

**CLEARWATER COUNTY**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

## INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Clearwater County

### *Opinion*

We have audited the accompanying consolidated financial statements of Clearwater County (the County), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2023, the consolidated results of its operations, changes in its net financial assets and its 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 the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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.

Independent Auditors' Report to the Reeve and Council of Clearwater County (*continued*)

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 relating 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.

*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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 23, 2024

**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

To the Reeve and Members of Council of Clearwater 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 the responsibility of management, prepared in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments 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.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by County Council to express an opinion on the County's consolidated financial statements.



Rick Emmons, CLGM  
Chief Administrative Officer





Murray Hagan, B.Comm, CPA, CA  
Chief Financial Officer

**CLEARWATER COUNTY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2023**

	2023	2022 (Restated) (Note 20)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 52,563,032	\$ 62,261,125
Accounts receivable (Note 3)	13,151,965	11,206,338
Land held for resale	5,715,512	5,556,938
Investments (Note 4)	51,979,710	46,172,095
	<u>123,410,219</u>	<u>125,196,496</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	7,134,976	12,412,133
Deferred revenue (Note 6)	13,542,306	3,948,903
Long-term debt (Note 7)	656,935	1,073,673
Asset retirement obligations (Note 8)	9,759,788	9,270,860
	<u>31,094,005</u>	<u>26,705,569</u>
<b>NET FINANCIAL ASSETS</b>	<u>92,316,214</u>	<u>98,490,927</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	391,152,180	378,559,532
Inventories for consumption (Note 10)	5,697,791	6,230,544
Prepaid expenses	987,322	942,771
	<u>397,837,293</u>	<u>385,732,847</u>
<b>ACCUMULATED SURPLUS (NOTE 11) (Schedule 1)</b>	<u>\$ 490,153,507</u>	<u>\$ 484,223,774</u>

ON BEHALF OF COUNCIL:

  
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**CLEARWATER COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31, 2023**

	2023 (Budget) (Note 21)	2023 (Actual)	2022 (Actual) (Restated) (Note 20)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 48,314,005	\$ 52,838,602	\$ 46,121,733
User fees and sale of goods	2,461,319	4,677,800	5,127,217
Investment income	2,020,000	3,324,022	2,469,490
Government transfers for operating (Schedule 3)	1,629,721	1,696,376	1,626,934
Other	577,369	587,234	667,707
Penalties on taxes	750,000	445,451	601,239
Rentals	207,480	281,305	454,622
Fines	225,000	246,682	261,591
Developer levies	-	120,069	46,162
Licenses and permits	45,000	108,890	92,443
	<u>56,229,894</u>	<u>64,326,431</u>	<u>57,469,138</u>
<b>EXPENSES</b>			
Legislative	1,089,581	881,636	897,455
Administration	8,578,571	6,479,096	5,009,798
Assessment	506,613	525,176	654,441
Fire, ambulance, and protective services	5,835,566	6,146,962	5,962,739
Public works - general	1,680,498	1,603,762	1,574,361
Roads, streets, walks and lighting	12,441,520	10,646,392	10,935,844
Facilities	2,085,472	1,465,542	1,207,352
Water supply and distribution	107,829	170,128	70,389
Wastewater treatment and disposal	215,223	193,466	409,509
Waste management	3,220,415	2,904,104	3,199,274
Airport	199,800	284,738	66,079
Family and community support services	907,262	562,589	580,571
Agricultural services	3,264,797	2,720,052	2,574,324
Land use planning, zoning and development	3,487,593	2,200,001	2,780,726
Parks and recreation	3,981,770	3,216,567	1,986,523
Culture	362,519	353,154	395,318
Amortization	22,000,000	23,570,500	22,731,483
	<u>69,965,029</u>	<u>63,923,865</u>	<u>61,036,186</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)</b>	<u>(13,735,135)</u>	<u>402,566</u>	<u>(3,567,048)</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 3)	11,708,550	6,488,903	11,112,383
Gain (loss) on disposal of tangible capital assets	102,000	(961,736)	(714,019)
	<u>11,810,550</u>	<u>5,527,167</u>	<u>10,398,364</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(1,924,585)</u>	<u>5,929,733</u>	<u>6,831,316</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>	<u>484,223,774</u>	<u>484,223,774</u>	<u>477,392,458</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 482,299,189</u>	<u>\$ 490,153,507</u>	<u>\$ 484,223,774</u>

**CLEARWATER COUNTY**  
**Consolidated Statement of Changes in Net Financial Assets**  
**For the Year Ended December 31, 2023**

