

CLEARWATER COUNTY
Consolidated Financial Statements
For the Year Ended December 31, 2022

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, 2022, 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, 2022, 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 25, 2023

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

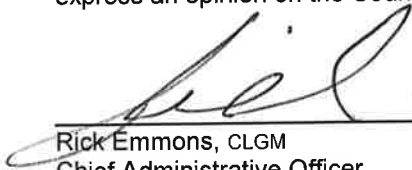
To the Reeve and Members of Council of Clearwater County

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

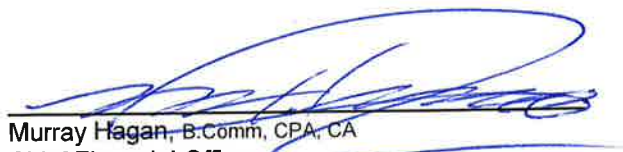
The consolidated financial statements are the responsibility of management, prepared in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

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, 2022

	2022	2021 (Restated) (Note 21)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 62,261,125	\$ 65,442,034
Accounts receivable (Note 3)	9,390,521	13,175,226
Land held for resale	5,556,938	4,224,323
Investments (Note 4)	46,172,095	43,179,813
	<u>123,380,679</u>	<u>126,021,396</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	12,412,133	6,967,666
Deferred revenue (Note 6)	3,948,903	5,700,019
Long-term debt (Note 7)	1,073,673	1,474,205
Landfill closure and post-closure costs (Note 8)	7,030,025	6,307,361
	<u>24,464,734</u>	<u>20,449,251</u>
NET FINANCIAL ASSETS	<u>98,915,945</u>	<u>105,572,145</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	374,837,150	364,736,122
Inventories for consumption (Note 10)	6,230,544	4,994,957
Prepaid expenses	942,771	795,610
	<u>382,010,465</u>	<u>370,526,689</u>
ACCUMULATED SURPLUS (NOTE 11) (Schedule 1)	<u>\$ 480,926,410</u>	<u>\$ 476,098,834</u>

ON BEHALF OF COUNCIL:



CLEARWATER COUNTY
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	2022 (Budget) (Note 22)	2022 (Actual)	2021 (Actual) (Restated) (Note 21)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 46,690,637	\$ 46,121,733	\$ 46,263,442
User fees and sale of goods	3,239,206	5,127,217	6,896,227
Investment income	2,010,000	2,469,490	1,260,856
Government transfers for operating (Schedule 3)	961,571	1,626,934	2,426,681
Penalties on taxes	500,000	601,239	781,382
Other	1,103,597	667,707	687,488
Rentals	218,880	454,622	438,506
Fines	225,000	261,591	242,571
Licenses and permits	36,000	92,443	74,843
Developer levies	-	46,162	53,168
	<u>54,984,891</u>	<u>57,469,138</u>	<u>59,125,164</u>
EXPENSES			
Legislative	869,880	897,455	832,598
Administration (Note 3)	7,988,088	5,013,849	3,448,784
Assessment	673,808	654,441	697,822
Fire, ambulance, and protective services	5,319,010	5,223,698	4,902,020
Public works - general	3,209,635	2,925,901	2,574,400
Roads, streets, walks and lighting	12,067,360	10,496,424	8,772,689
Facilities	981,194	1,020,461	1,005,090
Water supply and distribution	103,641	70,389	140,733
Wastewater treatment and disposal	196,268	409,509	205,645
Waste management	2,950,013	3,467,266	3,741,439
Airport	172,000	66,079	83,729
Family and community support services	791,565	580,571	762,942
Agricultural services	2,934,436	2,574,324	2,469,222
Land use planning, zoning and development	2,893,543	2,780,726	2,329,167
Parks and recreation	2,084,230	1,986,523	2,742,994
Culture	669,648	395,318	475,561
Amortization	20,200,000	22,460,068	21,343,319
	<u>64,104,319</u>	<u>61,023,002</u>	<u>56,528,154</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(9,119,428)</u>	<u>(3,553,864)</u>	2,597,010
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 3)	17,403,906	9,095,459	6,440,225
Restructuring (Note 20)	-	-	2,962,385
Loss on disposal of tangible capital assets	-	(714,019)	(1,201,698)
	<u>17,403,906</u>	<u>8,381,440</u>	<u>8,200,912</u>
ANNUAL SURPLUS	8,284,478	4,827,576	10,797,922
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>476,098,834</u>	<u>476,098,834</u>	<u>465,300,912</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 484,383,312</u>	<u>\$ 480,926,410</u>	<u>\$ 476,098,834</u>

