,021</u> |

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINTEARTH NO. 18**  
**Schedule of Changes in Accumulated Operating Surplus**  
**For the Year Ended December 31, 2023**

(Schedule 5)

|   | Unrestricted<br>Surplus | Restricted<br>Surplus | Equity in<br>Tangible<br>Capital Assets | 2023          | 2022<br>(Restated) |
|---|-------------------------|-----------------------|---|---------------|--------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>                   | \$ -                    | \$ 45,851,488         | \$ 44,472,705                           | \$ 90,324,193 | \$ 87,925,182      |
| Excess of revenues over expenses                    | 4,063,637               | -                     | -                                       | 4,063,637     | 2,399,011          |
| Unrestricted funds designated for future use        | (5,252,058)             | 5,252,058             | -                                       | -             | -                  |
| Restricted funds used for tangible capital assets   | -                       | (2,429,087)           | 2,429,087                               | -             | -                  |
| Current year funds used for tangible capital assets | (1,601,015)             | -                     | 1,601,015                               | -             | -                  |
| Net book value of disposed tangible capital assets  | 675,320                 | -                     | (675,320)                               | -             | -                  |
| Annual amortization expense                         | 2,114,116               | -                     | (2,114,116)                             | -             | -                  |
| Change in accumulated surplus                       | -                       | 2,822,971             | 1,240,666                               | 4,063,637     | 2,399,011          |
| <b>BALANCE, END OF YEAR</b>                         | \$ -                    | \$ 48,674,459         | \$ 45,713,371                           | \$ 94,387,830 | \$ 90,324,193      |

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

COUNTY OF PAINTEARTH NO. 18  
 Schedule of Segmented Disclosure  
 For the Year Ended December 31, 2023

(Schedule 6)