	2023 (Budget) (Note 21)	<b>2023 (Actual)</b>	2022 (Actual) (Restated) (Note 20)
<b>ANNUAL SURPLUS</b>	\$ (1,924,585)	<b>\$ 5,929,733</b>	\$ 6,831,316
Purchase of tangible capital assets	(55,123,675)	<b>(38,002,204)</b>	(33,842,202)
Proceeds on disposal of tangible capital assets	-	<b>877,320</b>	567,087
Amortization of tangible capital assets	22,000,000	<b>23,570,500</b>	22,731,483
Loss on disposal of tangible capital assets	-	<b>961,736</b>	714,019
	<u>(33,123,675)</u>	<u><b>(12,592,648)</b></u>	<u>(9,829,613)</u>
Use (acquisition) of supplies inventory	-	<b>532,753</b>	(1,235,587)
Acquisition of prepaid expenses	-	<b>(44,551)</b>	(147,161)
	<u>-</u>	<u><b>488,202</b></u>	<u>(1,382,748)</u>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(35,048,260)	<b>(6,174,713)</b>	(4,381,045)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	98,490,927	<b>98,490,927</b>	102,871,972
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 63,442,667</u>	<u><b>\$ 92,316,214</b></u>	<u>\$ 98,490,927</u>

**CLEARWATER COUNTY**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	2023	2022 (Restated) (Note 20)
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 5,929,733	\$ 6,831,316
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	961,736	714,019
Amortization of tangible capital assets	<u>23,570,500</u>	<u>22,731,483</u>
	<b>30,461,969</b>	<b>30,276,818</b>
Changes in non-cash working capital balances:		
Accounts receivable	(1,945,627)	1,767,981
Prepaid expenses	(44,551)	(147,161)
Accounts payable and accrued liabilities	(5,277,157)	5,444,267
Land held for resale	(158,574)	(1,332,615)
Deferred revenue	9,593,403	(1,751,116)
Inventories for consumption	532,753	(1,235,587)
Asset retirement obligations	<u>488,928</u>	<u>464,433</u>
	<b>33,651,144</b>	<b>33,487,020</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(38,002,204)	(33,842,202)
Proceeds on disposal of tangible capital assets	<u>877,320</u>	<u>567,087</u>
	<b>(37,124,884)</b>	<b>(33,275,115)</b>
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	<u>(416,738)</u>	<u>(400,532)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(11,000,000)	(2,992,282)
Proceeds on sale of investments	<u>5,192,385</u>	<u>-</u>
	<b>(5,807,615)</b>	<b>(2,992,282)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(9,698,093)</b>	<b>(3,180,909)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>62,261,125</b>	<b>65,442,034</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 52,563,032</b>	<b>\$ 62,261,125</b>



**CLEARWATER COUNTY**  
**Consolidated Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2023**

**Schedule 1**

	Unrestricted Surplus	Restricted Surplus <i>(Note 12)</i>	Equity in Tangible Capital Assets	<b>2023</b>	2022 (Restated) <i>(Note 20)</i>
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	\$ 11,637,717	\$ 103,297,385	\$ 369,288,672	<b>\$ 484,223,774</b>	\$ 477,392,458
Annual surplus	5,929,733	-	-	<b>5,929,733</b>	6,831,316
Unrestricted funds designated for future use	(30,692,032)	30,692,032	-	-	-
Asset retirement obligations accretion <i>(Note 8)</i>	488,928	-	(488,928)	-	-
Current year funds used for tangible capital assets	(12,673,902)	-	12,673,902	-	-
Restricted surplus used for tangible capital assets	-	(25,328,302)	25,328,302	-	-
Disposal of tangible capital assets	1,839,056	-	(1,839,056)	-	-
Amortization	23,570,500	-	(23,570,500)	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 100,000</b>	<b>\$ 108,661,115</b>	<b>\$ 381,392,392</b>	<b>\$ 490,153,507</b>	<b>\$ 484,223,774</b>

**CLEARWATER COUNTY**  
**Consolidated Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2023**

**Schedule 2**

	2023 (Budget) (Note 21)	<b>2023 (Actual)</b>	2022 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 41,577,350	<b>\$ 43,279,601</b>	\$ 39,849,166
Linear property taxes	26,425,962	<b>29,400,759</b>	26,539,673
	<u>68,003,312</u>	<u><b>72,680,360</b></u>	<u>66,388,839</u>
Less revenue sharing:			
County of Wetaskiwin	<u>675,000</u>	<u><b>712,886</b></u>	<u>667,056</u>
Taxes after revenue sharing	<u>67,328,312</u>	<u><b>71,967,474</b></u>	<u>65,721,783</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	17,227,621	<b>17,342,186</b>	17,610,044
Westview Lodge	919,198	<b>919,198</b>	1,145,994
Red Deer Catholic Regional Division No. 39	443,773	<b>443,773</b>	444,518
Designated industrial property	<u>423,715</u>	<u><b>423,715</b></u>	<u>399,494</u>
	<u>19,014,307</u>	<u><b>19,128,872</b></u>	<u>19,600,050</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 48,314,005</u>	<u><b>\$ 52,838,602</b></u>	<u>\$ 46,121,733</u>