CLEARWATER COUNTY
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2022

	2022 (Budget) (Note)	2022 (Actual)	2021 (Actual) (Restated) (Note 21)
ANNUAL SURPLUS	\$ 8,284,478	\$ 4,827,576	\$ 10,797,922
Purchase of tangible capital assets	(60,776,193)	(33,842,202)	(33,818,796)
Restructuring (Note 20)	-	-	(2,962,385)
Proceeds on disposal of tangible capital assets	-	567,087	389,207
Amortization of tangible capital assets	20,200,000	22,460,068	21,343,319
Loss on disposal of tangible capital assets	-	714,019	1,201,698
	<u>(40,576,193)</u>	<u>(10,101,028)</u>	<u>(13,846,957)</u>
Use (acquisition) of supplies inventory	-	(1,235,587)	25,356
Acquisition of prepaid expenses	-	(147,161)	(105,446)
	<u>-</u>	<u>(1,382,748)</u>	<u>(80,090)</u>
DECREASE IN NET FINANCIAL ASSETS	(32,291,715)	(6,656,200)	(3,129,125)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>105,572,145</u>	<u>105,572,145</u>	<u>108,701,270</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 73,280,430</u>	<u>\$ 98,915,945</u>	<u>\$ 105,572,145</u>

CLEARWATER COUNTY
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021 (Restated) (Note 21)
OPERATING ACTIVITIES		
Annual surplus	\$ 4,827,576	\$ 10,797,922
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	714,019	1,201,698
Restructuring (Note 20)	-	(2,962,385)
Amortization of tangible capital assets	<u>22,460,268</u>	<u>21,343,319</u>
	28,001,863	30,380,554
Changes in non-cash working capital balances:		
Accounts receivable	3,784,705	(569,072)
Prepaid expenses	(147,161)	(105,446)
Accounts payable and accrued liabilities	5,444,267	(788,027)
Land held for resale	(1,332,615)	620,983
Deferred revenue	(1,751,116)	564,213
Inventories for consumption	(1,235,587)	25,355
Provision for landfill closure and post-closure costs	722,664	373,942
Deposit liabilities	-	64,750
	<u>33,487,020</u>	<u>30,567,252</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(33,842,202)	(33,818,796)
Proceeds on disposal of tangible capital assets	<u>567,087</u>	<u>389,207</u>
	(33,275,115)	(33,429,589)
FINANCING ACTIVITIES		
Long-term debt principal repayments	<u>(400,532)</u>	<u>(384,956)</u>
INVESTING ACTIVITIES		
Purchase of investments	(2,992,282)	(8,375,000)
Proceeds on sale of investments	-	2,670,347
	<u>(2,992,282)</u>	<u>(5,704,653)</u>
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(3,180,909)	(8,951,946)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>65,442,034</u>	<u>74,393,980</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 62,261,125	\$ 65,442,034

CLEARWATER COUNTY
Consolidated Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2022

Schedule 1

	Unrestricted Surplus	Restricted Surplus <i>(Note 12)</i>	Equity in Tangible Capital Assets	2022	2021 (Restated) <i>(Note 21)</i>
BALANCE, BEGINNING OF YEAR	\$ 2,164,056	\$ 109,198,656	\$ 364,736,122	\$ 476,098,834	\$ 465,300,912
Annual surplus	4,827,576	-	-	4,827,576	10,797,922
Unrestricted funds designated for future use	(8,264,159)	8,264,159	-	-	-
Current year funds used for tangible capital assets	(19,676,772)	(14,165,430)	33,842,202	-	-
Disposal of tangible capital assets	1,281,106	-	(1,281,106)	-	-
Amortization	22,460,068	-	(22,460,068)	-	-
BALANCE, END OF YEAR	\$ 2,791,875	\$ 103,297,385	\$ 374,837,150	\$ 480,926,410	\$ 476,098,834

CLEARWATER COUNTY
Consolidated Schedule of Property and Other Taxes
For the Year Ended December 31, 2022