|   | General<br>Government | Protective<br>Services | Transportation<br>Services | Environmental<br>Services | Public Health<br>and Welfare | Planning and<br>Development | Agricultural<br>Development | Recreation<br>and Culture | Total               |
|---|-----------------------|------------------------|----------------------------|---------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------|
| <b>Revenue</b>  |                       |                        |                            |                           |                              |                             |                             |                           |                     |
| Net municipal taxes   | \$ 13,704,773         | \$ -                   | \$ -                       | \$ -                      | \$ -                         | \$ -                        | \$ -                        | \$ -                      | \$ 13,704,773       |
| User fees and sales of goods  | 64,397                | 30,787                 | 48,269                     | 160,388                   | -                            | -                           | 4,976                       | 40,265                    | 349,082             |
| Government transfers  | 996,898               | 85,500                 | -                          | -                         | 75,015                       | -                           | 181,247                     | -                         | 1,338,660           |
| Investment Income   | 1,816,433             | -                      | -                          | -                         | -                            | -                           | -                           | -                         | 1,816,433           |
| Penalties   | 99,736                | -                      | -                          | -                         | -                            | -                           | -                           | -                         | 99,736              |
| Licenses and permits  | -                     | 29,816                 | -                          | -                         | -                            | 46,380                      | -                           | -                         | 76,196              |
| Fines   | -                     | -                      | -                          | -                         | -                            | -                           | -                           | -                         | -                   |
| Gain on disposal of tangible<br>capital assets  | 32,542                | -                      | 129,681                    | -                         | -                            | -                           | 41,011                      | -                         | 203,234             |
| Other revenues  | 21,575                | -                      | -                          | 230                       | -                            | -                           | -                           | -                         | 21,805              |
|   | <u>16,736,354</u>     | <u>146,103</u>         | <u>177,950</u>             | <u>160,618</u>            | <u>75,015</u>                | <u>46,380</u>               | <u>227,234</u>              | <u>40,265</u>             | <u>17,609,919</u>   |
| <b>Expenses</b>   |                       |                        |                            |                           |                              |                             |                             |                           |                     |
| Salaries and wages  | 1,489,183             | 164,031                | 2,986,910                  | 168,659                   | -                            | 112,018                     | 300,301                     | -                         | 5,221,102           |
| Contract and general services   | 1,283,940             | 324,455                | 480,257                    | 141,683                   | -                            | 31,768                      | 24,472                      | 58,170                    | 2,344,745           |
| Goods and supplies  | 232,683               | 10,451                 | 2,585,050                  | 166,424                   | -                            | 4,492                       | 166,224                     | 25,766                    | 3,191,090           |
| Provision for allowance   | 428,313               | -                      | -                          | -                         | -                            | -                           | -                           | -                         | 428,313             |
| Other government transfers  | -                     | -                      | -                          | 2,686                     | -                            | -                           | -                           | -                         | 2,686               |
| Transfers to local boards   | 85,447                | 122,458                | -                          | -                         | -                            | -                           | -                           | -                         | 207,905             |
| Transfers to organizations  | 18,750                | 10,510                 | -                          | -                         | 101,769                      | 114,625                     | 15,000                      | 494,052                   | 754,706             |
| Bank charges and interest   | 2,195                 | -                      | -                          | 1,527                     | -                            | -                           | -                           | -                         | 3,722               |
| Loss on disposal of tangible<br>capital assets  | 908                   | 1,838                  | 73,351                     | 3,211                     | -                            | 1,482                       | -                           | -                         | 80,790              |
|   | <u>3,541,419</u>      | <u>633,743</u>         | <u>6,125,568</u>           | <u>484,190</u>            | <u>101,769</u>               | <u>264,385</u>              | <u>505,997</u>              | <u>577,988</u>            | <u>12,235,059</u>   |
| <b>EXCESS (SHORTFALL) OF<br/>REVENUE OVER EXPENSES,<br/>BEFORE AMORTIZATION AND<br/>OTHER</b> | <u>13,194,935</u>     | <u>(487,640)</u>       | <u>(5,947,618)</u>         | <u>(323,572)</u>          | <u>(26,754)</u>              | <u>(218,005)</u>            | <u>(278,763)</u>            | <u>(537,723)</u>          | <u>5,374,860</u>    |
| Capital government transfers  | -                     | -                      | 734,112                    | -                         | -                            | 64,931                      | -                           | -                         | 799,043             |
| Donations   | -                     | -                      | -                          | -                         | -                            | -                           | -                           | 3,851                     | 3,851               |
| Amortization expense  | (129,906)             | (65,534)               | (1,487,351)                | (273,224)                 | -                            | (38,377)                    | (96,617)                    | (23,107)                  | (2,114,116)         |
| <b>EXCESS (SHORTFALL) OF<br/>REVENUE OVER EXPENSES</b>  | <u>\$ 13,065,029</u>  | <u>\$ (553,174)</u>    | <u>\$ (6,700,857)</u>      | <u>\$ (596,796)</u>       | <u>\$ (26,754)</u>           | <u>\$ (191,451)</u>         | <u>\$ (375,380)</u>         | <u>\$ (556,979)</u>       | <u>\$ 4,063,638</u> |

The accompanying notes are an integral part of these financial statements

## COUNTY OF PAINTEARTH NO. 18

### Notes to Financial Statements

Year Ended December 31, 2023

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Paintearth No. 18 (the "County") 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are 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. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the County 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 Estimate**

The preparation of financial statements in conformity with Public Sector Accounting Standards 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. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant financial statement areas requiring the use of management estimates include:

- Employee benefits obligations;
- Allowance for doubtful accounts;
- Useful life of tangible capital assets;
- Fair value of contributed tangible capital assets;
- Accrued liabilities; and
- Asset retirement obligation.