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

**Schedule 3**

	2023 (Budget) (Note 21)	<b>2023 (Actual)</b>	2022 (Actual) (Restated) (Note 20)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 1,032,569	<b>\$ 1,218,969</b>	\$ 943,554
Local governments	597,152	<b>477,407</b>	683,380
	<u>1,629,721</u>	<u><b>1,696,376</b></u>	<u>1,626,934</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	10,736,700	<b>6,392,873</b>	9,468,776
Local governments	971,850	<b>96,030</b>	458,060
Federal government	-	-	1,185,547
	<u>11,708,550</u>	<u><b>6,488,903</b></u>	<u>11,112,383</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 13,338,271</b>	<b>\$ 8,185,279</b>	<b>\$ 12,739,317</b>

**CLEARWATER COUNTY**  
**Consolidated Schedule of Segmented Information**  
**For the Year Ended December 31, 2023**

**Schedule 4**

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 52,838,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,838,602
User fees and sales of goods	148,650	-	1,846,670	404,969	745,366	-	1,125,066	407,079	4,677,800
Investment income	3,324,022	-	-	-	-	-	-	-	3,324,022
All other	672,887	-	264,371	513,833	320,415	-	-	18,124	1,789,630
Government transfers	414,144	-	858,078	-	48,244	-	81,408	294,503	1,696,377
	<u>57,398,305</u>	<u>-</u>	<u>2,969,119</u>	<u>918,802</u>	<u>1,114,025</u>	<u>-</u>	<u>1,206,474</u>	<u>719,706</u>	<u>64,326,431</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	3,964,884	108,908	3,175,902	4,491,709	1,394,214	16,708	1,765,004	1,397,241	16,314,570
Contract and general services	3,039,725	84,413	506,322	5,637,916	658,649	691,803	852,990	523,749	11,995,567
Materials, goods and supplies	305,306	5,611	780,117	3,519,437	84,355	11,928	171,025	494,748	5,372,527
Transfers to other governments	426,300	284,738	-	52,880	-	2,379,289	-	-	3,143,207
Transfers to individuals/organizations	-	325,510	1,684,621	-	62,783	469,993	-	42,631	2,585,538
Accretion expense	-	-	-	10,249	-	-	478,679	-	488,928
Other expenses	5,511	-	-	3,505	-	-	-	261,683	270,699
Bad debts	144,182	-	-	-	-	-	-	-	144,182
Interest on long-term debt	-	38,147	-	-	-	-	-	-	38,147
	<u>7,885,908</u>	<u>847,327</u>	<u>6,146,962</u>	<u>13,715,696</u>	<u>2,200,001</u>	<u>3,569,721</u>	<u>3,267,698</u>	<u>2,720,052</u>	<u>40,353,365</u>
<b>NET REVENUE (DEFICIT)</b>									
<b>BEFORE AMORTIZATION</b>	49,512,397	(847,327)	(3,177,843)	(12,796,894)	(1,085,976)	(3,569,721)	(2,061,224)	(2,000,346)	23,973,066
Amortization	516,229	11,564	512,756	20,236,428	123,293	81,085	1,881,558	207,587	23,570,500
<b>NET REVENUE (DEFICIT)</b>	<u>\$ 48,996,168</u>	<u>\$ (858,891)</u>	<u>\$ (3,690,599)</u>	<u>\$ (33,033,322)</u>	<u>\$ (1,209,269)</u>	<u>\$ (3,650,806)</u>	<u>\$ (3,942,782)</u>	<u>\$ (2,207,933)</u>	<u>\$ 402,566</u>

