BIRCH HILLS COUNTY

Consolidated Financial Statements

For the Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of Birch Hills County

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

The consolidated 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 judgements of management.

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 consolidated financial statements.

JDP Wasserman LLP have been appointed by the Members of Council of Birch Hills County to express an opinion on the consolidated financial statements.

Larry Davidson
Chief Administrative Officer

Mo Choudhary
Director of Corporate Services

Wanham, AB
April 8, 2025

JDP Wasserman LLP
Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Council of Birch Hills County

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2024, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the County in accordance with ethical requirements that are relevant to our audit of 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 Consolidated Financial Statements

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

In preparing the consolidated 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 (Members of Council) are responsible for overseeing the County's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

JDP Wasserman LLP

Edmonton, Alberta
April 8, 2025

Chartered Professional Accountants

BIRCH HILLS COUNTY

Consolidated Statement of Financial Position

As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 2)*	**$ 10,242,905**	$ 6,864,032
Accounts receivable *(Note 3)*	**1,459,229**	685,729
Land held for resale	**6,684**	6,684
Investments *(Note 4)*	**16,915,974**	19,190,590
	28,624,792	26,747,035
LIABILITIES		
Accounts payable and accrued liabilities *(Note 5)*	**4,241,841**	550,840
Deposit liabilities	**36,636**	22,650
Deferred revenue *(Note 7)*	**426,722**	1,015,138
	4,705,199	1,588,628
NET FINANCIAL ASSETS	**23,919,593**	25,158,407
NON-FINANCIAL ASSETS		
Prepaid expenses	**113,843**	114,408
Inventory for consumption	**1,660,496**	2,160,653
Tangible capital assets *(Schedule 1)*	**29,414,713**	25,044,771
	31,189,052	27,319,832
ACCUMULATED SURPLUS *(Note 9)*	**$ 55,108,645**	$ 52,478,239

CONTINGENCY *(Note 17)*

ON BEHALF OF COUNCIL:

Reeve

Councillor

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2024

	2024 (Budget) *(Note 14)*	**2024 (Actual)**	2023 (Actual)
REVENUES			
Net municipal property taxes *(Schedule 3)*	$ 5,473,875	**$ 5,471,909**	$ 5,426,568
Investment income	502,000	**891,758**	743,523
User fees and sales of goods	463,600	**447,360**	503,163
Government transfers for operating *(Schedule 4)*	381,903	**384,045**	383,510
Penalties and costs on taxes	110,000	**127,024**	131,341
Other revenues	100,830	**117,587**	176,429
Rentals	30,060	**20,519**	20,700
Franchise and concession contracts *(Note 11)*	6,000	**4,610**	5,147
Licenses and permits	5,000	**3,690**	3,835
	7,073,268	**7,468,502**	7,394,216
EXPENSES			
Roads, streets, walks, lighting	5,277,480	**5,382,874**	5,081,245
General administration	1,217,078	**1,597,613**	1,339,614
Water supply and distribution	712,864	**720,237**	651,711
Economic and agricultural development	582,209	**502,356**	484,994
Council and legislative	277,194	**306,830**	278,341
Fire fighting and protective services	324,429	**277,239**	255,075
Waste management	151,725	**220,039**	160,313
Wastewater treatment and disposal	62,985	**109,061**	62,376
Parks and recreation	114,700	**107,808**	117,444
Land use planning, zoning and development	103,026	**85,623**	93,702
Public health and welfare	86,370	**75,219**	75,465
Culture	52,615	**47,938**	47,768
Ambulance and first aid	43,375	**36,736**	39,030
Disaster and emergency services	14,150	**11,479**	8,546
Cemetery	6,500	**1,500**	200
Airport	500	**500**	500
Storm sewers and drainage	9,500	**-**	-
	9,036,700	**9,483,052**	8,696,324
ANNUAL DEFICIT BEFORE OTHER	(1,963,432)	**(2,014,550)**	(1,302,108)
OTHER REVENUES (EXPENSES)			
Government transfers for capital *(Schedule 4)*	5,288,664	**3,690,382**	757,685
Contributed tangible capital assets	-	**992,407**	-
Gain (loss) on disposal of tangible capital assets	126,273	**(37,833)**	(46,706)
	5,414,937	**4,644,956**	710,979
ANNUAL SURPLUS (DEFICIT)	3,451,505	**2,630,406**	(591,129)
ACCUMULATED SURPLUS - TO BEGIN YEAR	52,478,239	**52,478,239**	53,069,368
ACCUMULATED SURPLUS - END OF YEAR	$ 55,929,744	**$ 55,108,645**	$ 52,478,239