Schedule 2

	2022 (Budget) (Note)	2022 (Actual)	2021 (Actual)
TAXATION			
Real property taxes	\$ 40,680,237	\$ 39,849,166	\$ 38,890,256
Linear property taxes	26,351,866	26,539,673	26,342,945
	<u>67,032,103</u>	<u>66,388,839</u>	<u>65,233,201</u>
Less revenue sharing:			
County of Wetaskiwin	<u>740,000</u>	<u>667,056</u>	<u>697,027</u>
Taxes after revenue sharing	66,292,103	65,721,783	64,536,174
REQUISITIONS			
Alberta School Foundation Fund	17,610,157	17,610,044	16,787,361
Westview Lodge	1,145,994	1,145,994	655,547
Designated industrial property	400,798	399,494	387,444
Red Deer Catholic Regional Division No. 39	<u>444,517</u>	<u>444,518</u>	<u>442,380</u>
	<u>19,601,466</u>	<u>19,600,050</u>	<u>18,272,732</u>
NET MUNICIPAL TAXES	\$ 46,690,637	\$ 46,121,733	\$ 46,263,442

CLEARWATER COUNTY
Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2022

Schedule 3

	2022 (Budget) (Note)	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 961,571	\$ 943,554	\$ 1,861,997
Local governments	-	683,380	564,684
	961,571	1,626,934	2,426,681
TRANSFERS FOR CAPITAL			
Provincial government	17,403,906	7,191,581	3,612,608
Federal government	-	1,445,818	2,706,773
Local governments	-	458,060	120,844
	17,403,906	9,095,459	6,440,225
TOTAL GOVERNMENT TRANSFERS	\$ 18,365,477	\$ 10,722,393	\$ 8,866,906

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

Schedule 4

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
REVENUE									
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>
EXPENSES									
Salaries, wages and benefits	3,511,655	109,718	2,975,776	4,294,282	1,019,269	88,459	1,583,515	1,306,268	14,888,942
Contract and general services	2,275,453	48,648	297,794	6,078,293	1,647,634	618,180	2,171,134	541,971	13,679,107
Materials, goods and supplies	259,624	6,770	704,476	4,016,158	46,455	22,142	192,515	453,110	5,701,250
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
Other expenses	5,384	-	-	-	250	-	-	248,098	253,732
Interest on long-term debt	-	54,382	-	-	-	-	-	-	54,382
Bad debts - provision for allowances (recovery)	35,638	-	-	-	-	-	-	-	35,638
	<u>6,565,745</u>	<u>646,650</u>	<u>5,223,698</u>	<u>14,442,786</u>	<u>2,780,726</u>	<u>2,381,842</u>	<u>3,947,164</u>	<u>2,574,323</u>	<u>38,562,934</u>
NET REVENUE (DEFICIT)									
BEFORE AMORTIZATION	43,934,805	(646,650)	(3,596,107)	(13,591,460)	(196,008)	(2,381,842)	(2,677,191)	(1,939,343)	18,906,204
Amortization	372,348	13,994	452,275	19,432,200	123,176	81,085	1,786,283	198,707	22,460,068
NET REVENUE (DEFICIT)	<u>\$ 43,562,457</u>	<u>\$ (660,644)</u>	<u>\$ (4,048,382)</u>	<u>\$ (33,023,660)</u>	<u>\$ (319,184)</u>	<u>\$ (2,462,927)</u>	<u>\$ (4,463,474)</u>	<u>\$ (2,138,050)</u>	<u>\$ (3,553,864)</u>

CLEARWATER COUNTY
Consolidated Schedule of Segmented Information
For The Year Ended December 31, 2021

