

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Clear Hills County

Qualified Opinion

We have audited the consolidated financial statements of Clear Hills County (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of change in net financial assets and operations for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

The municipality did not record asset retirement obligations in the statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the municipality's asset retirement obligations as of December 31, 2023 as the municipality did not have available information necessary to accurately calculate the fair value of these obligations. Items identified but not addressed include, but are not limited to: transfer stations, buildings, and infrastructure. The municipality plans to engage a third party in 2024 to evaluate the scope of application of PS3280 and estimate the financial liabilities that arise. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the consolidated 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 qualified audit 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 PSAS, 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the Reeve and Council of Clear Hills County (*continued*)

Auditor's 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 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 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Wilde & Company

Vegreville, AB
April 23, 2024

Chartered Professional Accountants

CLEAR HILLS COUNTY
Consolidated Statement of Financial Position
As at December 31, 2023

	2023	2022
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 3)	11,066,339	4,056,429
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	997,651	749,198
Due from governments	1,205,810	274,079
Trade and other receivables	1,207,189	493,253
Land held for resale	434,451	462,186
Investments (Note 5)	45,577,220	48,342,635
	60,488,660	54,377,780
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,055,070	906,466
Accrued employee obligations (Note 7)	232,471	211,697
Deferred revenue (Note 8)	125,874	-
Provision for landfill closure and post-closure costs (Note 9)	584,905	575,380
	1,998,320	1,693,543
NET FINANCIAL ASSETS	58,490,340	52,684,237
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	67,649,354	71,170,552
Inventory for consumption (Note 12)	569,018	564,681
Prepaid expenses	149,413	125,601
	68,367,785	71,860,834
ACCUMULATED SURPLUS (Note 13)	126,858,125	124,545,071

Commitments and Contingencies - See Notes 16 and 17

CLEAR HILLS COUNTY
Consolidated Statement of Operations
As at December 31, 2023

	Budget \$ (Unaudited)	2023 \$	2022 \$
Revenues			
Net municipal taxes (Schedule 3)	13,717,943	13,742,814	13,369,277
User fees and sales of goods	229,600	315,171	246,535
Government transfers for operating (Schedule 4)	481,784	798,264	464,784
Investment income	443,942	1,368,706	467,534
Penalties and costs on taxes	504,850	1,108,278	1,635,686
Licenses and permits	6,050	10,575	11,864
Rental	55,400	68,545	49,631
Other	61,478	85,293	78,729
Gain on disposal of tangible capital assets	-	-	49,332
Total revenue	15,501,047	17,497,646	16,373,372
Expenses			
Legislative	512,066	515,578	464,890
Administration	2,724,736	2,649,579	2,882,044
Emergency services	744,833	1,120,191	565,733
Roads, streets, walks, lighting	9,666,190	8,069,572	8,322,747
Water supply and distribution	1,123,516	821,673	911,710
Wastewater treatment and disposal	73,296	35,997	44,314
Waste management	574,207	532,496	481,992
Public health and welfare	136,828	82,755	129,459
Agriculture and community service	1,230,455	1,367,356	1,266,795
Subdivision, land and development	371,816	350,569	399,566
Recreation and culture	648,568	598,379	914,715
Loss on disposal of tangible capital assets	9,456	11,396	-
Total expenses	17,815,967	16,155,541	16,383,965
Excess (deficiency) of revenue over expenses before government transfers for capital	(2,314,920)	1,342,105	(10,593)
Government transfers for capital (Schedule 4)	962,860	970,949	1,282,811
Excess (deficiency) of revenues over expenses	(3,666,980)	2,313,054	1,272,218
Accumulated surplus - beginning of the year	124,545,071	124,545,071	123,272,853
Accumulated surplus - end of the year (Schedule 1)	120,878,091	126,858,125	124,545,071

CLEAR HILLS COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2023

	Budget \$ (Unaudited)	2023 \$	2022 \$
Excess of revenue over expenses	(3,666,980)	2,313,054	1,272,218
Acquisition of tangible capital assets	(4,741,032)	(727,903)	(1,897,882)
Proceeds on disposal of tangible capital assets	-	66,250	182,900
Amortization of tangible capital assets	4,223,999	4,171,455	4,161,382
Loss (gain) on disposal of tangible capital assets	9,456	11,396	(49,332)
	(507,577)	3,521,198	2,397,068
(Acquisition)/net use of supplies inventories	-	(4,337)	411,904
Net addition of prepaid assets	-	(23,812)	(5,884)
	-	(28,149)	406,020
Increase (decrease) in net assets	(4,174,557)	5,806,103	4,075,306
Net financial assets, beginning of year	52,684,237	52,684,237	48,608,931
Net financial assets, end of year	52,176,660	58,490,340	52,684,237