**CLEARWATER COUNTY**  
**Consolidated Schedule of Segmented Information**  
**For The Year Ended December 31, 2022**

**Schedule 5**

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 46,121,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,121,733
User fees and sales of goods	562,006	-	67,732	451,396	2,345,844	-	1,301,448	398,791	5,127,217
Investment income	2,690,525	-	-	-	-	-	(221,035)	-	2,469,490
All other	856,736	-	623,341	399,930	231,745	-	-	12,012	2,123,764
Government transfers	269,550	-	936,518	-	7,129	-	189,560	224,177	1,626,934
	<u>50,500,550</u>	<u>-</u>	<u>1,627,591</u>	<u>851,326</u>	<u>2,584,718</u>	<u>-</u>	<u>1,269,973</u>	<u>634,980</u>	<u>57,469,138</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	3,511,656	109,718	2,975,776	4,294,282	1,019,269	88,459	1,583,515	1,306,268	14,888,943
Contracted and general services	2,275,453	48,648	297,794	6,078,293	1,647,634	618,180	1,448,470	541,971	12,956,443
Materials, goods and utilities	258,843	6,770	704,476	4,016,938	46,455	22,142	192,515	453,110	5,701,249
Transfers to individuals/organizations	-	361,053	1,245,652	-	67,118	400,734	-	24,876	2,099,433
Transfers to other governments	477,991	66,079	-	54,053	-	1,252,327	-	-	1,850,450
Accretion expense	-	-	-	9,761	-	-	454,672	-	464,433
Other expenses	2,113	-	-	3,271	250	-	-	248,098	253,732
Interest on long-term debt	-	54,382	-	-	-	-	-	-	54,382
Bad debts	35,638	-	-	-	-	-	-	-	35,638
	<u>6,561,694</u>	<u>646,650</u>	<u>5,223,698</u>	<u>14,456,598</u>	<u>2,780,726</u>	<u>2,381,842</u>	<u>3,679,172</u>	<u>2,574,323</u>	<u>38,304,703</u>
<b>NET REVENUE (DEFICIT)</b>									
<b>BEFORE AMORTIZATION</b>	43,938,856	(646,650)	(3,596,107)	(13,605,272)	(196,008)	(2,381,842)	(2,409,199)	(1,939,343)	19,164,435
Amortization	372,348	13,994	452,275	19,433,522	123,176	81,085	2,056,376	198,707	22,731,483
<b>NET REVENUE (DEFICIT)</b>	<u>\$ 43,566,508</u>	<u>\$ (660,644)</u>	<u>\$ (4,048,382)</u>	<u>\$ (33,038,794)</u>	<u>\$ (319,184)</u>	<u>\$ (2,462,927)</u>	<u>\$ (4,465,575)</u>	<u>\$ (2,138,050)</u>	<u>\$ (3,567,048)</u>

The accompanying notes are an integral part of the financial statements

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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Clearwater County (the "County") is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements are the representations of the County 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*

These consolidated financial statements include the assets, liabilities, non-financial assets, revenues, expenses and accumulated surplus of the County which comprises all the organizations that are owned or controlled by the County and are, therefore, accountable to the County for the administration of their financial affairs and resources.

Rocky Mountain House Airport Commission	50.0%
Clearwater Regional Fire Rescue Services	75.75%/77.0%
Clearwater Regional Emergency Management Agency	67.0%

The County accounts for government partnerships using the proportionate consolidation method. Under this method, the County's proportionate share of assets, liabilities, non-financial assets, revenues, expenses and accumulated surplus are included in the consolidated financial statements.

The schedule of taxes levied includes requisitions for education and senior foundations that are not part of the municipal reporting entity.

The financial statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Effective April 1, 2020, a new Clearwater Regional Fire Rescue Services agreement was signed by Clearwater County, the Town of Rocky Mountain House and the Village of Caroline. Clearwater County's proportionate share of operations under this new agreement was 75.75%. Effective April 1, 2022, Clearwater County's proportionate share changed to 77% as per the agreement.

*(b) Basis of Accounting*

The consolidated financial statements are prepared using 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 consolidated financial statements as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*(c) Use of Estimates*

The preparation of the 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 revenue 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 an allowance for doubtful accounts, accrued liabilities, asset retirement obligations and the useful lives of tangible capital assets.

*(d) Valuation of financial assets and liabilities*

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

Cash and cash equivalents	Cost and amortized cost
Accounts receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Asset retirement obligations	Cost or present value
Long-term debt	Amortized cost

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial assets and liabilities that are measured at cost or amortized cost and expensed when measured at fair value.

*(e) Cash and Cash Equivalents*

Cash and temporary investments include 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.

*(f) Investments*

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on 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. Investment income is recorded as revenue in the period it is earned.

*(g) 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 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 their respective function.

*(h) Requisition Over-levy and Under-levy*

Over-levies and under-levies arise from the difference between the actual school tax originally levied on behalf of the province and the levy after all adjustments have been processed throughout the year. If the difference is an over-levy or over-collection, the overage is accrued as a liability and property tax revenue is reduced in the following year. If the difference is an under-levy or under-collection, the underage is accrued as a receivable and reflected as property tax revenue in the following year.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*(i) Tax Revenue*

Property tax revenue is based on assessed value determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

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

*(j) Pensions*

The County participates in two multi-employer defined benefit pension plans. Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. See *Note 15* for details of these pension plans.