*(continues)*



**COUNTY OF PAINT EARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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

**(d) Valuation of Financial Assets and Liabilities**

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

| <u>Financial statement component</u>     | <u>Measurement</u>                    |
|--|---------------------------------------|
| Cash                                     | Cost and amortized cost               |
| Short-term investments                   | Cost                                  |
| Trade and other receivables              | Lower of cost or net realizable value |
| Investments                              | Cost                                  |
| Accounts payable and accrued liabilities | Cost                                  |
| Asset retirement obligations             | Cost                                  |
| Employee benefit obligations             | Cost                                  |
| Gravel pit reclamation payable           | Amortized cost                        |

**(e) Cash and Cash Equivalents**

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

**(f) 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.

**(g) Land Inventories Held 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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

**(h) 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.

(continues)

**COUNTY OF PAINT EARTH NO. 18**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

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

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**(i) Asset Retirement Obligation**

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

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

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) the past transaction or event giving rise to the liability has occurred;
- c) it is expected that future economic benefits will be given up; and
- d) a reasonable estimate of the amount can be made.

The County recognizes liabilities in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of capital assets when those obligations result from the acquisition, construction, development, or normal operation of the capital assets. The obligations are initially measured at management's best estimate of the requirements to settle the retirement obligation. Costs are only discounted where the amount and timing are known with certainty such that discounting would result in a more accurate measurement of the liability.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital asset and those not in productive use are expensed.

**(j) Contaminated Sites Liability**

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

**(k) Revenue recognition**

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

*(continues)*

**COUNTY OF PAINT EARTH NO. 18**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

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

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.

**(l) 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.

**(m) Contribution**

Contributions received from third parties are recognized as revenue when the related expenditures have been incurred.

**(n) Non-Financial Assets**

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

**i. Tangible Capital Assets**

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to acquisition, design, construction, development, improvement or betterment of the assets, and asset retirement cost.

Construction in progress, which includes engineered structures improvement projects is not amortized until after the project is substantially complete and the asset is put into service.

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

|                             | <u>YEARS</u>           |
|-----------------------------|------------------------|
| Land improvements           | 15 to 25               |
| Buildings                   | 25 to 50               |
| Engineering structures      |                        |
| Water system                | 45 to 75               |
| Wastewater system           | 45 to 75               |
| Other engineered structures | 10 to 75               |
| Machinery and equipment     | 5 to 20                |
| Heavy equipment             | Unit of output (hours) |
| Vehicles                    | 10 to 25               |

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged.

*(continues)*

**COUNTY OF PAINT EARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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

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

**ii. Contributions of Tangible Capital Assets**

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

**iii. Inventories**

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

**2. CHANGE IN ACCOUNTING POLICY**

Effective January 1, 2023, the County adopted PS 3280 Asset Retirement Obligations. Under this new standard, a liability for a legal obligation associated with the retirement of a tangible capital asset is now recognized when the asset is acquired. The cost base of the asset is increased by an amount equal to the liability and amortized along with the acquisition costs. The County has adopted this standard using a modified retroactive application where prior periods have been restated using assumptions and information current at the effective date. These financial statements disclose the impact of this adoption of accounting policy in note 12.

**3. PRIOR PERIOD ADJUSTMENTS**

|   | <u>2022</u>          |
|---|----------------------|
| Adjustments to opening accumulated surplus:     |                      |
| As previously reported                          | 88,632,535           |
| Prior period adjustment                         | <u>(707,353)</u>     |
| As restated                                     | <u>\$ 87,925,182</u> |
| Adjustment to tangible capital assets:          |                      |
| As previously reported                          | \$ 44,472,705        |
| Prior period adjustment                         | <u>750,000</u>       |
| As restated                                     | <u>\$ 45,222,705</u> |
| Receivables: Taxes and grants in place of taxes |                      |
| As previously reported                          | \$ 1,121,720         |
| Prior period adjustment                         | <u>(707,353)</u>     |
| As restated                                     | <u>\$ 414,367</u>    |

The County has restated the financial statements as at December 31, 2022 to write-off outstanding uncollectible accounts receivable which restates prior year unrestricted surplus and tax receivables. The change in accounting policy in note 2 also restates prior year tangible capital assets.

**4. OPERATING LINE OF CREDIT**

An ATB Financial operating line of credit is available in the amount of \$2,000,000, interest calculated at prime plus 1%. As at year end, no amount was drawn on this line of credit.