CLEAR HILLS COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2023

	2023 \$	2022 \$
Operating		
Excess of revenue over expenses	2,313,054	1,272,218
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	4,171,455	4,161,382
Loss (gain) on disposal of tangible capital assets	11,396	(49,332)
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(248,453)	(222,129)
Increase in government receivables	(931,731)	(212,967)
Increase in trade and other receivables	(713,936)	(82,277)
Decrease (increase) in inventories	(4,337)	411,904
Decrease in land held for resale	27,735	9,123
Increase in prepaid expenses	(23,812)	(5,884)
Increase (decrease) in accounts payable and accrued liabilities	148,604	(102,677)
Increase (decrease) in accrued employee obligations	20,774	(2,699)
Increase (decrease) in deferred revenue	125,874	(23,469)
Increase in provision for landfill closure/post-closure	9,525	9,526
<i>Net cash provided by operating transactions</i>	4,906,148	5,162,719
Capital		
Acquisition of tangible capital assets	(727,903)	(1,897,882)
Proceeds on sale of tangible capital assets	66,250	182,900
<i>Net cash applied to capital transactions</i>	(661,653)	(1,714,982)
Investing		
Increase in investments	2,765,415	(4,054,055)
<i>Net cash applied to investing transactions</i>	2,765,415	(4,054,055)
Change in cash and cash equivalents during the year	7,009,910	(606,318)
Cash and cash equivalents, beginning of year	4,056,429	4,662,747
Cash and cash equivalents, end of year	11,066,339	4,056,429
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	10,940,465	4,056,429
Less: restricted portion of cash and temporary investments (Note 3)	125,874	-
	11,066,339	4,056,429
Cash flows supplementary information:		
Interest received	1,368,706	467,534

See accompanying notes

CLEAR HILLS COUNTY
Schedule of Changes in Accumulated Surplus
As at December 31, 2023

(Schedule 1)

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital	2023 \$	2022 \$
Balance, beginning of year	7,649,262	3,971,875	41,753,382	71,170,552	124,545,071	123,272,853
Excess of revenues over expenses	2,313,054	-	-	-	2,313,054	1,272,218
Reallocation of prior year surplus	(1,272,218)	28,125	1,244,093	-	-	-
Unrestricted funds designated for future use	(3,520,941)	(331,137)	3,852,078	-	-	-
Restricted funds used for Tangible Capital Assets	-	-	(685,555)	685,555	-	-
Current year funds used for Tangible Capital Assets	(42,348)	-	-	42,348	-	-
Net book value of Tangible Capital Assets disposed of	77,646	-	-	(77,646)	-	-
Annual amortization expense	4,171,455	-	-	(4,171,455)	-	-
Balance, end of year	9,375,910	3,668,863	46,163,998	67,649,354	126,858,125	124,545,071

CLEAR HILLS COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2023

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023 \$	2022 \$
Cost							
Balance, beginning of year	587,235	2,479,264	142,819,668	3,395,904	814,334	150,096,405	148,523,735
Acquisition of tangible capital assets	-	58,665	337,540	111,883	115,791	623,879	1,194,833
Construction in progress	-	32,842	71,182	-	-	104,024	703,049
Land moved to held for resale	-	-	-	-	-	-	(29,629)
Disposal of tangible capital assets	-	-	(171,418)	(54,723)	(65,126)	(291,267)	(295,583)
Balance, end of year	587,235	2,570,771	143,056,972	3,453,064	864,999	150,533,041	150,096,405
Accumulated amortization							
Balance, beginning of year	-	1,971,614	74,311,402	2,149,880	492,957	78,925,853	74,956,115
Annual amortization	-	48,837	3,911,450	162,353	48,815	4,171,455	4,161,382
Accumulated amortization on disposals	-	-	(158,112)	(13,498)	(42,011)	(213,621)	(191,644)
Balance, end of year	-	2,020,451	78,064,740	2,298,735	499,761	82,883,687	78,925,853
Net book value of tangible capital assets	587,235	550,320	64,992,232	1,154,329	365,238	67,649,354	71,170,552
2022 Net book value of tangible capital assets	587,235	507,650	68,508,266	1,246,024	321,377		71,170,552