*(k) Asset retirement obligations*

During 2023, the County adopted *PS 3280 Asset Retirement Obligations* which provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

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 value 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 assets and those not in productive use are expensed.

*(l) Contaminated Sites*

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 a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

*(m) 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.



**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*i) Tangible Capital Assets*

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

Buildings	10 - 50 years
Engineered structures	
Roadway systems	3- 80 years
Water systems	45 - 75 years
Wastewater systems	34 - 75 years
Cell development	10 - 15 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 25 years

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

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

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 the benefits and risks incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses.

*ii) Inventories for Consumption*

Inventories held for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method for gravel and sign inventory and the first-in first-out method for shop inventory.

*(n) New Accounting Standards not yet Adopted*

Effective for fiscal years beginning on or after April 1, 2023, *PS 3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

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**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**2. CASH AND CASH EQUIVALENTS**

	<u>2023</u>	<u>2022</u>
Notice on amount accounts	<b>\$ 36,602,799</b>	\$ 35,746,370
Savings account	<b>10,629,162</b>	20,912,847
Operating bank accounts	<b>5,330,571</b>	5,601,408
Cash on hand	<b>500</b>	500
	<b><u>\$ 52,563,032</u></b>	<b><u>\$ 62,261,125</u></b>

The above amounts include grant funding of \$13,542,306 (2022 - \$3,948,903) which is externally restricted per *Note 6*.

**3. ACCOUNTS RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Trade and other	<b>\$ 10,637,553</b>	\$ 8,183,882
Taxes and grants in place of taxes	<b>2,248,769</b>	2,398,850
Goods and Services Tax	<b>1,012,442</b>	1,227,703
	<b><u>\$ 13,898,764</u></b>	<b><u>\$ 11,810,435</u></b>
Less: Allowance for doubtful accounts	<b><u>(746,799)</u></b>	<b><u>(604,097)</u></b>
	<b><u>\$ 13,151,965</u></b>	<b><u>\$ 11,206,338</u></b>

The aging of receivables that are not impaired is as follows:

	<u>2023</u>	<u>2022</u>
Current	<b>\$ 8,657,323</b>	\$ 8,110,222
1 year	<b>877,196</b>	3,096,116
2 years	<b>1,584,040</b>	-
3 years	<b>683,389</b>	-
Over 3 years	<b>1,350,017</b>	-
	<b><u>\$ 13,151,965</u></b>	<b><u>\$ 11,206,338</u></b>

**4. INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Government and corporate bonds	<b>\$ 49,972,209</b>	\$ 44,164,594
Guaranteed Investment Certificate	<b>2,000,000</b>	2,000,000
Rocky Mountain House Co-op Association Limited	<b>7,501</b>	7,501
	<b><u>\$ 51,979,710</u></b>	<b><u>\$ 46,172,095</u></b>

The Guaranteed Investment Certificate bears interest at 5.13% and matures in October 2024.

The stated coupon interest rates on government and corporate bonds range between 1.59% - 5.43% per annum, maturing at dates ranging between 2024 - 2035. The market value of the government and corporate bonds at December 31, 2023 was \$47,586,275 (2022 - \$41,684,589).

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade payables and accrued liabilities	<b>\$ 5,942,346</b>	\$ 10,931,066
Accrued wages and benefits	<b>1,167,630</b>	1,432,067
Deposits	<b>25,000</b>	49,000
	<b><u>\$ 7,134,976</u></b>	<b><u>\$ 12,412,133</u></b>

**6. DEFERRED REVENUE**

Deferred revenue is comprised of the following amounts which have been received from third parties for specified purposes. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Municipal Sustainability Initiative	\$ -	\$ 10,369,762	\$ (5,424,273)	<b>\$ 4,945,489</b>
Canada Community-Building Fund	-	4,896,102	(345,300)	<b>4,550,802</b>
Alberta Environment and Parks - Watercourse Crossing Remediation Program	3,342,469	567,458	(397,526)	<b>3,512,401</b>
Other	606,140	569,237	(642,071)	<b>533,306</b>
Strategic Transportation Infrastructure Program	294	14	-	<b>308</b>
	<b><u>\$ 3,948,903</u></b>	<b><u>\$ 16,402,573</u></b>	<b><u>\$ (6,809,170)</u></b>	<b><u>\$ 13,542,306</u></b>

**7. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$227,808 including interest at a fixed rate of 4.006% maturing in 2025.	<b>\$ 656,935</b>	\$ 1,073,673

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 433,600	\$ 22,017	\$ 455,617
2025	223,335	4,473	227,808
	<b><u>\$ 656,935</u></b>	<b><u>\$ 26,490</u></b>	<b><u>\$ 683,425</u></b>

Interest on long-term debt amounted to \$38,147 (2022 - \$54,382).