**COUNTY OF PAINEARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**5. SHORT-TERM INVESTMENTS**

| <u>2023</u>         | <u>2022</u>         |
|---------------------|---------------------|
| <u>\$ 5,056,143</u> | <u>\$ 5,053,474</u> |

Guaranteed investment certificates bear interest at 2.50% to 5.08% and mature between May 2023 and October 2023 .

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

|   | <u>2023</u>       | <u>2022</u><br><i>(Restated)</i> |
|---|-------------------|----------------------------------|
| Current taxes and grants in place receivables | \$ 413,156        | \$ 220,776                       |
| Arrears taxes                                 | <u>282,719</u>    | <u>200,170</u>                   |
| Less:   | 695,875           | 420,946                          |
| Allowance for doubtful accounts               | <u>(7,657)</u>    | <u>(6,579)</u>                   |
|   | <u>\$ 688,218</u> | <u>\$ 414,367</u>                |

**7. INVESTMENTS**

At amortized cost

|   | <u>2023</u><br>Carrying<br>value | <u>2023</u><br>Market value | <u>2022</u><br>Carrying<br>value | <u>2022</u><br>Market value |
|---|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Equity instruments not quoted in an active market | \$ 50                            | \$ -                        | \$ 50                            | \$ 50                       |
|   | <u>\$ 50</u>                     | <u>\$ -</u>                 | <u>\$ 50</u>                     | <u>\$ 50</u>                |

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                                  | <u>2023</u>         | <u>2022</u>         |
|----------------------------------|---------------------|---------------------|
| Due to other governments         | \$ 480,316          | \$ 372,705          |
| Trade accounts payable           | 370,102             | 501,200             |
| Accrued liabilities              | 120,100             | 218,446             |
| Tax sale surplus                 | 56,224              | 53,556              |
| Employee health spending account | <u>6,717</u>        | <u>5,137</u>        |
|                                  | <u>\$ 1,033,459</u> | <u>\$ 1,151,044</u> |

**COUNTY OF PAINTEARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**9. DEFERRED REVENUE**

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Municipal Sustainability Initiative           | \$ 2,565,509        | \$ 2,604,688        |
| Canada Community-Building Fund                | 452,127             | 320,538             |
| Alberta Economic Development and Trade        | 7,337               | 7,337               |
| Paintearth Economic Partnership Society grant | 5,000               | 5,000               |
| Huber Dam Project Donation                    | -                   | 3,851               |
| Burma Park donation                           | 445                 | 445                 |
|   | <u>\$ 3,030,418</u> | <u>\$ 2,941,859</u> |

**Alberta Municipal Sustainability Initiative**

The use of these funds is restricted to eligible capital projects, as approved under the funding agreement. Unexpended funds related to these advances are supported by cash held exclusively for this funding.

**Canada Community-Building Fund**

The use of these funds is restricted to eligible capital projects, as approved under the funding agreement. Unexpended funds related to these advances are supported by cash held exclusively for this funding.

**Alberta Economic Development and Trade Grant Program**

The use of these funds is restricted to eligible projects, as approved under the funding agreement. Unexpended funds related to these advances are supported by cash held exclusively for this funding.

**10. EMPLOYEE BENEFIT OBLIGATIONS**

|                                  | <u>2023</u>       | <u>2022</u>       |
|----------------------------------|-------------------|-------------------|
| Vested sick leave payable        | \$ 693,588        | \$ 669,400        |
| Long service recognition payable | 32,969            | 30,844            |
|                                  | <u>\$ 726,557</u> | <u>\$ 700,244</u> |

**Vested sick leave payable**

The vested sick leave liability consists of paid sick days that employees have not used and are being deferred to future years.

**Long service recognition payable**

The long service recognition payable consists of the liability associated with long term service of County employees.