CLEAR HILLS COUNTY
Schedule of Property and Other Taxes
As at December 31, 2023

(Schedule 3)

	Budget	2023	2022
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	17,536,595	5,819,646	5,695,536
Linear property taxes	-	11,566,128	11,434,976
Government grants in place of property taxes	-	5,930	9,910
	17,536,595	17,391,704	17,140,422
Requisitions			
Alberta School Foundation Fund	3,146,028	2,973,492	3,147,217
North Peace Housing Foundation	606,214	606,214	558,066
Designated Industrial Property	66,410	69,184	65,862
	3,818,652	3,648,890	3,771,145
Net municipal taxes	13,717,943	13,742,814	13,369,277

CLEAR HILLS COUNTY
Schedule of Government Transfers
As at December 31, 2023

(Schedule 4)

	Budget \$ (Unaudited)	2023 \$	2022 \$
Transfers for Operating			
Provincial Government	481,784	798,264	464,784
	481,784	798,264	464,784
Transfers for Capital			
Provincial Government	962,860	970,949	1,282,811
	962,860	970,949	1,282,811
Total government transfers	1,444,644	1,769,213	1,747,595

CLEAR HILLS COUNTY**(Schedule 5)****Schedule of Consolidated Expenses by Object****As at December 31, 2023**

	Budget	2023	2022
	\$	\$	\$
	(Unaudited)		
Consolidated Expenses by Object			
Salaries, wages and benefits	2,616,914	2,472,416	2,163,405
Contracted and general services	5,865,326	4,678,737	4,550,743
Materials, goods, supplies and utilities	1,889,666	1,342,982	1,891,733
Transfers to local boards and agencies	1,960,606	2,180,299	2,031,982
Bank charges and short term interest	-	7,661	7,370
Amortization of tangible capital assets	4,223,999	4,171,455	4,161,382
Allowance for doubtful accounts	1,250,000	1,290,595	1,577,350
Loss on disposal of tangible capital assets	9,456	11,396	-
	17,815,967	16,155,541	16,383,965

CLEAR HILLS COUNTY
Schedule of Segmented Disclosure
As at December 31, 2023

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	13,742,814	13,742,814
Government transfers	274,008	110,388	970,949	-	115,171	298,697	-	-	1,769,213
User fees and sales of goods	373	15,420	18,881	264,160	-	20,044	-	1,104,571	1,423,449
Investment income	10,296	56,429	837,121	252,569	782	156,981	930	53,598	1,368,706
Other revenues	7,443	17,130	8,595	-	-	64,952	35,705	30,588	164,413
	292,120	199,367	1,835,546	516,729	115,953	540,674	36,635	14,931,571	18,468,595
Expenses									
Salaries, wages and benefits	1,174,221	325,826	509,547	116,446	2,167	334,634	9,575	-	2,472,416
Contracted and general services	615,130	264,347	2,929,951	521,504	495	244,051	103,259	-	4,678,737
Materials, goods, supplies and utilities	39,894	133,797	1,003,196	110,343	525	51,146	4,081	-	1,342,982
Transfers to local boards and agencies	-	321,823	4,912	224,237	79,568	1,068,295	481,464	-	2,180,299
Other expenses	1,298,151	-	105	-	-	-	-	-	1,298,256
Loss on disposal of assets	11,396	-	-	-	-	-	-	-	11,396
	3,138,792	1,045,793	4,447,711	972,530	82,755	1,698,126	598,379	-	11,984,086
Net revenue (expense) before amortization	(2,846,672)	(846,426)	(2,612,165)	(455,801)	33,198	(1,157,452)	(561,744)	14,931,571	6,484,509
Amortization of tangible capital assets	37,761	74,398	3,621,861	417,636	-	19,799	-	-	4,171,455
2023 Net revenue (expense)	(2,884,433)	(920,824)	(6,234,026)	(873,437)	33,198	(1,177,251)	(561,744)	14,931,571	2,313,054
2022 Net revenue (expense)	(3,193,818)	(546,948)	(6,760,171)	(1,133,541)	(35,345)	(1,342,236)	(876,520)	15,160,797	1,272,218

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Significant accounting policies

Basis of presentation

The consolidated financial statements of the Municipality 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 Municipality are as follows:

Reporting entity

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

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.

Use of estimates

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

Significant estimates include:

- Amortization of tangible capital assets
- Estimated useful life of tangible capital assets
- Allowance for doubtful accounts

(continues)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Significant accounting policies *(continued)*

- Land held for resale
- Landfill liability

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities, at the date of purchase, of less than ninety days.

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.

Investments

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

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.

Revenue recognition

Investment interest

Interest income is accrued to recognize interest that has been earned but not received by year end. The effective interest rate applicable is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling 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)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Significant accounting policies *(continued)*

Landfill closure and post-closure liability

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

Contaminated sites liability

Contaminated sites are a result of a contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

Non-financial assets

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

a) Tangible capital assets

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

	YEARS
Vehicles	10
Machinery and equipment	15
Buildings	25
Engineered structures	
Other engineered structures	25
Water system	30-75
Wastewater system	75

Annual amortization is not charged in the year of acquisition and full amortization is charged in the year of disposition. Assets under construction are not amortized until the asset is available for productive use.

(continues)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. Significant accounting policies *(continued)*

b) Contributions of tangible capital assets

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

c) Leases

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

d) Inventories

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

2. Recent accounting pronouncements published but not yet adopted

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

Section 3400 - Revenue

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

Guideline PSG-8 – Purchased Intangibles

This new guideline explains the scope of intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in section PS 1000. This new guideline is effective for fiscal periods beginning on or after April 1, 2023.

Section PS 3160 – Public Private Partnerships

This new section establishes standards on how to account for public private partnership arrangements. This new section is effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

3. Cash and temporary investments

	2023	2022
Cash	\$ 1,208,155	\$ 1,358,050
Temporary investments	9,858,184	2,698,379
	\$ 11,066,339	\$ 4,056,429

Temporary investments are investments that mature in three months or less. Restricted cash for deferred revenues is \$125,874 (2022 - \$nil) (Note 7).

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

4. Taxes and grants in place of taxes receivable

	2023	2022
Current taxes and grants in place of taxes	\$ 1,563,135	\$ 2,741,488
Arrears taxes	1,242,961	11,812,767
	2,806,096	14,554,255
Less: allowance for doubtful accounts	(1,808,445)	(13,805,057)
	\$ 997,651	\$ 749,198

Allowance for doubtful accounts is determined by management through identification of specific accounts in arrears.

5. Long term investments

	2023		2022	
	Cost	Market value	Cost	Market value
Government and government guaranteed bonds	11,247,004	11,283,110	\$ 12,127,832	\$ 11,439,171
Long term deposits	34,330,216	34,441,795	36,214,803	34,743,539
	\$ 45,577,220	\$ 45,724,905	\$ 48,342,635	\$ 46,182,710

Investments have effective interest rates of 2.05% to 5.40% (2022 - 1.20% to 5.40%) with maturity dates from August 22, 2024 to June 18, 2035.

6. Accounts payable and accrued liabilities

Included in accounts payable are the following:

	2023	2022
Trade accounts payable and accrued liabilities	\$ 986,694	\$ 877,649
Government payroll remittance payable	68,376	28,817
	\$ 1,055,070	\$ 906,466

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

7. Employee benefit obligations

	2023	2022
Vacation and sick time accrual	\$ 232,471	\$ 211,697
	\$ 232,471	\$ 211,697

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

8. Deferred revenue

	2023	2022
Disaster Recovery Program	\$ 125,874	\$ -
	\$ 125,874	\$ -

Funding received from the grant program noted above is restricted to eligible projects as approved in the funding agreement. Unexpended funds related to the funding advances are supported by restricted cash and investments (Note 3).

At December 31, 2023, the Municipality has no funds deferred from the Gas Tax Fund.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

9. Landfill closure and post-closure liability

For the year ended December 31, 2023 Clear Hills County was required to, but did not, adopt Section PS 3280 - Asset Retirement Obligations. Please see Qualified Audit Opinion for further details.

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.

Post closure costs are expected to occur for 25 years beyond the closure of each landfill.

The accrued liability portion is based on the remaining useful lives and estimated closure and post closure costs of the landfill sites. The existing landfill sites have estimated useful lives ranging from 1 to 36 years.

The Municipality has not designated assets for settling closure and post-closure liabilities.

In 2002, the Municipality joined the North Peace Regional Landfill Commission (NPRLC). This commission was established to construct a new regional landfill to replace the aging landfills within the Municipality. Clear Hills County has constructed nine transfer stations to date and intends to continue to construct more transfer stations on the existing landfill sites, thus delaying the post-closure requirements for a number of these landfills.

	2023		2022
Estimated closure costs	\$ 292,453	\$	287,690
Estimated post-closure costs	292,452		287,690
Estimated total liability	\$ 584,905	\$	575,380

10. 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 Municipality be disclosed as follows:

	2023		2022
Total debt limit	\$ 26,246,469	\$	24,560,058
Debt servicing limit	\$ 4,374,412	\$	4,093,343

The debt limit is calculated at 1.5 times revenue of the Municipality, excluding transfers from the governments of Alberta and Canada for the purposes of capital property (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.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

11. Equity in tangible capital assets

	2023	2022
Tangible capital assets (Schedule 2)	\$ 150,533,041	\$ 150,096,405
Accumulated amortization (Schedule 2)	(82,883,687)	(78,925,853)
	\$ 67,649,354	\$ 71,170,552

12. Inventory for consumption

	2023	2022
Gravel	\$ 385,964	\$ 434,160
Public Works	142,785	88,561
Agriculture Service Board	40,269	41,960
	\$ 569,018	\$ 564,681

13. Accumulated surplus

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

	2023	2022
Unrestricted surplus	\$ 9,375,910	\$ 7,649,262
Restricted surplus		
Operating reserves	3,668,863	3,971,875
Capital reserves	46,163,998	41,753,382
Equity in tangible capital assets	67,649,354	71,170,552
	\$ 126,858,125	\$ 124,545,071

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. Salary and benefits disclosure

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

			2023	2022
	Salary (1)	Benefits & allowances (2) (3)	Total	Total
Councillor - Division 1	\$ 45,070	\$ 4,932	\$ 50,002	\$ 43,048
Councillor - Division 2	44,325	5,182	49,507	41,350
Reeve - Division 3	63,253	1,971	65,224	63,609
Councillor - Division 4	39,223	5,302	44,525	39,249
Deputy Reeve - Division 5	54,102	4,093	58,195	45,645
Councillor - Division 6	32,957	5,346	38,303	32,993
Councillor - Division 7	29,422	463	29,885	36,812
Chief Administrative Officer	288,429	47,104	335,533	321,706
	\$ 596,781	\$ 74,393	\$ 671,174	\$ 624,412

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

15. Local Authorities Pension Plan

Employees of the Municipality 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 service are recorded as expenditures in the year in which they become due.

The Municipality 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.

Total current service contributions by the Municipality to the LAPP in 2023 were \$231,023 (2022 - \$225,747).

At December 31, 2022, the LAPP disclosed an accounting surplus of \$12.7 billion.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

16. Commitments

The Municipality is committed to make a 2024 payment of \$131,106 to Mackenzie Municipal Services Agency as the County's planning consultant.

The Municipality is committed to make monthly payments of \$6,510 for the period of April 2020 to March 2025 to Alliance Assessment for contracted assessment services.

The Municipality is committed to make an annual requisition payment to the North Peace Regional Landfill Commission based on the County's usage. The requisition amount for 2024 is \$130,460.

The Municipality is committed to make a grant payment of \$100,000 to STARS in 2024, 2025 and 2026.

The Municipality is committed to make an annual payment of \$5,000 to the Alberta Conservation Association for 2024.

The Municipality is committed to make an annual payment of \$10,000 to Northern Lights County for the operation of the Manning airport for 2024.

The Municipality is committed to make a general grant payment of \$300,000 to the Village of Hines Creek for 2024 and 2025.

The Municipality is committed to make a rental payment of \$8,000 to Great Northern Bridgeworks Ltd. until a replacement bridge is built.

17. Contingent liability

The Municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipality 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. Segmented disclosure

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

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

19. Financial instruments

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

(continues)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

19. Financial instruments *(continued)*

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

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

20. Budget amounts

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

21. Approval of financial statements

Council and Management have approved these financial statements.