The County's total cash payments for interest in 2023 were \$38,879 (2022 - \$55,085).

**8. ASSET RETIREMENT OBLIGATIONS**

*Buildings*

The County has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the County to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or being demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the County to remove the materials when the asset retirement activities occur. The County has not designated assets for settling these liabilities.

*Landfill*

The County operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The County has not designated assets for settling closure and post-closure liabilities.

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 9,270,860	\$ 8,806,427
Accretion expense	<u>488,928</u>	<u>464,433</u>
Balance, end of the year	<u>\$ 9,759,788</u>	<u>\$ 9,270,860</u>

Asset retirement obligations are composed of the following:

	<u>2023</u>	<u>2022</u>
Landfill	\$ 9,544,568	\$ 9,065,889
Buildings	<u>215,220</u>	<u>204,971</u>
	<u>\$ 9,759,788</u>	<u>\$ 9,270,860</u>

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**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**9. TANGIBLE CAPITAL ASSETS**

	<b>2023 Net Book Value</b>	<b>2022 Net Book Value</b>
Engineered structures		
Roadways and bridges	<b>\$ 233,132,121</b>	\$ 228,216,712
Wastewater systems	<b>30,658,188</b>	25,319,912
All other	<b>35,981,090</b>	34,276,087
Water systems	<b>5,457,439</b>	5,568,064
	<b>305,228,838</b>	293,380,775
Land and land improvements	<b>44,177,626</b>	44,177,626
Buildings	<b>23,057,245</b>	22,960,717
Machinery and equipment	<b>16,050,669</b>	16,443,271
Vehicles	<b>2,637,802</b>	1,597,143
	<b>\$ 391,152,180</b>	\$ 378,559,532

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Roadways and bridges	\$ 654,503,304	\$ 24,321,300	\$ (5,053,329)	-	\$ 673,771,275
Wastewater systems	28,576,056	5,679,934	-	-	34,255,990
All other	45,004,522	3,041,828	-	-	48,046,350
Water systems	6,747,442	-	-	-	6,747,442
	734,831,324	33,043,062	(5,053,329)	-	762,821,057
Machinery and equipment	30,102,855	3,100,033	(1,371,371)	(267,321)	31,564,196
Vehicles	3,809,501	1,159,206	(98,500)	267,321	5,137,528
Buildings	27,506,065	699,903	-	-	28,205,968
Land	44,177,626	-	-	-	44,177,626
	<b>\$ 840,427,371</b>	<b>\$ 38,002,204</b>	<b>\$ (6,523,200)</b>	<b>\$ -</b>	<b>\$ 871,906,375</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways and bridges	\$ 426,286,592	\$ 18,489,227	\$ (4,136,665)	-	\$ 440,639,154
Wastewater systems	3,256,144	341,658	-	-	3,597,802
All other	10,728,435	1,336,825	-	-	12,065,260
Water systems	1,179,378	110,625	-	-	1,290,003
	441,450,549	20,278,335	(4,136,665)	-	457,592,219
Machinery, equipment, and furnishings	13,659,584	2,323,626	(469,683)	-	15,513,527
Vehicles	2,212,358	365,164	(77,796)	-	2,499,726
Buildings	4,545,348	603,375	-	-	5,148,723
	<b>\$ 461,867,839</b>	<b>\$ 23,570,500</b>	<b>\$ (4,684,144)</b>	<b>\$ -</b>	<b>\$ 480,754,195</b>

Construction of tangible capital assets in progress for 2023 totals \$34,204,286 (2022 - \$35,311,263). These amounts are not being amortized.

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
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**10. INVENTORIES FOR CONSUMPTION**

	<u>2023</u>	<u>2022</u>
Gravel	\$ 4,805,271	\$ 5,512,238
Parts, chemicals, and other	892,520	718,306
	<u>\$ 5,697,791</u>	<u>\$ 6,230,544</u>

**11. ACCUMULATED SURPLUS**

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 100,000	\$ 11,637,717
Restricted surplus ( <i>Note 12</i> )	108,661,115	103,297,385
Equity in tangible capital assets ( <i>Schedule 1</i> )	381,392,392	369,288,672
	<u>\$490,153,507</u>	<u>\$484,223,774</u>