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2024

	2024 (Budget) *(Note 14)*	**2024 (Actual)**	2023 (Actual)
ANNUAL SURPLUS (DEFICIT)	$ 3,451,505	**$ 2,630,406**	$ (591,129)
Amortization of tangible capital assets	2,260,696	**2,537,577**	2,353,008
Purchase of tangible capital assets	(8,827,028)	**(6,175,782)**	(1,045,183)
Proceeds on disposal of tangible capital assets	-	**222,837**	263,613
(Gain) loss on disposal of tangible capital assets	(126,273)	**37,833**	46,706
Contributed tangible capital assets	-	**(992,407)**	-
Use (acquisition) of prepaid expenses	-	**565**	7,368
Use (acquisition) of inventory for consumption	-	**500,157**	282,412
	(6,692,605)	**(3,869,220)**	1,907,924
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(3,241,100)	**(1,238,814)**	1,316,795
NET FINANCIAL ASSETS - BEGINNING OF YEAR	25,158,407	**25,158,407**	23,841,612
NET FINANCIAL ASSETS - END OF YEAR	$ 21,917,307	**$ 23,919,593**	$ 25,158,407

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	**$ 2,630,406**	$ (591,129)
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	**2,537,577**	2,353,008
(Gain) loss on disposal of tangible capital assets	**37,833**	46,706
Contributed tangible capital assets	**(992,407)**	-
	4,213,409	1,808,585
Changes in non-cash working capital:		
Accounts receivable	**(773,500)**	1,003,953
Accounts payable and accrued liabilities	**3,691,001**	(180,663)
Deposit liabilities	**13,986**	(700)
Deferred revenue	**(588,416)**	(42,160)
Prepaid expenses	**565**	7,368
Inventory for consumption	**500,157**	282,412
	2,843,793	1,070,210
Cash flow from operating activities	**7,057,202**	2,878,795
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(6,175,782)**	(1,045,183)
Proceeds on disposal of tangible capital assets	**222,837**	263,613
Net change in investments	**2,274,616**	1,543,489
Cash flow from (used by) investing activities	**(3,678,329)**	761,919
CHANGE IN CASH AND CASH EQUIVALENTS	**3,378,873**	3,640,714
Cash and cash equivalents - beginning of year	**6,864,032**	3,223,318
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 10,242,905**	$ 6,864,032

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Schedule of Tangible Capital Assets *(Schedule 1)*

For the Year Ended December 31, 2024

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	**2024**	2023
COST								
BALANCE, BEGINNING OF YEAR	$ 900,097	$ -	$ 6,822,378	$179,679,140	$ 5,129,463	$ 1,851,506	**$194,382,584**	$193,991,299
Purchase of tangible capital assets	-	-	72,351	5,778,589	258,434	66,408	**6,175,782**	1,045,183
Contributed tangible capital assets	-	-	-	992,407	-	-	**992,407**	-
Disposal of tangible capital assets	-	-	-	-	(499,600)	(37,354)	**(536,954)**	(653,898)
BALANCE, END OF YEAR	$ 900,097	$ -	$ 6,894,729	$186,450,136	$ 4,888,297	$ 1,880,560	**$201,013,819**	$194,382,584
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	$ -	$ -	$ 2,498,299	$163,036,665	$ 2,349,059	$ 1,453,790	**$169,337,813**	$167,328,384
Amortization of tangible capital assets	-	-	140,898	1,749,720	543,050	103,909	**2,537,577**	2,353,008
Disposal of tangible capital assets	-	-	-	-	(242,663)	(33,621)	**(276,284)**	(343,579)
BALANCE, END OF YEAR	$ -	$ -	$ 2,639,197	$164,786,385	$ 2,649,446	$ 1,524,078	**$171,599,106**	$169,337,813
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**$ 900,097**	**$ -**	**$ 4,255,532**	**$ 21,663,751**	**$ 2,238,851**	**$ 356,482**	**$ 29,414,713**	$ 25,044,771
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2023	$ 900,097	$ -	$ 4,324,079	$ 16,642,475	$ 2,780,404	$ 397,716		$ 25,044,771

Included in the net book value of tangible capital assets is work-in-progress of $658,607 (2023 - $260,989).

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Schedule of Equity in Tangible Capital Assets ***(Schedule 2)***

For the Year Ended December 31, 2024

	2024	2023
BALANCE, BEGINNING OF YEAR	**$ 25,044,771**	$ 26,662,915
Purchase of tangible capital assets	**6,175,782**	1,045,183
Contributed tangible capital assets	**992,407**	-
Amortization of tangible capital assets	**(2,537,577)**	(2,353,008)
Cost of tangible capital assets disposed of	**(536,954)**	(653,898)
Accumulated amortization of tangible capital assets disposed	**276,284**	343,579
BALANCE, END OF YEAR	**$ 29,414,713**	$ 25,044,771
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets *(Schedule 1)*	**$ 29,414,713**	$ 25,044,771

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Schedule of Property Taxes *(Schedule 3)*

For the Year Ended December 31, 2024

	2024 (Budget) *(Note 14)*	**2024 (Actual)**	2023 (Actual)
TAXATION			
Real property taxes	$ 3,457,213	**$ 3,451,463**	$ 3,288,093
Designated industrial property taxes	2,806,796	**2,810,565**	2,876,677
Government grants in lieu of property taxes	24,192	**24,192**	23,184
	$ 6,288,201	**$ 6,286,220**	$ 6,187,954
REQUISITIONS			
Alberta School Foundation Fund	$ 775,630	**$ 775,630**	$ 734,426
Grande Spirit Foundation	27,353	**27,353**	15,171
Designated Industrial Property	11,343	**11,328**	11,789
	$ 814,326	**$ 814,311**	$ 761,386
NET MUNICIPAL PROPERTY TAXES	$ 5,473,875	**$ 5,471,909**	$ 5,426,568

BIRCH HILLS COUNTY

Schedule of Government Transfers ***(Schedule 4)***

For the Year Ended December 31, 2024

	2024 (Budget) *(Note 14)*	**2024 (Actual)**	2023 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	$ 381,903	**$ 384,045**	$ 383,510
TRANSFERS FOR CAPITAL			
Provincial government	$ 5,288,664	**$ 3,690,382**	$ 757,685
TOTAL GOVERNMENT TRANSFERS	$ 5,670,567	**$ 4,074,427**	$ 1,141,195

BIRCH HILLS COUNTY

Schedule of Expenses by Object ***(Schedule 5)***

For the Year Ended December 31, 2024

	2024 (Budget) *(Note 14)*	**2024 (Actual)**	2023 (Actual)
Contracted and general services	$ 2,754,352	**$ 2,797,064**	$ 2,444,362
Amortization of tangible capital assets	2,260,696	**2,537,577**	2,353,008
Salaries, wages and benefits	2,369,767	**2,180,240**	2,109,147
Materials, goods and utilities	1,259,485	**1,218,279**	1,183,965
Provision for allowances	100,000	**464,498**	301,112
Transfers to local boards and agencies	178,200	**169,500**	161,400
Transfers to individuals and organizations	76,600	**83,708**	104,298
Bank charges and short-term interest	22,500	**24,022**	23,947
Transfers to other governments	15,100	**8,164**	15,085
	$ 9,036,700	**$ 9,483,052**	$ 8,696,324

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Schedule of Segmented Disclosure *(Schedule 6)*

For the Year Ended December 31, 2024

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	**2024**
REVENUES								
Net municipal property taxes	$ 801,772	$ 257,704	$ 3,866,392	$ -	$ 26,971	$ 378,922	$ 140,148	**$ 5,471,909**
Investment income	891,758	-	-	-	-	-	-	**891,758**
User fees and sales of goods	9,506	62,201	68,339	307,314	-	-	-	**447,360**
Government transfers for operating	-	-	168,050	-	49,748	166,247	-	**384,045**
Penalties and costs on taxes	127,024	-	-	-	-	-	-	**127,024**
Other revenues	60,825	5,548	150	2,045	-	39,120	9,899	**117,587**
Rentals	13,555	-	2,300	3,574	-	-	1,090	**20,519**
Franchise and concession contracts	-	-	-	-	-	-	4,610	**4,610**
Licenses and permits	-	-	-	-	-	3,690	-	**3,690**
	$ 1,904,440	$ 325,453	$ 4,105,231	$ 312,933	$ 76,719	$ 587,979	$ 155,747	**$ 7,468,502**
EXPENSES								
Contracted and general services	$ 439,324	$ 170,353	$ 1,514,900	$ 465,089	$ 346	$ 205,031	$ 2,021	**$ 2,797,064**
Salaries, wages and benefits	826,792	29,890	978,819	47,487	8,800	271,624	16,828	**2,180,240**
Materials, goods and utilities	99,276	24,184	949,108	101,383	-	35,238	9,090	**1,218,279**
Provision for allowances	464,498	-	-	-	-	-	-	**464,498**
Transfers to local boards and agencies	-	-	-	-	52,400	-	117,100	**169,500**
Transfer to individuals & organizations	8,700	32,000	500	-	-	31,800	10,708	**83,708**
Bank charges and short-term interest	24,022	-	-	-	-	-	-	**24,022**
Transfers to other governments	-	-	-	-	8,164	-	-	**8,164**
	1,862,612	256,427	3,443,327	613,959	69,710	543,693	155,747	**6,945,475**
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	$ 41,828	$ 69,026	$ 661,904	$ (301,026)	$ 7,009	$ 44,286	$ -	**$ 523,027**
Amortization of tangible capital assets	$ 41,828	$ 69,026	$ 1,940,050	$ 435,378	$ 7,009	$ 44,286	$ -	**$ 2,537,577**
NET REVENUE (DEFICIT)	$ -	$ -	$ (1,278,146)	$ (736,404)	$ -	$ -	$ -	**$ (2,014,550)**

The accompanying notes form an integral part of these consolidated financial statements.

BIRCH HILLS COUNTY

Schedule of Segmented Disclosure *(Schedule 7)*

For the Year Ended December 31, 2023

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2023
REVENUES								
Net municipal property taxes	$ 645,245	$ 226,741	$ 4,042,043	$ -	$ 25,452	$ 338,524	$ 148,563	$ 5,426,568
Investment income	743,523	-	-	-	-	-	-	743,523
User fees and sales of goods	7,109	75,910	68,722	350,359	1,000	63	-	503,163
Government transfers for operating	-	-	168,050	-	49,213	166,247	-	383,510
Other revenues	76,400	-	11,420	9,754	-	70,028	8,827	176,429
Penalties and costs on taxes	131,341	-	-	-	-	-	-	131,341
Rentals	14,335	-	-	3,690	-	-	2,675	20,700
Franchise and concession contracts	-	-	-	-	-	-	5,147	5,147
Licenses and permits	-	-	-	-	-	3,835	-	3,835
	$ 1,617,953	$ 302,651	$ 4,290,235	$ 363,803	$ 75,665	$ 578,697	$ 165,212	$ 7,394,216
EXPENSES								
Contracted and general services	$ 366,093	$ 153,385	$ 1,199,005	$ 519,600	$ 346	$ 201,690	$ 4,243	$ 2,444,362
Salaries, wages and benefits	785,657	23,340	1,031,663	3,760	8,925	238,692	17,110	2,109,147
Materials, goods and utilities	72,557	26,099	912,541	96,498	-	59,378	16,892	1,183,965
Provision for allowances	301,112	-	-	-	-	-	-	301,112
Transfers to local boards and agencies	-	-	-	-	44,300	-	117,100	161,400
Transfer to individuals & organizations	32,131	32,000	500	-	-	29,800	9,867	104,298
Bank charges and short-term interest	23,947	-	-	-	-	-	-	23,947
Transfers to other governments	-	-	-	-	15,085	-	-	15,085
	1,581,497	234,824	3,143,709	619,858	68,656	529,560	165,212	6,343,316
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	$ 36,456	$ 67,827	$ 1,146,526	$ (256,055)	$ 7,009	$ 49,137	$ -	$ 1,050,900
Amortization of tangible capital assets	$ 36,456	$ 67,827	$ 1,938,037	$ 254,542	$ 7,009	$ 49,137	$ -	$ 2,353,008
NET REVENUE (DEFICIT)	$ -	$ -	$ (791,511)	$ (510,597)	$ -	$ -	$ -	$ (1,302,108)

The accompanying notes form an integral part of these consolidated financial statements.

1. ACCOUNTING POLICIES

The consolidated financial statements of Birch Hills County (the "County") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the County and are, therefore, accountable to County Council for the administration of their financial affairs and resources.

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The County follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the County has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

(e) Land 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 leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

(continues)

1. ACCOUNTING POLICIES *(continued)*

(f) 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 annual surplus (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(g) Inventories for Consumption

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(h) Tangible Capital Assets

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

Buildings	25 - 50 years
Engineered structures:	
Bridges	variable
Water system	40 years
Wastewater system	40 years
Other engineered structures	20 - 40 years
Machinery and equipment	5 - 15 years
Vehicles	7 - 15 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

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

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.

(i) Landfill Closure and Post-Closure Liability

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

(continues)

1. ACCOUNTING POLICIES *(continued)*

(j) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the County is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(k) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the County and are recognized as revenue in the year in which the local improvement project is completed.

(l) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(m) Use of Estimates

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

The County has used estimates to determine accrued liabilities including landfill closure and post-closure, tangible capital asset useful lives as well as provisions made for allowances for amounts receivable or any provision for impairment. There is a high degree of measurement uncertainty in the allowance for uncollectable taxes. A large amount of taxes receivable are on linear / designated industrial properties which are much more difficult to recover than taxes receivable on land and improvements.

(continues)

1. ACCOUNTING POLICIES *(continued)*

(n) Asset Retirement

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 County 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 the 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 County reviews the carrying amount of the liability. The County 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 County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2. CASH AND CASH EQUIVALENTS

	2024	2023
Savings bank accounts	**$ 5,589,117**	$ 521,991
Notice on amount bank account	**4,142,923**	6,129,567
Operating bank account	**473,113**	184,044
Investment portfolio cash account	**37,052**	27,730
Petty cash	**700**	700
	$ 10,242,905	$ 6,864,032

The notice on amount bank account requires 90 days to access funds and earns interest at prime minus 1.50% per annum (2023 - prime minus 1.50% per annum). The savings accounts earn interest at prime minus 1.70% per annum (2023 - prime minus 1.70% per annum).

3. ACCOUNTS RECEIVABLE

	2024	2023
Taxes and grants in place of taxes	**$ 1,900,992**	$ 1,346,728
Receivable from other governments	**754,550**	111,912
Trade and other	**155,031**	47,372
Accrued interest	**139,730**	125,194
Utility accounts	**41,175**	44,650
Goods and Services Tax recoverable	**40,913**	34,495
	3,032,391	1,710,351
Less: allowance for doubtful accounts	**(1,573,162)**	(1,024,622)
	$ 1,459,229	$ 685,729

4. INVESTMENTS

	2024 Market Value	**2024 Cost**	2023 Market Value	2023 Cost
Guaranteed investment certificates	$ 12,023,115	**$ 12,023,115**	$ 12,979,479	$ 12,979,479
Government bonds	3,305,435	**3,337,219**	3,992,859	4,140,728
Corporate bonds	1,639,841	**1,555,640**	2,112,659	2,070,383
	$ 16,968,391	**$ 16,915,974**	$ 19,084,997	$ 19,190,590

Investments bear interest at effective rates ranging from 1.20% to 7.20% (2023 - 1.10% - 8.01%) per annum and mature at dates between March 2025 - March 2029 (2023 - March 2024 - December 2028).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade and other	**$ 4,038,696**	$ 379,778
Landfill closure and post-closure liability *(Note 6)*	**100,000**	100,000
Employee earned vacation, sick and overtime liability	**92,497**	71,062
Construction holdbacks payable	**10,648**	-
	$ 4,241,841	$ 550,840

6. ASSET RETIREMENT OBLIGATION

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The accrued liability for closure and post-closure on the County's landfill is recognized, using management's estimated costs for closure and post-closure care. Management is unable to estimate how many years that post-closure care could be required.

The County has not designated assets for settling closure and post-closure liabilities. Estimated closure costs are $60,000 and estimated post-closure costs are $40,000.

7. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	2024	2023
Canada Community Building Fund	**$ 138,318**	$ 685,574
Strategic Transportation Infrastructure Program	**285,563**	-
Other	**2,841**	-
Municipal Sustainability Initiative - Capital	**-**	329,564
	$ 426,722	$ 1,015,138

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 County be disclosed as follows:

	2024	2023
Total debt limit	**$ 11,202,753**	$ 11,091,324
Total debt	**-**	-
Service on debt limit	**$ 1,867,126**	$ 1,848,554
Service on debt	**-**	-

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

9. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	**$ 1,253,467**	$ 1,253,127
Restricted surplus		
Operating reserves *(Note 10)*	**2,134,597**	2,006,672
Capital reserves *(Note 10)*	**22,305,868**	24,173,669
Equity in tangible capital assets *(Schedule 2)*	**29,414,713**	25,044,771
	$ 55,108,645	$ 52,478,239

10. RESTRICTED SURPLUS

	2024	2023
Operating Reserves		
Tax rate stabilization	**$ 2,134,597**	$ 2,006,672
Capital Reserves		
Roads, streets, walks, lighting	**$ 6,773,319**	$ 6,773,319
Water supply and distribution	**3,601,849**	5,107,676
Contingency	**4,332,842**	4,872,372
Equipment	**2,933,592**	3,000,000
Gravel crushing	**1,511,761**	1,287,832
Fire fighting and protective services	**1,092,620**	1,067,620
Waste management	**862,393**	862,393
Building	**470,035**	500,000
Airport	**207,000**	207,000
Recreation and culture	**198,135**	198,135
General administration	**161,061**	161,061
Other public health and welfare	**100,000**	100,000
Agriculture services	**47,628**	22,628
Council and legislative	**13,633**	13,633
	$ 22,305,868	$ 24,173,669

11. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the County as required by Alberta Regulation 313/2000 is as follows:

	2024 (Budget) *(Note 14)*	**2024 (Actual)**	2023 (Actual)
ATCO natural gas	$ 6,000	**$ 4,610**	$ 5,147

12. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for County officials, the County Chief Administrative Officer and designated officers are required by Alberta Regulation 313/200 is as follows:

	Salary (1)	Benefits (2)	**2024**	2023
Reeve Poetker	$ 39,453	$ 3,655	**$ 43,108**	$ 33,323
Councillors				
Bjornson	29,253	5,273	**34,526**	7,648
Wendland	24,360	5,003	**29,363**	29,229
Portelance	24,103	4,989	**29,092**	30,818
Duvall	19,468	4,712	**24,180**	26,999
Manzulenko	18,438	4,380	**22,818**	23,767
Joudrey	17,918	3,176	**21,094**	35,533
Chandonnet	5,348	749	**6,097**	11,819
Chief Administrative Officer				
Davidson	188,383	30,798	**219,181**	207,484
	$ 366,724	$ 62,735	**$ 429,459**	$ 406,620

Northern Sunrise County is designated as County Assessor and Designated Officer by way of Bylaw No. 2020-06. Contracted services of $100,308 (2023 - $96,346) was paid for assessment services in the year.

(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. Benefits also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

13. 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 investment earnings of the LAPP Fund.

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

The County is required to make current service contributions to the LAPP at 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current and past service contributions by the County to the LAPP in 2024 were $120,111 (2023 - $128,294). Total current and past service contributions by employees of the County to the LAPP in 2024 were $107,315 (2023 - $118,218).

At December 31, 2023 the LAPP disclosed an actuarial surplus of $15.057 billion (2022 - $12.671 billion).

14. BUDGET FIGURES

	2024 (Budget)	**2024 (Actual)**
Annual surplus (deficit)	$ 3,451,505	**$ 2,630,406**
Amortization of tangible capital assets	2,260,696	**2,537,577**
Acquisition of tangible capital assets	(8,827,028)	**(6,175,782)**
Proceeds on sale of tangible capital assets	126,273	**222,837**
Net transfers (to) from reserves:		**1,739,876**
Net transfers from reserves for capital	3,285,818	**-**
Net transfers to reserves for capital	(184,200)	**-**
Net transfers to reserves for operating	(113,064)	**-**
Results of operations	$ -	**$ 954,914**

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by County Council on April 23, 2024. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

15. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, investments, accounts receivable, and accounts payable and accrued liabilities including landfill closure and post-closure. It is management's opinion that the County is not exposed to significant currency, other price or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The County is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the County's credit risk, with the exception of taxes receivable on linear / designated industrial properties which are much more difficult to recover than taxes receivable on land and improvements. Management assesses the allowance for these uncollectable taxes on an ongoing basis.

The County is exposed to interest rate risk with respect to its investments. Interest rate risk is the risk that the value of financial instruments might be adversely affected by a change in interest rates. The County manages exposure through its normal operating and financing activities, and holding short-term investments that are approximately equal to any significant specific liabilities as they become due.

16. SEGMENTED INFORMATION

The County provides a range of services to its citizens. 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 consolidated financial statements as disclosed in *Note 1*. For additional information see the Schedules of Segmented Disclosure (*Schedule 6* & *Schedule 7*).

17. CONTINGENCY

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

18. TRUST FUNDS

The County administers the following trusts which are not reflected in these consolidated financial statements. Changes in the balances are as follows:

	Opening	Tax sale surpluses in year	Interest earned	**Ending**
Tax sale surplus	$ 17,239	$ -	$ 857	**$ 18,096**

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by County Council and management.