Schedule 5

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
REVENUE									
Net municipal taxes	\$ 46,263,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,263,442
User fees and sales of goods	564,857	-	682,058	333,731	2,948,298	200	2,000,690	366,393	6,896,227
Government transfers	249,058	-	885,404	-	-	995,000	-	297,219	2,426,681
All other	1,563,641	-	303,958	146,486	228,416	-	-	35,457	2,277,958
Investment income	1,260,856	-	-	-	-	-	-	-	1,260,856
	<u>49,901,854</u>	<u>-</u>	<u>1,871,420</u>	<u>480,217</u>	<u>3,176,714</u>	<u>995,200</u>	<u>2,000,690</u>	<u>699,069</u>	<u>59,125,164</u>
EXPENSES									
Salaries, wages and benefits	3,333,631	100,775	2,926,240	4,318,944	877,268	114,275	2,175,774	1,316,912	15,163,819
Contracted and general services	2,012,026	129,990	328,295	5,000,587	1,384,078	1,157,850	1,505,724	547,130	12,065,680
Materials, goods and utilities	243,373	5,119	750,754	3,009,826	38,944	20,930	406,318	267,614	4,742,878
Transfers to other governments	406,644	83,729	-	22,823	-	1,489,575	-	-	2,002,771
Transfers to individuals/organizations	-	457,073	873,735	-	24,877	435,925	-	46,602	1,838,212
Other expenses	2,348	-	22,996	-	4,000	-	-	290,965	320,309
Interest on long-term debt	-	69,985	-	-	-	-	-	-	69,985
Bad debts - recovery	(1,018,819)	-	-	-	-	-	-	-	(1,018,819)
	<u>4,979,203</u>	<u>846,671</u>	<u>4,902,020</u>	<u>12,352,180</u>	<u>2,329,167</u>	<u>3,218,555</u>	<u>4,087,816</u>	<u>2,469,223</u>	<u>35,184,835</u>
NET REVENUE (DEFICIT)									
BEFORE AMORTIZATION	44,922,651	(846,671)	(3,030,600)	(11,871,963)	847,547	(2,223,355)	(2,087,126)	(1,770,154)	23,940,329
Amortization	274,260	16,169	377,881	19,841,171	126,311	78,202	427,654	201,671	21,343,319
NET REVENUE (DEFICIT)	<u>\$ 44,648,391</u>	<u>\$ (862,840)</u>	<u>\$ (3,408,481)</u>	<u>\$ (31,713,134)</u>	<u>\$ 721,236</u>	<u>\$ (2,301,557)</u>	<u>\$ (2,514,780)</u>	<u>\$ (1,971,825)</u>	<u>\$ 2,597,010</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, 2022

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 Rocky Mountain Regional Solid Waste Authority	63.3%

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.

On March 30, 2020, the agreement for the establishment and operation of the Rocky Mountain Regional Solid Waste Authority, comprised of the County, the Town of Rocky Mountain House, and the Village of Caroline, was terminated. The Authority was dissolved in 2021 and the net assets of the Authority were distributed to the respective members. Additional information regarding the restructuring transactions is provided in Note 21.

(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.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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.

(d) Investments

Investments are recorded at amortized cost. Where there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment, and forms part of the deferred revenue balance.

(e) Land Held for Resale

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

(f) 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.

(g) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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.

(i) 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.

(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) 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.

(l) 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, and the useful lives of tangible capital assets.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, *PS 3280 Asset Retirement Obligations* provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

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.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Notice on amount accounts	\$ 35,746,370	\$ 27,901,389
High interest savings account	20,912,847	26,164,220
Operating bank accounts	5,601,408	11,375,925
Cash on hand	500	500
	<u>\$ 62,261,125</u>	<u>\$ 65,442,034</u>

The above amounts include grant funding of \$3,948,903 (2021 - \$5,700,019) which is externally restricted per *Note 6*.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade and other	\$ 6,368,064	\$ 7,314,678
Taxes and grants in place of taxes	1,794,753	4,666,720
Goods and Services Tax	1,227,704	1,193,828
	<u>\$ 9,390,521</u>	<u>\$ 13,175,226</u>

Taxes and grants in place of taxes consist of the following:

Current taxes	\$ 1,839,563	\$ 1,186,837
Tax arrears	559,287	4,049,979
	2,398,850	5,236,816
Less: Allowance for doubtful accounts	<u>(604,097)</u>	<u>(570,096)</u>
	<u>\$ 1,794,753</u>	<u>\$ 4,666,720</u>

Administration expenses reported on the Consolidated Statement of Operations include a provision (recovery) for bad debts in the amount of \$1,637 (2021 - \$(1,018,819)).

4. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Government and corporate bonds	\$ 46,164,594	\$ 43,172,312
Rocky Mountain House Co-op Association Limited	7,501	7,501
	<u>\$ 46,172,095</u>	<u>\$ 43,179,813</u>

The stated coupon interest rates on government and corporate bonds range between 1.59% - 5.40% per annum, maturing at dates ranging between 2024 - 2035. The market value of the government and corporate bonds at December 31, 2022 was \$41,684,589 (2021 - \$43,181,696).

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade payables and accrued liabilities	\$ 10,931,066	\$ 5,778,159
Accrued wages and benefits	1,432,067	1,122,507
Deposits	49,000	67,000
	<u>\$ 12,412,133</u>	<u>\$ 6,967,666</u>

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>2021</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2022</u>
Alberta Environment and Parks - Watercourse Crossing Remediation Program	\$ 1,915,222	\$ 2,267,250	\$ (849,809)	\$ 3,332,663
Other	604,959	637,473	(626,486)	615,946
Strategic Transportation Infrastructure Program	81,018	-	(80,724)	294
Municipal Sustainability Initiative	3,098,820	3,003,809	(6,102,629)	-
	<u>\$ 5,700,019</u>	<u>\$ 5,908,532</u>	<u>\$ (7,659,648)</u>	<u>\$ 3,948,903</u>

7. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$227,808 including interest at 4.006% maturing in 2025.	<u>\$ 1,073,673</u>	<u>\$ 1,474,205</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 416,738	\$ 38,879	\$ 455,617
2024	433,600	22,017	455,617
2025	223,335	4,473	227,808
	<u>\$ 1,073,673</u>	<u>\$ 65,369</u>	<u>\$ 1,139,042</u>

Interest on long-term debt amounted to \$54,382 (2021 - \$69,985).

The County's total cash payments for interest in 2022 were \$55,085 (2021 - \$70,661).

8. LANDFILL CLOSURE AND POST CLOSURE COSTS

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

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 4.90% (2021 - 3.46%) and assuming annual inflation of 3.50% (2021 - 2.00%).

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 3.333 million cubic metres. The estimated used capacity of the landfill site is 2.554 (2021 - 2.52) million cubic metres. The existing landfill is expected to reach capacity in approximately the year 2036.

	<u>2022</u>	<u>2021</u>
Estimated closure costs	\$ 4,693,725	\$ 4,359,067
Estimated post-closure costs	4,436,178	<u>3,979,592</u>
Estimated total liability	\$ 9,129,903	\$ 8,338,659
Percentage of liability accrued	<u>77.00%</u>	75.64%
Amount accrued	\$ 7,030,025	<u>\$ 6,307,361</u>
Estimated liability still to be accrued	\$ 2,099,878	<u>\$ 2,031,298</u>

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

9. TANGIBLE CAPITAL ASSETS

	2022 Net Book Value	2021 Net Book Value
Engineered structures		
Roadways and bridges	\$ 228,216,712	\$ 233,554,496
Wastewater systems	25,319,912	13,904,728
All other	30,572,917	29,574,595
Water systems	5,568,064	5,678,689
	289,677,605	282,712,508
Land and land improvements	44,177,626	44,177,626
Buildings	22,941,505	21,299,100
Machinery and equipment	16,443,271	15,011,869
Vehicles	1,597,143	1,535,019
	\$ 374,837,150	\$ 364,736,122

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Roadways and bridges	\$ 645,516,637	\$ 13,108,764	\$ (4,122,097)	-	\$ 654,503,304
Wastewater systems	16,845,960	11,745,538	(15,442)	-	28,576,056
All other	37,510,537	2,195,028	(219,562)	-	39,486,003
Water systems	6,747,442	-	-	-	6,747,442
	706,620,576	27,049,330	(4,357,101)	-	729,312,805
Machinery and equipment	27,124,372	4,209,763	(1,231,280)	-	30,102,855
Vehicles	3,443,354	390,897	(24,750)	-	3,809,501
Buildings	25,258,952	2,192,212	-	-	27,451,164
Land	44,177,626	-	-	-	44,177,626
	\$ 806,624,880	\$ 33,842,202	\$ (5,613,131)	\$ -	\$ 834,853,951