**12. RESTRICTED SURPLUS**

	<u>2023</u>	<u>2022</u>
Core infrastructure	\$ 17,979,007	\$ 1,272,867
Administration facilities	17,067,273	13,293,083
Revenue stabilization	10,398,394	10,398,394
Vehicles and equipment	8,904,393	8,934,821
Bridge reconstruction	8,238,278	10,743,569
Resource roads	7,500,000	8,000,000
Fire capital	6,825,629	5,297,532
Gravel reclamation	6,102,845	5,902,845
Ag rec facilities	5,217,000	4,717,000
Gravel stores	4,407,553	4,407,553
Public works paved infrastructure	4,071,333	11,175,718
Land development outside Nordegg	4,050,000	3,050,000
Work in progress	3,716,125	3,198,829
General sewer	2,817,978	7,677,803
Waste capital	2,359,406	1,359,406
West country roads	1,755,723	1,455,723
Emergency preparedness	1,283,010	1,283,010
Municipal, recreation, and school	1,059,298	1,745,000
Airport	887,655	943,250
Leslieville Sewer	669,505	839,154
Broadband	240,822	932,654
NSRP & trail systems	28,218	28,218
Nordegg development	(6,918,330)	(3,359,044)
	<u>\$108,661,115</u>	<u>\$103,297,385</u>

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**13. CREDIT FACILITY**

The County has a demand revolving operating credit facility to a maximum of \$4,850,000 bearing interest at prime plus 1.00% per annum. The credit facility was not drawn upon as of December 31, 2023 or 2022.

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**14. CONTINGENCIES**

(a) Friends of the Corridor Schools

Wild Rose School Division has replaced existing schools in Leslieville and Condor. To augment the essential infrastructure, the Friends of the Corridor Schools, a committee of people working to upgrade schools and educational facilities in the community, was formed (the "Group") and has embarked on a fundraising campaign. In 2019, Clearwater County Council committed to match total funds raised by the Group. As of reporting date of these 2022 financial statements, the Group has raised \$84,095. In 2020, Clearwater County Council made an additional commitment to a minimum of \$200,000 for project upgrades to increase functionality within the new schools. As of the reporting date of their financial statements, Clearwater County has paid \$200,000 to the Wild Rose School Division.

(b) Lawsuits

The County is a defendant in various lawsuits. Where the outcome of a claim against the County is considered likely to result in a loss and the amount of the loss can be reasonably estimated, accrued liabilities have been recorded. Where the resulting potential losses, if any, cannot be determined or the occurrence of future events is unknown, accrued liabilities have not been established.

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**15. PENSION PLANS**

(a) 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.

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. Employees of the County are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.23% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2023 were \$942,218 (2022 - \$926,882). Total current service contributions by the employees of the County to the LAPP in 2023 were \$844,568 (2022 - \$831,511).

At December 31, 2022 the Plan disclosed an actuarial surplus of \$12.671 billion (2021 - \$11.922 billion).

(b) Alberta Urban Municipalities Association Apex Supplementary Pension Plan

Certain employees of the County are eligible to participate in the Alberta Urban Municipalities Association Apex Supplementary Pension Plan (APEX), a multi-employer pension plan. This plan provides defined pension benefits to employees based on their length of service and rate of pay.

Contributions by the County to APEX in 2023 were \$5,190 (2022 - \$7,053). Contributions by the employees of the County to the APEX in 2023 were \$4,243 (2022 - \$4,782).

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**16. REMUNERATION AND BENEFITS DISCLOSURE**

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

	2023		2022	
	Salary	Benefits and Allowances	Total	Total
<b>Reeve and Councilors</b>				
Division 1	\$ 66,969	\$ 9,666	\$ 76,635	\$ 63,649
Division 2	54,228	7,846	62,074	50,137
Division 3	72,631	8,307	80,938	67,933
Division 4	50,962	7,242	58,204	57,482
Division 5	46,722	6,396	53,118	51,371
Division 6	56,763	7,524	64,287	50,155
Division 7	68,134	10,097	78,231	64,248
	<u>\$ 416,409</u>	<u>\$ 57,078</u>	<u>\$ 473,487</u>	<u>\$ 404,975</u>
<b>Chief Administrative Officer</b>	<u>\$ 235,736</u>	<u>\$ 37,662</u>	<u>\$ 273,398</u>	<u>\$ 189,148</u>

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration including per diem amounts.
  - 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 include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.
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**17. SEGMENTED INFORMATION**

The County provides a wide 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.

*(a) General Government*

General Government is comprised of Council, the office of the CAO and Corporate Services. Corporate Services includes Financial Services, Communications, Assessment, Geographic Information System, and Information Technology Services. Council makes governance decisions regarding service delivery and service levels on behalf of the County in order to balance the needs and wants of the County residents in a financially responsible manner.

*(b) Community Services*

Community Services consists of seniors' funding, economic development and tourism activities, animal control, shared costs for the airport and special request funding. The Community Services area also provides services mandated by Family and Community Support Services throughout Alberta through a shared funding model between the Province of Alberta, the County, the Town of Rocky Mountain House, and the Village of Caroline.

*(c) Emergency and Legislative Services*

Emergency and Protective Services is comprised of Fire, Emergency Management, and Municipal Enforcement Services. The regional fire service provides fire suppression along with fire prevention training and education programs. The regional emergency management agency prepares for emergency situations in order to maintain safe communities. The Municipal Enforcement Services provides infrastructure protection, bylaw enforcement and education programs as well as provincial statute enforcement with the authorities granted by the Solicitor General of Alberta.

*(d) Transportation Services*

Transportation is comprised of services in the Public Works areas. This includes the County's infrastructure (roads and bridges), facilities and maintenance programs, including paving and gravel.

*(e) Planning and Development*

This area conducts the County's planning and development functions, working with developers to foster sustainable growth within the County. Planning and Development also oversees the ongoing Nordegg development program, as well as the heritage activities, including the Nordegg Museum and Brazeau Collieries Mine Site.

*(f) Recreation and Culture*

The County contributes to the local recreation programs, libraries and museums in partnership with the Town of Rocky Mountain House, and the Village of Caroline. Through cost-sharing partnerships, the Rocky Mountain House Parks, Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens.

*(g) Environmental Services*

Environmental Services are comprised of water, wastewater and regional solid waste management collection and recycling.

*(h) Agricultural Services and Landcare*

Agricultural Services and Landcare administers programs that strengthen relationships in the rural areas as well as relationships with urban communities. This includes vegetation and pest management, environmental stewardship programs, educational workshops, specialized equipment rental, cattle data management and awards such as Century Farms, Farm Family, and Rural Beautification.

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**18. 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:

	<u>2023</u>	<u>2022</u>
Total debt limit	<b>\$ 96,489,647</b>	\$ 86,203,707
Total debt	<b>(656,935)</b>	(1,073,673)
Amount of debt limit unused	<b>\$ 95,832,712</b>	\$ 85,130,034
Debt servicing limit	<b>\$ 16,081,608</b>	\$ 14,367,285
Service on debt	<b>(455,617)</b>	(455,617)
Amount of debt servicing limit unused	<b>\$ 15,625,991</b>	\$ 13,911,668

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt servicing limit is calculated at 0.25 times such revenue. 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 financial stability of the County. Rather, the financial statements must be interpreted as a whole.

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**19. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant market or currency risk arising from these financial instruments. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2023.

*(a) Credit risk*

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The County is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes the County's credit risk.

*(b) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises when the County invests in interest-bearing financial instruments. Interest rate risk on the County's long-term debt is managed through fixed-rate debentures.

*(c) Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The County is exposed to price risk on its investments in fixed income securities.

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**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
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**20. RESTATEMENT**

Effective January 1, 2023, the County adopted *PS 3280 Asset Retirement Obligations* retroactively and comparative figures have been restated.

Additionally, it was discovered that certain government transfers for capital recorded in the 2021 and 2022 fiscal years were incorrectly reported. This has been corrected retroactively and comparative figures have been restated.

The effect of these changes on the comparative figures is as follows:

- Increase in accounts receivable of \$1,815,817
- Decrease in landfill closure and post-closure liability of \$7,030,025
- Increase in asset retirement obligations of \$9,270,860
- Increase in tangible capital assets of \$3,722,382
- Increase in annual surplus of \$2,003,740
- Increase in opening accumulated surplus of \$1,293,624

Effective January 1, 2023, the County also adopted *PS 3450 Financial Instruments*. There was no impact on the County's financial reporting regarding this.

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**21. BUDGET FIGURES**

The budget figures are presented for information purposes only. The 2023 budget, prepared by the County, reflects all municipal activities including capital projects, debt repayments, and restricted surplus transfers. The reconciliation below is provided to encompass these items.

	2023 (Budget)	2023 (Actual)
Annual surplus	\$ (1,924,585)	\$ 5,929,733
Add back (deduct):		
Amortization expense	22,000,000	23,570,500
Purchase of tangible capital assets	(55,123,675)	(38,002,204)
Net transfers from reserves to fund capital projects	36,209,325	25,328,302
Net transfers from reserves to fund operations	4,154,773	-
Net transfers to reserve for future purchases	(4,899,100)	(30,692,032)
Principal debt repayments	(416,738)	(416,738)
	<u>\$ -</u>	<u>\$ (14,282,439)</u>

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**22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.

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**23. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

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