**COUNTY OF PAINT EARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**11. GRAVEL RECLAMATION LIABILITY**

**Horn Gravel Pit #22**

The County operates a gravel pit and is legally required to perform closure and post-closure activities of the site. A pit site may include roads, facilities, stockpiles and processing activities such as crushing, screening and washing. All pits, regardless of size or classification, must comply with the Alberta Conservation and Reclamation Regulation. Closure and post-closure activities include recontour the site to be compatible with the end land use, setup proper drainage, control erosion, proper soil compaction, replacing salvaged soils in the same sequence, adding soil amendments, revegetation approval and weed control. The gravel reclamation liability represents anticipated costs for reclamation of gravel pits owned and operated by the County. Reclamation is required to be completed upon closure of the gravel pit but may also be completed to reclaim partial areas while the pit is still in operation.

As there were no gravel crushing activities in 2023, the liability of \$201,959 (2022 - \$201,959) resulting in no accretion expense charges on the volume which requires remediation. Due to the uncertainty of time and use for the settlement of obligations no costs have been discounted.

**12. ASSET RETIREMENT OBLIGATIONS**

**Brownsfield Lagoon**

The County operates a lagoon site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the disposal of waste, removing of pond liner, final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation has been accrued. The County estimates that no obligation is incurred incrementally due to volume of waster accepted, therefore, no further obligation is being accrued based on volume of wastewater.

The liability is based on management's best estimate. In 2023, a liability of \$750,000 (2022 - \$750,000) has been recorded for these costs. Due to the uncertainty of time for the settlement of obligations no costs have been discounted.

**13. CONTAMINATED SITES LIABILITY**

During the year, the County did not identified a financial liability (2022 - \$0) as a result of contaminated sites.

**COUNTY OF PAINTEARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**14. DEBT LIMITS**

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

|                                       | <u>2023</u>       | <u>2022</u>       |
|---------------------------------------|-------------------|-------------------|
| Total debt limit                      | \$ 26,384,939     | \$ 23,939,943     |
| Total debt                            | -                 | -                 |
| Amount of debt limit unused           | <u>26,384,939</u> | <u>23,939,943</u> |
| Service on debt limit                 | 4,397,490         | 3,989,991         |
| Service on debt                       | -                 | -                 |
| Amount of debt servicing limit unused | <u>4,397,490</u>  | <u>3,989,991</u>  |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities 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.

**15. INVENTORY FOR CONSUMPTION**

|                          | <u>2023</u>         | <u>2022</u>         |
|--------------------------|---------------------|---------------------|
| Transportation - gravel  | \$ 8,531,881        | \$ 7,656,674        |
| Transportation - repairs | 263,996             | 304,424             |
| Transportation - other   | 147,303             | 155,260             |
| Agriculture - chemicals  | 28,375              | 59,332              |
|                          | <u>\$ 8,971,555</u> | <u>\$ 8,175,690</u> |

**16. EQUITY IN TANGIBLE CAPITAL ASSET**

|  | <u>2023</u>          | <u>2022</u><br><i>(Restated)</i> |
|--|----------------------|----------------------------------|
| Tangible capital assets <i>(Schedule 1)</i>  | \$ 84,704,463        | \$ 82,266,067                    |
| Accumulated amortization <i>(Schedule 1)</i> | <u>(38,241,092)</u>  | <u>(37,043,362)</u>              |
|  | <u>\$ 46,463,371</u> | <u>\$ 45,222,705</u>             |