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways and bridges	\$ 411,962,141	\$ 17,986,285	\$ (3,648,489)	\$ (13,345)	\$ 426,286,592
Wastewater systems	2,941,232	314,912	-	-	3,256,144
All other	7,935,942	963,799	-	13,345	8,913,086
Water systems	1,068,753	110,625	-	-	1,179,378
	423,908,068	19,375,621	(3,648,489)	-	439,635,200
Machinery, equipment, and furnishings	12,112,503	2,224,596	(677,515)	-	13,659,584
Vehicles	1,908,335	310,244	(6,221)	-	2,212,358
Buildings	3,959,852	549,807	-	-	4,509,659
	\$ 441,888,758	\$ 22,460,268	\$ (4,332,225)	\$ -	\$ 460,016,801

Construction of tangible capital assets in progress for 2022 totals \$35,311,263 (2021 - \$23,505,176). These amounts are not being amortized.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

10. INVENTORIES FOR CONSUMPTION

	<u>2022</u>	<u>2021</u>
Gravel	\$ 5,512,238	\$ 4,246,973
Parts, chemicals, and other	718,306	747,984
	<u>\$ 6,230,544</u>	<u>\$ 4,994,957</u>

11. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 2,791,875	\$ 2,164,056
Restricted surplus (<i>Note 12</i>)	103,297,385	109,198,656
Equity in tangible capital assets (<i>Schedule 1</i>)	374,837,150	364,736,122
	<u>\$480,926,410</u>	<u>\$476,098,834</u>

12. RESTRICTED SURPLUS

	<u>2022</u>	<u>2021</u>
Bridge reconstruction	\$ 10,743,569	\$ 13,638,213
Administration facilities	13,293,083	11,706,500
Public works paved infrastructure	11,175,718	10,775,718
Revenue stabilization	10,398,394	10,398,394
Vehicles and equipment	8,934,821	9,144,553
Resource roads	8,000,000	6,000,000
General sewer	7,677,803	9,952,328
Gravel reclamation	5,902,845	5,667,762
Fire capital	5,297,532	3,828,318
Ag rec facilities	4,717,000	4,217,000
Gravel stores	4,407,553	4,407,553
Work in progress	3,198,829	4,329,622
Land development outside Nordegg	3,050,000	1,800,000
Municipal, recreation, and school	1,745,000	1,328,765
West country roads	1,455,723	1,155,723
Waste capital	1,359,406	1,284,406
Emergency preparedness	1,283,010	2,000,000
Core infrastructure	1,272,867	3,000,000
Airport	943,250	980,000
Broadband	932,654	4,281,565
Leslieville Sewer	839,154	807,110
NSRP & trail systems	28,218	570,000
GIS - air photos	-	180,000
Nordegg development	(3,359,044)	(2,254,874)
	<u>\$103,297,385</u>	<u>\$109,198,656</u>

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

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, 2022 or 2021.

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.

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 12.80% 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 11.80% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2022 were \$926,882 (2021 - \$1,007,262). Total current service contributions by the employees of the County to the LAPP in 2022 were \$831,511 (2021 - \$915,309).

At December 31, 2021 the Plan disclosed an actuarial surplus of \$11.922 billion (2020 - \$4.961 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 2022 were \$7,053 (2021 - \$11,509). Contributions by the employees of the County to the APEX in 2022 were \$4,782 (2021 - \$19,154).

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

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:

	2022		2021	
	Salary	Benefits and Allowances	Total	Total
Reeve and Councilors				
Division 1	\$ 55,727	\$ 7,922	\$ 63,649	\$ 48,511
Division 2	44,057	6,080	50,137	69,989
Division 3	59,871	8,062	67,933	46,028
Division 4	50,424	7,058	57,482	55,462
Division 5	45,301	6,070	51,371	49,380
Division 6	43,543	6,612	50,155	45,395
Division 7	56,708	7,540	64,248	49,204
	\$ 355,631	\$ 49,344	\$ 404,975	\$ 363,969
Chief Administrative Officers	\$ 174,362	\$ 14,786	\$ 189,148	\$ 326,428

- 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.
-

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, 2022

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>2022</u>	<u>2021</u>
Total debt limit	\$ 86,203,707	\$ 88,687,746
Total debt	(1,073,673)	(1,474,205)
Amount of debt limit unused	\$ 85,130,034	\$ 87,213,541
Debt servicing limit	\$ 14,367,285	\$ 14,781,291
Service on debt	(455,617)	(455,617)
Amount of debt servicing limit unused	\$ 13,911,668	\$ 14,325,674

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.