**COUNTY OF PAINEARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**17. ACCUMULATED SURPLUS**

|  | <b>2023</b>          | <b>2022</b><br><i>(Restated)</i> |
|--|----------------------|----------------------------------|
|  | \$ -                 | \$ -                             |
| Restricted surplus:                                |                      |                                  |
| General legislative                                | 1,097,682            | 1,097,682                        |
| Broadband network                                  | 500,000              | 500,000                          |
| General administration                             | 268,817              | 268,816                          |
| Roads, streets, walks, lighting                    | 5,837,572            | 5,837,572                        |
| Culture  | 10,000               | 10,000                           |
| Subdivision land and development                   | 8,366,831            | 8,427,976                        |
| Operating contingency                              | 335,789              | 335,789                          |
| Capital:   |                      |                                  |
| Administration                                     | 883,249              | 944,181                          |
| Fire fighting & preventive services                | 1,119,510            | 1,532,536                        |
| Roads, streets, walks, lighting                    | 17,106,870           | 17,089,767                       |
| Water and wastewater                               | 5,232,685            | 7,030,626                        |
| Economic development                               | 3,043                | 79,289                           |
| Agricultural services                              | 910,979              | 1,210,821                        |
| Recreation, parks and culture                      | 511,134              | 496,134                          |
| Broadband network                                  | 6,490,299            | 990,299                          |
| Equity in Tangible Capital Assets <i>(Note 16)</i> | 46,463,371           | 45,222,705                       |
| Subtotal   | 95,137,831           | 91,074,193                       |
| Less: Asset Retirement Obligation                  | (750,000)            | (750,000)                        |
|  | <b>\$ 94,387,831</b> | <b>\$ 91,824,193</b>             |

**18. SEGMENTED DISCLOSURE**

The County of Paintearth 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 the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure *(Schedule 6)*.

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

**COUNTY OF PAINT EARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**19. BUDGET DATA**

|   | <u>Budget<br/>Amount</u>   |
|---|----------------------------|
| <b><u>Revenue</u></b>                       |                            |
| Budgeted revenues                           | 17,855,894                 |
| Capital budget                              | 3,004,250                  |
| Transfer from other funds                   | 2,804,250                  |
| Proceeds on sale of tangible capital assets | <u>507,000</u>             |
| Total revenues                              | <u>24,171,394</u>          |
| <b><u>Expenses</u></b>                      |                            |
| Budgeted expenses                           | 16,145,168                 |
| Capital budget                              | <u>6,315,500</u>           |
| Total expenses                              | <u>22,460,668</u>          |
| <b>Excess of revenue over expenses</b>      | <b><u>\$ 1,710,726</u></b> |

**20. SALARY AND BENEFITS**

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:

|                                     | <u>Salary</u>     | <u>Benefits and<br/>allowances</u> | <u>2023</u>       | <u>2022</u>       |
|-------------------------------------|-------------------|------------------------------------|-------------------|-------------------|
| <b><u>Councillors</u></b>           |                   |                                    |                   |                   |
| Reeve Schulmeister                  | \$ 33,445         | \$ 12,960                          | \$ 46,405         | \$ 48,167         |
| Councillor Elliott                  | 27,150            | 10,174                             | 37,324            | 40,985            |
| Councillor Glazier                  | 36,995            | 15,141                             | 52,136            | 44,714            |
| Councillor Norton                   | 20,310            | 10,700                             | 31,010            | 28,551            |
| Councillor Wiart                    | 24,345            | 11,331                             | 35,676            | 37,186            |
| Councillor Shipton                  | 23,470            | 10,829                             | 34,299            | 35,192            |
| Councillor Vockeroth                | 23,200            | 13,548                             | 36,748            | 31,381            |
|                                     | <u>\$ 188,915</u> | <u>\$ 84,683</u>                   | <u>\$ 273,598</u> | <u>\$ 266,176</u> |
| Chief Administrative Officer        | \$ 151,017        | \$ 37,908                          | \$ 188,925        | \$ 182,287        |
| Designated Officers - (4 Positions) | \$ 368,125        | \$ 44,931                          | \$ 413,056        | \$ 454,665        |

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.

**COUNTY OF PAINTEARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**21. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current services are recorded as expenditures in the year in which they become due.

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Current service contributions by the County    | \$ 330,778        | \$ 337,100        |
| Current service contributions by the employees | 293,022           | 302,954           |
|  | <u>\$ 623,800</u> | <u>\$ 640,054</u> |

The County is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount.

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$12.67 billion. This amount is not specifically allocated to the participating government organizations. The 2023 actuarial balance was not available at the date these financial statements were released.