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, 2022.

(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. The County is directly exposed to interest risk on its fixed income securities and long-term debt.

(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.

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

20. RESTRUCTURING

The County was formerly a member of the Rocky Mountain Regional Solid Waste Authority (the "Authority"), a joint committee comprised of the County, the Town of Rocky Mountain House (the "Town") and the Village of Caroline (the "Village"). On March 30, 2020, the agreement was terminated, and the operations of the Authority continued on a cost sharing provision between the Town and the County until December 31, 2020.

On January 1, 2021, the members of the Authority entered into a net asset distribution agreement to allocate the assets and liabilities associated with the Authority as at December 31, 2020. The net asset value of the Authority was distributed 65.03% to the County, 33.13% to the Town, and 1.8% to the Village.

Tangible capital assets owned by the Authority were sold to interested member municipalities at appraised value, where available. Where an appraised value was not available, the sale price was set at the net book value as at December 31, 2020. Any residual unsold assets were disposed of at auction. The total value of tangible capital assets retained by the County amounted to \$6,287,643. The carrying value of tangible capital assets received by the County amounted to \$3,203,228. The County was entitled to proceeds in the amount of \$1,098,279.

Landfill closure and post-closure liability of the Authority included two closed cells: Closed Municipal Landfill and Closed Industrial Cell.

On January 1, 2021, the County entered into an inter-municipal agreement with the Town for the purpose of sharing the liability and costs associated with the Closed Municipal Landfill. Costs are allocated in proportion to each municipality's population. As at December 31, 2021, annual costs based on the 2016 Federal Census resulted in the allocations of 64.0% to the County and 36.0% to the Town.

The cost-sharing agreement is expected to remain in effect until such time as the issuance of a reclamation certificate for the Closed Municipal Landfill pursuant to Part 6 of the *Environmental Protection and Enhancement Act*.

On January 1, 2021, the County entered into an inter-municipal agreement with the Town and the Village for the purpose of sharing the liability and costs associated with the Closed Industrial Cell. Costs are allocated in proportion to each municipality's population. As at December 31, 2021, annual costs based on the 2016 Federal Census resulted in the allocations of 62.5% to the County, 34.5% to the Town, and 3.0% to the Village.

The cost-sharing agreement is expected to remain in effect until such time as the issuance of a reclamation certificate for the Closed Industrial Cell pursuant to Part 6 of the *Environmental Protection and Enhancement Act*.

The County's proportion of the cells described above are included in the landfill closure and post-closure cost as described in Note 8.

On January 1, 2021, the County and the Town entered into an inter-municipal agreement to provide regional solid waste services to respective residents of the County and Town. The agreement is set to expire on December 31, 2025.

In addition to the regional solid waste services, the agreement establishes reclamation obligations of the County and Town for a previously shared transfer station. Reclamation of the transfer station is to be completed once the Town is no longer occupying the site. Costs associated with the reclamation activities are to be shared 60.0% to the County and 40.0% to the Town.

Phase 1 and phase 2 Environmental Site Assessment have been performed. Costs associated with additional requirements resulting from the Environmental Site Assessments will be included in the shared reclamation costs.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

21. RESTATEMENT

During 2022, it was discovered that revenue arising from the restructuring described in Note 20 was incorrectly understated by \$1,864,106.

This has been corrected retrospectively and comparative figures have been restated.

The effect of this correction on the 2021 comparative figures has resulted in a decrease to accounts payable and accrued liabilities and an increase in restructuring revenue and accumulated surplus in the amount of \$1,864,106.

22. BUDGET FIGURES

The budget figures are presented for information purposes only. The 2022 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.

	2022 (Budget)	2022 (Actual)
Annual surplus	\$ 8,284,478	\$ 4,827,576
Add back (deduct):		
Amortization expense	20,200,000	22,460,068
Purchase of tangible capital assets	(60,776,193)	(33,842,202)
Net transfers from reserves to fund capital projects	35,426,522	-
Net transfers from reserves to fund operations	2,344,175	14,165,430
Net transfers to reserve for future purchases	(5,078,450)	(8,264,159)
Principal debt repayments	(400,532)	(400,532)
Results of Operations	\$ -	\$ (1,053,819)

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.

24. COMPARATIVE FIGURES

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