**22. COMMITMENTS**

The Shirley McClellan Regional Water Services Commission is constituted under the Municipal Government Act and was approved by the Province of Alberta Order in Council on October 10, 2007 of which the County, as a member, has a 11.63% equity involvement. The County is committed to funding its share of any net capital requirements.

The County has entered into an agreement with the Town of Castor, the Town of Coronation, and the Village of Halkirk to provide funding and support for fire department services. Until December 31, 2026, the County has agreed to provide each municipality with \$15,000 of annual operating funding, \$20,000 of capital funding, 50% funding contribution towards training up to a maximum of \$12,000, the use of specified County-owned equipment, 85% funding contribution towards maintenance of that equipment, and 50% funding contribution towards installation of specialized equipment on County-owned vehicles.

The County has entered into 3 agreements to purchase clay. Under the terms of these agreements, the County must pay a fixed price per tonne of clay taken from each site. At the termination of the agreements, the County is responsible for reclamation and restoration of any lands used for this purpose. The estimated cost of completing this reclamation work is not determinable at this time.

The County has entered into an agreement with Accurate Assessment Group Ltd. to provide the County with property assessment services until March 31, 2024.

The County has entered into an agreement with Western Economic Diversification Canada to administer the Canada Coal Transition Initiative funding received work upgrade and expand wastewater system, stormwater and environmental easement infrastructure in Castor, Alberta. Western Economic Diversification Canada will provide a non-repayable contribution not exceeding \$2,300,000. During the year, the County claimed \$64,931.

The County, as per a Ministerial Order, is a member of the Castor & District Housing Authority and is required to provide requisition amounts to fund the operational and capital requirements of the Housing Authority.

(continues)

**COUNTY OF PAINTEARTH NO. 18**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

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**22. COMMITMENTS (continued)**

The County has entered into an agreement with the Valley Ski Club (Castor) Association regarding the continuity of its operations. In the event that the Association dissolves, the County will assume ownership of the Association's assets, facility and land lease. Under the agreement, the County will have the option to either continue operating the facility or to liquidate the Association's assets and cease operations. If the County elects to cease operations, it will be responsible for the removal of all equipment from the leased land as well as reclamation of the site. The costs associated with this reclamation work are not determinable at this time.

The County is committed to the development of 42 acres of land intended as an industrial subdivision, the full estimated cost of which is not fully determinable at this time.

The County has entered into an agreement with Town of Castor and Town of Coronation to share the costs of operating the recreational facilities, Castor Pool and Castor Arena. Under the agreement, the County agreed to provide operating deficit contribution in any year where operating costs of the recreation facilities exceed the revenues received from these facilities and its programs and services. Operating deficit contribution is determined on basis of population in the service area.

The County has entered into an agreement with GoAV Inc. to upgrade the County's Televic conference system, with a total cost of \$70,800.

Minimum guaranteed payments under these commitments for subsequent years are as follows:

|      | <u>2023</u>       | <u>2022</u>       |
|------|-------------------|-------------------|
| 2024 | \$ 107,690        | \$ 40,610         |
| 2025 | 35,000            | 36,890            |
| 2026 | 35,000            | 35,000            |
| 2027 | -                 | 35,000            |
|      | <u>\$ 177,690</u> | <u>\$ 147,500</u> |

**23. CONTINGENCIES**

For the purpose of the accompanying financial statements, contingent liabilities have been evaluated by management.

There were no contingent liabilities that would have a material impact on these financial statements.

**24. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash, short-term investments, receivables, investments, accounts payable and accrued liabilities, and employee benefit obligations. It is management's opinion that the County is not exposed to significant market risks arising from these financial statements.

The County 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 County 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.

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

**COUNTY OF PAINEARTH NO. 18**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**25. SUBSEQUENT EVENTS**

For the purpose of the accompanying financial statements, subsequent events have been evaluated by management.

There were no subsequent events that would have a material impact on these financial statements.

**26. COMPARATIVE FIGURES**

Certain corresponding figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**27. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements