

STARLAND COUNTY
Non-Consolidated Financial Statements
Year Ended December 31, 2023

STARLAND COUNTY
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of Starland County (the "County") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying non-consolidated financial statements and the notes thereto. Management believes that the non-consolidated financial statements present fairly the County's non-consolidated financial position as at December 31, 2023 and the results of its operations for the year then ended.

The non-consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards (PSAS).

The non-consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the non-consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the non-consolidated financial statements.

The County Council carries out its responsibilities for review of the non-consolidated financial statements primarily through the Finance and Administration departments. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The County Council has approved the non-consolidated financial statements.

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



Christopher Robblee
Chief Administrative Officer



Judy Fazekas
Corporate Services Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Starland County:

Opinion

We have audited the non-consolidated financial statements of Starland County (the "County"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets, remeasurement gains and losses, and cash flows for the year then ended, and notes and schedules to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the County as at December 31, 2023, and the non-consolidated results of its operations and non-consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements* section of our report. We are independent of the County in accordance with ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As disclosed in note 2, the County adopted *Canadian Public Sector Accounting Standards PS 3280 - Asset Retirement Obligations*. This new standard establishes how to account for, and disclose, liabilities for asset retirement obligations which are legal obligations associated with the retirement of tangible capital assets. This standard was adopted using the modified retroactive application method.

As disclosed in note 2, the County adopted *Canadian Public Sector Accounting Standard PS 3450 - Financial Instruments*. This new standard establishes how to account for, and disclose all types of financial instruments. This standard was adopted prospectively.

We also draw your attention to note 3 of these non-consolidated financial statements, which describes a prior period adjustment related to the impact of adopting the asset retirement obligation standard.

Our opinion is not modified with respect to these matters.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(continues)

Independent Auditor's Report to the Members of Council of Starland County: *(continued)*

In preparing the non-consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

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

(continues)

Independent Auditor's Report to the Members of Council of Starland County: *(continued)*

Report on Other Legal and Regulatory Requirements

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

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

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

Ascend LLP
Chartered Professional Accountant
Hanna, Alberta
June 25, 2024

STARLAND COUNTY
Non-Consolidated Statement of Financial Position
As at December 31, 2023

	2023	2022 <i>(Restated)</i>
FINANCIAL ASSETS		
Cash (Note 4)	\$ 8,832,609	\$ 10,412,021
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	200,856	292,309
Trade and other receivables	177,964	170,173
Receivables from other governments	248,622	132,976
Land inventory held for resale	17,170	17,170
Investments (Note 6)	381,566	75,795
Loan receivable (Note 7)	2,298,192	1,189,498
	<u>12,156,979</u>	<u>12,289,942</u>
LIABILITIES		
Revolving line of credit (Note 8)	385,000	-
Accounts payable and accrued liabilities (Note 9)	322,082	413,058
Deferred revenue (Note 10)	7,947	390,250
Employee benefit obligations (Note 11)	347,134	563,147
Gravel pit reclamation payable (Note 12)	272,630	317,130
Long term debt (Note 13)	2,855,271	3,070,492
Asset retirement obligations (Note 16)	646,296	615,520
	<u>4,836,360</u>	<u>5,369,597</u>
NET FINANCIAL ASSETS	<u>7,320,619</u>	<u>6,920,345</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	56,334,993	55,488,487
Inventory for consumption (Note 17)	1,753,674	1,988,588
Gravel reserves (Note 18)	490,653	490,653
Prepaid expenses	184,206	184,151
	<u>58,763,526</u>	<u>58,151,879</u>
ACCUMULATED SURPLUS	<u>\$ 66,084,145</u>	<u>\$ 65,072,224</u>
ACCUMULATED SURPLUS CONSISTS OF:		
Accumulated operating surplus (Schedule 1)	\$ 65,833,111	\$ 65,072,224
Accumulated remeasurement gains	251,034	-
	<u>\$ 66,084,145</u>	<u>\$ 65,072,224</u>
COMMITMENTS (Note 25)		
NON-MONETARY TRANSACTION (Note 27)		
RELATED PARTY TRANSACTIONS (Note 28)		
SUBSEQUENT EVENT (Note 30)		

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Non-Consolidated Statement of Operations
Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022 <i>(Restated)</i>
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 11,673,634	\$ 11,717,063	\$ 10,753,717
User fees and sale of goods	985,050	1,024,200	1,161,221
Government transfers for operating <i>(Schedule 4)</i>	455,682	562,988	628,402
Investment income	111,700	473,553	262,755
Penalties and costs on taxes	15,400	377,401	248,381
Licenses and permits	2,300	1,245	2,125
Insurance proceeds	-	441	435
Gain on disposal of tangible capital assets	-	7,825	35,238
Other	13,500	28,745	36,330
Total Revenue	13,257,266	14,193,461	13,128,604
EXPENSES			
General government			
Council and other legislative	245,950	218,933	210,771
General administrative	3,148,051	3,846,138	2,089,142
Protective services			
Police	114,506	114,506	91,817
Fire	186,500	342,237	306,115
Disaster and emergency measures	10,500	-	3,570
Bylaw enforcement	886,300	1,089,628	905,538
Transportation			
Roads, streets, walks, lighting	5,787,450	6,789,448	7,611,004
Environmental use and protection			
Water supply and distribution	535,800	823,509	813,067
Wastewater treatment and disposal	38,100	106,694	91,959
Waste management	228,204	213,932	207,945
Public health and welfare			
Family and community support	234,004	176,504	154,298
Cemeteries and crematoriums	30,500	3,040	17,848
Planning and development			
Land use planning, zoning and development	8,800	6,580	10,351
Land, housing and building rentals	52,000	36,597	75,501
Agricultural development			
Agricultural development	498,000	471,849	611,575
Recreation and culture			
Parks and recreation	483,400	445,672	473,585
Libraries, museums, halls	22,048	22,047	22,253
Total Expenses	12,510,113	14,707,314	13,696,339
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	747,153	(513,853)	(567,735)
Government transfers for capital <i>(Schedule 4)</i>	1,326,812	1,274,740	1,369,224
EXCESS OF REVENUE OVER EXPENSES	2,073,965	760,887	801,489
ACCUMULATED SURPLUS, BEGINNING OF YEAR	65,072,224	65,072,224	64,270,735
ACCUMULATED SURPLUS, END OF YEAR	\$ 67,146,189	\$ 65,833,111	\$ 65,072,224

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Non-Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022 <i>(Restated)</i>
EXCESS OF REVENUE OVER EXPENSES	\$ 2,073,965	\$ 760,887	\$ 801,489
Acquisition of tangible capital assets <i>(Note 26)</i>	(2,563,000)	(3,635,577)	(1,194,275)
Proceeds on disposal of tangible capital assets	-	7,825	112,694
Amortization of tangible capital assets	-	2,759,069	2,821,884
Loss (gain) on disposal of tangible capital assets	-	22,177	(10,880)
	(2,563,000)	(846,506)	1,729,423
Change in inventory for consumption	-	234,914	140,281
Change in prepaid expenses	-	(55)	(27,360)
Net remeasurement gains	-	251,034	-
	(2,563,000)	(360,613)	1,842,344
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(489,035)	400,274	2,643,833
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,920,345	6,920,345	4,276,512
NET FINANCIAL ASSETS, END OF YEAR	\$ 6,431,310	\$ 7,320,619	\$ 6,920,345

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Statement of Remeasurement Gains and Losses
Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022
ACCUMULATED REMEASUREMENT GAIN, BEGINNING OF YEAR	\$ -	\$ -	\$ -
Unrealized gain attributed to equity investments <i>(Note 6)</i>	-	251,034	-
ACCUMULATED REMEASUREMENT GAIN, END OF YEAR	\$ -	\$ 251,034	\$ -

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Non-Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022 <i>(Restated)</i>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 760,887	\$ 801,489
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets <i>(Schedule 2)</i>	2,759,069	2,821,884
Loss (gain) on disposal of tangible capital assets	22,177	(10,880)
Accretion of asset retirement obligations	30,776	29,310
	<u>3,572,909</u>	<u>3,641,803</u>
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivable	91,453	1,191,877
Trade and other receivables	(7,791)	(38,696)
Receivables from other governments	(115,646)	(34,114)
Inventory for consumption	234,914	140,281
Prepaid expenses	(55)	(27,360)
Accounts payable and accrued liabilities	(90,976)	(168,293)
Deferred revenue	(382,303)	(598,510)
Employee benefit obligations	(216,013)	(97,792)
Gravel pit reclamation	(44,500)	-
	<u>(530,917)</u>	<u>367,393</u>
	<u>3,041,992</u>	<u>4,009,196</u>
CAPITAL		
Acquisition of tangible capital assets <i>(Note 27)</i>	(3,566,352)	(941,303)
Proceeds on disposal of tangible capital assets	7,825	112,694
	<u>(3,558,527)</u>	<u>(828,609)</u>
INVESTING		
Purchase of investments	(54,737)	(66,683)
Repayment to loan receivable	102,056	99,752
Advances from loan receivable	(1,210,750)	(1,289,250)
	<u>(1,163,431)</u>	<u>(1,256,181)</u>
FINANCING		
Proceeds from revolving line of credit	550,000	-
Repayment of revolving line of credit	(165,000)	-
Repayment of long-term debt <i>(Note 27)</i>	(284,446)	(223,990)
	<u>100,554</u>	<u>(223,990)</u>
CHANGE IN CASH DURING THE YEAR	(1,579,412)	1,700,416
CASH, BEGINNING OF YEAR	10,412,021	8,711,605
CASH, END OF YEAR	\$ 8,832,609	\$ 10,412,021

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Non-Consolidated Schedule of Changes in Accumulated Operating Surplus

(Schedule 1)

Year Ended December 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022 <i>(Restated)</i>
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 3,219,416	\$ 7,650,085	\$ 54,789,986	\$ 65,659,487	\$ 64,826,751
Prior period adjustments (Note 3)	-	-	(587,263)	(587,263)	(556,016)
BALANCE, BEGINNING OF YEAR, RESTATED	<u>3,219,416</u>	<u>7,650,085</u>	<u>54,202,723</u>	<u>65,072,224</u>	<u>64,270,735</u>
Excess of revenue over expenses	760,887	-	-	760,887	801,489
Unrestricted funds designated for future use	(855,000)	855,000	-	-	-
Restricted funds used for tangible capital assets	-	(1,500,000)	1,500,000	-	-
Current year funds used for tangible capital assets	(2,186,943)	-	2,186,943	-	-
Net book value of disposed tangible capital assets	81,367	-	(81,367)	-	-
Annual amortization expense	2,759,069	-	(2,759,069)	-	-
Asset retirement obligations accretion expense	30,776	-	(30,776)	-	-
Short-term debt related to tangible capital assets issued	550,000	-	(550,000)	-	-
Short-term debt related to tangible capital assets repaid	(165,000)	-	165,000	-	-
Long-term debt related to tangible capital assets issued	69,226	-	(69,226)	-	-
Long-term debt related to tangible capital assets repaid	(182,390)	-	182,390	-	-
Change in accumulated surplus	<u>861,992</u>	<u>(645,000)</u>	<u>543,895</u>	<u>760,887</u>	<u>801,489</u>
BALANCE, END OF YEAR	<u>\$ 4,081,408</u>	<u>\$ 7,005,085</u>	<u>\$ 54,746,618</u>	<u>\$ 65,833,111</u>	<u>\$ 65,072,224</u>

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
 Non-Consolidated Schedule of Tangible Capital Assets
 Year Ended December 31, 2023

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022 (Restated)
COST								
BALANCE, BEGINNING OF YEAR	\$ 1,769,695	\$ 747,163	\$ 14,593,603	\$ 77,783,680	\$ 12,966,290	\$ 4,647,578	\$ 112,508,009	\$ 111,568,285
Acquisition of tangible capital assets	1,500,000	-	-	1,407,326	619,947	89,715	3,616,988	1,106,075
Construction-in-progress	-	-	13,148	5,441	-	-	18,589	88,200
Disposal of tangible capital assets	-	-	-	(614,812)	(339,814)	(150,564)	(1,105,190)	(254,551)
BALANCE, END OF YEAR	3,269,695	747,163	14,606,751	78,581,635	13,246,423	4,586,729	115,038,396	112,508,009
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	372,526	1,237,312	42,727,597	9,397,458	3,284,629	57,019,522	54,350,375
Annual amortization	-	27,007	231,301	1,548,159	696,759	255,843	2,759,069	2,821,884
Amortization on disposals	-	-	-	(613,128)	(311,496)	(150,564)	(1,075,188)	(152,737)
BALANCE, END OF YEAR	-	399,533	1,468,613	43,662,628	9,782,721	3,389,908	58,703,403	57,019,522
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 3,269,695	\$ 347,630	\$ 13,138,138	\$ 34,919,007	\$ 3,463,702	\$ 1,196,821	\$ 56,334,993	\$ 55,488,487
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,769,695	\$ 374,637	\$ 13,356,291	\$ 35,056,083	\$ 3,568,832	\$ 1,362,949	\$ 55,488,487	

Included in tangible capital assets are vehicles under capital lease with a total cost of \$322,198 (2022 - \$252,972) and accumulated amortization of \$29,841 (2022 - \$1,659).

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Non-Consolidated Schedule of Property and Other Taxes

(Schedule 3)

Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022
TAXATION			
Real property taxes	\$ 6,237,238	\$ 6,282,109	\$ 5,971,676
Linear property taxes	7,714,397	7,714,507	7,047,540
	<u>13,951,635</u>	<u>13,996,616</u>	<u>13,019,216</u>
REQUISITIONS			
Alberta School Foundation Fund	1,866,270	1,867,822	1,864,407
Drumheller and District Senior's Foundation	411,731	411,731	401,092
	<u>2,278,001</u>	<u>2,279,553</u>	<u>2,265,499</u>
NET MUNICIPAL TAXES	<u>\$ 11,673,634</u>	<u>\$ 11,717,063</u>	<u>\$ 10,753,717</u>

Non-Consolidated Schedule of Government Transfers

(Schedule 4)

For the Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022
TRANSFERS FOR OPERATING			
Provincial government	\$ 433,747	\$ 542,588	\$ 606,467
Local governments	21,935	20,400	21,935
	<u>455,682</u>	<u>562,988</u>	<u>628,402</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,326,812	1,274,740	1,369,224
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,782,494</u>	<u>\$ 1,837,728</u>	<u>\$ 1,997,626</u>

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Non-Consolidated Schedule of Expenses by Object

(Schedule 5)

Year Ended December 31, 2023

	Budget <i>(Unaudited)</i>	2023	2022 <i>(Restated)</i>
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 5,945,708	\$ 5,439,616	\$ 5,154,208
Contracted and general services	2,485,950	1,900,165	2,427,466
Purchases from other governments	152,306	125,712	128,016
Materials, goods, supplies and utilities	2,761,500	2,363,101	2,541,285
Provision for allowances	500,000	1,445,911	-
Transfers to individuals and organizations	558,648	558,772	548,306
Bank charges and short-term interest	33,000	3,155	2,071
Interest on capital long-term debt	18,450	24,207	6,685
Interest on operating long-term debt	54,551	53,864	56,184
Amortization of tangible capital assets <i>(Note 1)</i>	-	2,732,033	2,778,450
Loss on disposal of tangible capital assets	-	30,002	24,358
Accretion of asset retirement obligations <i>(Note 16)</i>	-	30,776	29,310
	\$ 12,510,113	\$ 14,707,314	\$ 13,696,339

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Non-Consolidated Schedule of Segmented Disclosure

Year Ended December 31, 2023

(Schedule 6)

	General Government	Protective Services	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Agricultural Development	Recreation and Culture	Total
Revenue									
Net municipal taxes	\$ 11,717,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,717,063
User fees and sale of goods	56,301	34,333	150,765	441,323	12,550	126,844	37,114	164,970	1,024,200
Government transfers for operating	255,430	-	-	-	111,311	-	196,247	-	562,988
Investment income	473,553	-	-	-	-	-	-	-	473,553
Penalties and costs on taxes	377,401	-	-	-	-	-	-	-	377,401
Licenses and permits	675	570	-	-	-	-	-	-	1,245
Insurance proceeds	-	-	441	-	-	-	-	-	441
Gain on disposal of tangible capital assets	-	-	6,525	-	-	-	550	750	7,825
Other	-	600	28,145	-	-	-	-	-	28,745
	<u>12,880,423</u>	<u>35,503</u>	<u>185,876</u>	<u>441,323</u>	<u>123,861</u>	<u>126,844</u>	<u>233,911</u>	<u>165,720</u>	<u>14,193,461</u>
Expenses									
Salaries, wages and benefits	1,602,880	905,788	2,349,889	102,140	38,846	2,834	312,321	124,918	5,439,616
Contracted and general services	640,872	137,632	876,857	90,088	11,296	39,151	49,481	54,788	1,900,165
Purchases from other governments	1,686	119,311	4,715	-	-	-	-	-	125,712
Materials, goods, supplies and utilities	93,549	175,116	1,500,052	462,315	-	1,192	71,898	58,979	2,363,101
Provision for allowances	1,445,911	-	-	-	-	-	-	-	1,445,911
Transfers to individuals and organizations	126,498	32,800	-	108,604	129,402	-	2,271	159,197	558,772
Bank charges and short-term interest	3,155	-	-	-	-	-	-	-	3,155
Interest on capital long-term debt	-	-	24,207	-	-	-	-	-	24,207
Interest on operating long-term debt	53,864	-	-	-	-	-	-	-	53,864
Loss on disposal of tangible capital assets	-	-	30,002	-	-	-	-	-	30,002
	<u>3,968,415</u>	<u>1,370,647</u>	<u>4,785,722</u>	<u>763,147</u>	<u>179,544</u>	<u>43,177</u>	<u>435,971</u>	<u>397,882</u>	<u>11,944,505</u>
NET REVENUE, BEFORE AMORTIZATION AND OTHER	<u>8,912,008</u>	<u>(1,335,144)</u>	<u>(4,599,846)</u>	<u>(321,824)</u>	<u>(55,683)</u>	<u>83,667</u>	<u>(202,060)</u>	<u>(232,162)</u>	<u>2,248,956</u>
Government transfers for capital	-	-	1,274,740	-	-	-	-	-	1,274,740
Amortization expense (Note f)	(96,656)	(175,724)	(2,003,726)	(350,212)	-	-	(35,878)	(69,837)	(2,732,033)
Accretion of asset retirement obligations	-	-	-	(30,776)	-	-	-	-	(30,776)
NET REVENUE	<u>\$ 8,815,352</u>	<u>\$ (1,510,868)</u>	<u>\$ (5,328,832)</u>	<u>\$ (702,812)</u>	<u>\$ (55,683)</u>	<u>\$ 83,667</u>	<u>\$ (237,938)</u>	<u>\$ (301,999)</u>	<u>\$ 760,887</u>

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements of the Starland County (the "County") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

The non-consolidated financial statements reflect the assets, liabilities, revenues and expenditures. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the County Council for the administration of their financial affairs and resources.

The non-consolidated financial statements do not include the assets, liabilities, revenue and expenses of Starland Regional Water Authority, which is controlled by the County; however, the details regarding transactions with the entity are disclosed in the notes.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

(b) Basis of Accounting

The non-consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed or goods provided, or the tangible capital assets are acquired.

(continues)

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Use of Estimates

The preparation of non-consolidated financial statements in conformity with 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 non-consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the non-consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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

- Allowance for doubtful accounts;
- Useful life of tangible capital assets;
- Capitalization of overhead associated with construction;
- Fair value of equity instruments quoted in active market;
- Employee benefit obligations;
- Gravel pit reclamation payable; and
- Asset retirement obligations.

(d) Valuation of Financial Assets and Liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Land inventory held for resale	Lower of cost or net realizable value
Investments	Fair value and amortized cost
Loan receivable	Amortized cost
Revolving line of credit	Amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Gravel pit reclamation payable	Amortized cost
Asset retirement obligations	Amortized cost
Long-term debt	Amortized cost

(e) Cash and Cash Equivalents

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

(f) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. When the investment is disposed of the accumulated gains or losses are reclassified to the non-consolidated Statement of Operations.

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

(continues)

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost, net of any valuation allowances

(h) Long-term debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

(i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(j) Land Inventories Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

(k) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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

(l) Contaminated Sites Liability

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

(continues)

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Asset Retirement

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

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

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

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

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

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

(n) Revenue Recognition

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

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(continues)

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the non-consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(p) Contributions

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

(q) Deferred Revenues

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(r) Non-Financial Assets

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

i. Tangible Capital Assets

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

	<u>YEARS</u>
Land improvements	10 to 45
Buildings	25 to 50
Engineered structures	
Water system	45 to 75
Wastewater system	45 to 75
Other engineered structures	5 to 75
Machinery and equipment	5 to 40
Vehicles	10 to 40

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned. In the year of disposition of a tangible capital asset, annual amortization is based on the number of months owned. Assets under construction are not amortized until the asset is available for productive use.

The County accounts for amortization that relates to self-construction of tangible capital assets within the segmented expense to which it applies. During the year, the County included \$27,036 (2022 - \$43,434) within its segmented disclosure.

(continues)

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Non-Financial Assets (continued)

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

Historical buildings and works of art for display are not recorded as tangible capital assets but are disclosed.

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the County adopted *Canadian Public Sector Accounting Standards PS 3280 - Asset Retirement Obligations*. Under this new standard, a liability for a legal obligation associated with the retirement of a tangible capital asset is now recognized when the asset is acquired. The cost base of the asset is increased by an amount equal to the liability and amortized along with the acquisition costs. The County has adopted this standard using modified retroactive application where prior periods have been restated using assumptions and information current at the effective date. These non-consolidated financial statements disclose the impact of this adoption of accounting policy in note 16.

Effective January 1, 2023, the County adopted *PS 3450 Financial Instruments and the corresponding standards of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments*. The County used a prospective application to adopt these standards. As a result, 2022 corresponding figures are not restated or included in the Non-consolidated Statement of Remeasurement Gains and Losses. These standards provide guidance on the recognition, measurement and reporting of financial assets and liabilities, including derivatives, foreign currency translation; remeasurement gains and losses and risk disclosures. As a result of these standards, the County's equities quoted in an active market and portfolio investments managed on a fair value basis are recognized at fair value. Previously, all portfolio investments were recognized at cost or amortized cost. The unrealized gains and losses on portfolio investments are recorded in the Non-consolidated Statement of Remeasurement Gains and Losses. Previously, the fair value of portfolio investments was disclosed in the notes to the non-consolidated financial statements.

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

3. PRIOR PERIOD ADJUSTMENTS

The County adopted *Canadian Public Sector Accounting Standards PS 3280 - Asset Retirement Obligations* as described in note 2 of these non-consolidated financial statements. The December 31, 2022, non-consolidated Statement of Financial Position is adjusted in providing corresponding figures in the December 31, 2023 non-consolidated financial statements. Previously reported December 31, 2022, excess of revenue over expenses is impacted by a net decrease of \$31,247 due to the new standard for the increase in ARO Accretion expense of \$29,310 and amortization of ARO Assets of \$1,937. The opening balance of accumulated surplus as at January 1, 2022 is decreased by \$586,210 due to adoption of the new standard and an increase in net book value of ARO Assets of \$30,194.

4. CASH

The County earns interest on its account deposits at rates between prime rate less 1.9% and prime rate less 1.65%. All deposits are highly liquid and redeemable within 90 days or less.

Included in cash is a tax sales surplus of \$2,835 (2022 - \$2,696) that is not available for general use.

The County received certain Alberta Government grants that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed, for which this restricted funding has been received, \$7,947 (2022 - \$390,250) of the cash on hand is not available for general use by the County (Note 10).

The County has available to it an operating line of credit with ATB Financial, with a maximum authorized limit of \$10,000,000, which bears interest at prime rate. As of year end, no amount was drawn on this line of credit.

5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place	\$ 1,321,443	\$ 535,592
Arrears taxes	2,053,077	1,484,470
	<u>3,374,520</u>	<u>2,020,062</u>
Less: allowance for doubtful accounts	<u>(3,173,664)</u>	<u>(1,727,753)</u>
	<u>\$ 200,856</u>	<u>\$ 292,309</u>

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

6. INVESTMENTS

	2023		2022	
	Carrying value	Market value	Carrying value	Market value
Other institutional and private – amortized cost	\$ 130,532	\$ 130,532	\$ 75,795	\$ 307,541
Equity instruments quoted in active market – carried at fair value (a)	-	251,034	-	231,746
	<u>\$ 130,532</u>	<u>\$ 381,566</u>	<u>\$ 75,795</u>	<u>\$ 539,287</u>

The County received 3,653 common shares in Sun Life Financial Inc. (formerly Clarica) as part of the demutualization of the life insurance held on a number of their employees.

The County advanced funds to Starland Seed Cleaning Plant Limited with semi-annual instalments of principal plus interest. In lieu of interest, Starland Seed Cleaning Plant Limited issues preferred Class C investment shares in equivalent value to the total interest paid for the corresponding year of the term, and calculated at an exchange rate of \$1.00 per share. As at year end, the County subscribed for 120,968 (2022 - 66,417) preferred Class C investment shares.

Investment income recognized in the non-consolidated Statement of Operations includes \$54,551 (2022 - \$66,417) of interest income and \$10,740 (2022 - \$9,863) of dividend income.

Unrealized gains on equity investments carried at fair value of \$251,034 have been recognized in the non-consolidated Statement of Remeasurement Gains and Losses.

The fair value measurements are those derived from:

- (a) Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets.
- (b) Level 2: Valuation methods that make use of inputs, other than quoted prices included within Level 1, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models.
- (c) Level 3: Valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation.

7. LOAN RECEIVABLE

Loan receivable from Starland Seed Cleaning Plan Limited, bearing interest at 2.30%, repayable in semi-annual instalments of principal payments and interest via issuance of shares (Note 6) for the first eight years of the term, secured, due September 2041.

The loan receivable is secured by the following:

- A collateral mortgage charging the lands as security for the repayment in full of the loan;
- A general security agreement covering all present and after acquired personal property and the proceeds thereof of the borrower; and
- Such further and other security and resolutions, certificates, opinions as the lender may request from the borrower from time to time.

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

8. REVOLVING LINE OF CREDIT

During the year, the County obtained authorized revolving line of credit with Caterpillar Financial Commercial Account Corporation for \$1,200,000, bearing 0% interest until August 15, 2024. The line of credit is to be utilized to rebuild certain machinery and equipment. As at year end, the County had \$815,000 available for use.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 231,545	\$ 229,090
Accrued liabilities	57,545	127,923
Due to other governments	<u>32,992</u>	<u>56,045</u>
	<u>\$ 322,082</u>	<u>\$ 413,058</u>

10. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Fire Service Training Program	\$ 7,947	\$ -
Canada Community-Building Fund	<u>-</u>	<u>390,250</u>
	<u>\$ 7,947</u>	<u>\$ 390,250</u>

Fire Service Training Program

Provincial government funding was received in the current year for fire services training that has not yet been expended (Note 4).

11. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
Vested sick leave payable	\$ 347,134	\$ 563,147

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

12. GRAVEL PIT RECLAMATION PAYABLE

The gravel pit reclamation payable represents anticipated costs for reclamation of gravel pits owned and operated by the County. Reclamation is required to be completed upon closure of the gravel pit but may also be completed to reclaim partial areas while the pit is still in operation.

During the year, the Starland Pit was reclaimed resulting to reduction in the gravel pit reclamation payable.

There was no gravel crushing activity in 2023, resulting in no change to the volume which requires remediation.

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

13. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debentures - capital	\$ 304,225	\$ 423,536
Tax supported debentures - operating	2,298,192	2,400,248
Capital lease obligations	252,854	246,708
	<u>\$ 2,855,271</u>	<u>\$ 3,070,492</u>

The current portion of the long-term debt amounts to \$385,417 (2022 - \$276,585).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 385,417	\$ 70,510	\$ 455,927
2025	255,960	121,575	377,535
2026	216,313	51,274	267,587
2027	131,742	46,030	177,772
2028	114,402	42,205	156,607
Thereafter	1,751,437	284,458	2,035,895
	<u>\$ 2,855,271</u>	<u>\$ 616,052</u>	<u>\$ 3,471,323</u>

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging 1.13% and 2.30% per annum, and matures in June 2026 and September 2041.

Debenture debt is issued on the credit and security of the County at large.

Capital lease obligation, repayable in blended monthly instalments of \$1,321, bearing interest at 9.69%, and matures in November 2027. The capital lease obligation is secured by a vehicle with a net book value of \$60,113.

Capital lease obligation, repayable in blended monthly instalments of \$1,636, bearing interest at 8.10%, and matures in October 2024. The capital lease obligation is secured by a vehicle with a net book value of \$56,200.

Capital lease obligation, repayable in blended monthly instalments of \$1,563, bearing interest at 6.98%, and matures in December 2024. The capital lease obligation is secured by a vehicle with a net book value of \$54,852.

Capital lease obligation, repayable in blended monthly instalments of \$1,563, bearing interest at 6.98%, and matures in December 2024. The capital lease obligation is secured by a vehicle with a net book value of \$54,852.

Capital lease obligation, repayable in blended monthly instalments of \$1,526, bearing interest at 7.92%, and matures in May 2026. The capital lease obligation is secured by a vehicle with a net book value of \$66,340.

Interest on long-term debt amounted to \$78,071 (2022 - \$62,869).

The County's total cash payments for interest in 2023 were \$62,445 (2022 - \$46,497).

STARLAND COUNTY**Notes to Non-Consolidated Financial Statements****Year Ended December 31, 2023****14. DEBT LIMITS AND DEBT SERVICING LIMIT**

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

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 21,290,192	\$ 19,692,906
Total debt	2,855,271	3,070,492
Amount of debt limit unused	\$ 18,434,921	\$ 16,622,414
Debt servicing limit	\$ 3,548,365	\$ 3,282,151
Debt servicing	455,927	353,373
Amount of debt servicing limit unused	\$ 3,092,438	\$ 2,928,778

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purpose of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the non-consolidated financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long-term debt in the twelve months subsequent to year-end less amounts that are recoverable.

15. CONTAMINATED SITES LIABILITY

During the year, the County did not identify any financial liability as a result of contaminated sites.

16. ASSET RETIREMENT OBLIGATIONS

The County operates lagoon sites and is legally required to perform reclamation of the land surface upon retirement of these sites. Reclamation activities include disposal of waste, removal of overflow culvert and other structures, lagoon deconstruction, surface restoration, and landscaping. A liability for the total obligation has been accrued. The County estimates that no obligation is incurred incrementally due to volume of wastewater accepted; therefore, no further obligation is being accrued based on volume of wastewater.

The liability is based on management's best estimate. Undiscounted future cash flows expected include closure costs of \$602,800 in year 2027, \$330,000 in year 2056, and \$968,000 in year 2073. The estimated total liability of \$646,296 (2022 - \$615,520) is based on the discounted future cash flows for reclamation activities using a discount rate of 5%. The County has not designated assets for settling the reclamation activities.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 615,520	\$ 586,210
Accretion expense	30,776	29,310
Estimated total liability	\$ 646,296	\$ 615,520

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

17. INVENTORY FOR CONSUMPTION

	<u>2023</u>	<u>2022</u>
Transportation - gravel	\$ 1,137,746	\$ 1,337,690
Transportation - repairs	276,879	277,385
Transportation - fuel	65,999	63,410
Transportation - other	125,815	155,012
Water - parts and supplies	93,908	98,911
Sewer - parts and supplies	17,474	20,506
Agriculture - chemicals and other products	35,853	35,674
	<u>\$ 1,753,674</u>	<u>\$ 1,988,588</u>

18. GRAVEL RESERVES

Gravel reserves consist of estimated expenditures relating to gravel to be developed on certain land acquired.

19. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Tangible capital assets <i>(Schedule 2)</i>	\$ 115,038,396	\$ 112,508,009
Accumulated amortization <i>(Schedule 2)</i>	(58,703,403)	(57,019,522)
Capital long-term debt <i>(Note 13)</i>	(557,079)	(670,244)
Revolving line of credit <i>(Note 8)</i>	(385,000)	-
Asset retirement obligations <i>(Note 16)</i>	(646,296)	(615,520)
	<u>\$ 54,746,618</u>	<u>\$ 54,202,723</u>

20. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Unrestricted surplus	\$ 4,081,408	\$ 3,219,416
Internally restricted surplus:		
Operating:		
Operating contingencies	2,164,307	2,164,307
Capital:		
Administrative	297,367	77,367
Fire	1,023,115	588,115
Roads, streets, walks and lighting	1,640,296	1,640,296
Water	100,000	-
Wastewater	30,000	30,000
Recreation	100,000	-
General contingencies	1,650,000	3,150,000
Equity in tangible capital assets <i>(Note 19)</i>	54,746,618	54,202,723
Unrealized remeasurement gain	251,034	-
	<u>\$ 66,084,145</u>	<u>\$ 65,072,224</u>

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

21. SEGMENTED DISCLOSURE

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

Refer to Non-Consolidated Schedule of Segmented Disclosure (*Schedule 6*).

General government includes council and other legislative, and general administration. Protective services includes police, fire, disaster and emergency services, and bylaw enforcement. Transportation includes roads, streets, walks, and lighting. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Public health and welfare includes family and community support, and cemeteries and crematoriums. Planning and development includes land use planning, zoning and development, and land, housing and building rentals. Agricultural development includes agricultural development. Recreation and culture includes parks and recreation, and libraries, museums, and halls.

22. SALARY AND BENEFITS

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

			2023			2022
	Salary	Benefits and allowances	TOTAL			TOTAL
Councillors:						
Division 1	\$ 33,860	\$ 2,808	\$ 36,668	\$		35,675
Division 2	44,785	3,403	48,188			47,003
Division 3	19,091	984	20,075			25,722
Division 4	38,865	3,106	41,971			42,392
Division 5	20,417	1,335	21,752			23,430
Chief Administrative Officer	\$ 390,199	\$ 19,957	\$ 410,156	\$		258,289
Designated Officers - (5 Positions)	\$ 937,736	\$ 73,123	\$ 1,010,859	\$		733,685

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, automobile allowances, and tuition.
3. Designated officers of Starland County include the Agricultural Fieldman (employee), Assessor (contracted service provider), Subdivision Authority Secretary (employee), Development Officer (employee), and SDAB Secretary (employee).

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23. LOCAL AUTHORITIES PENSION PLAN

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

	<u>2023</u>	<u>2022</u>
Current service contributions by the County	\$ 322,217	\$ 282,432
Current service contributions by the employees	<u>256,541</u>	<u>253,914</u>
	<u>\$ 578,758</u>	<u>\$ 536,346</u>

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

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion. This amount is not specifically allocated to the participating government organizations. The 2023 actuarial balance was not available at the date these non-consolidated financial statements were released.

24. BUDGET DATA

The unaudited budget data presented in these non-consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included.

The chart below reconciles the approved budget to the budget figures reported in these non-consolidated financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 13,757,266
Capital budget	3,101,812
Transfer from other funds	(1,475,000)
Proceeds on debt	<u>(800,000)</u>
Total revenues	<u>14,584,078</u>
Expenses	
Operating budget	13,165,113
Capital budget	3,098,000
Transfer to other funds	(1,190,000)
Capital expenses	<u>(2,563,000)</u>
Total expenses	<u>12,510,113</u>
Excess of revenue over expenses	<u>\$ 2,073,965</u>

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Notes to Non-Consolidated Financial Statements
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25. COMMITMENTS

The County is committed under an agreement dated January 1, 1984 with the Marigold Library System to funding certain library initiatives annually based on a per capita formula. During the year, the County provided funding of \$22,047 (2022 - \$22,253). It is the understanding of the County, that it can withdraw from the agreement at anytime by giving a one-year notice period.

The County is committed under an agreement dated July 18, 1979 with the Drumheller & District Solid Waste Management Association to contribute annually, based on an annual budget of expenditures for the management, operation and maintenance of the solid waste management facilities. The requisition for the current year was \$88,017 (2022 - \$85,656). The agreement allows for the County to terminate the agreement by giving notice in writing to all of the other participating municipalities of its intention to withdraw from the agreement at least one year in advance of the effective withdrawal date.

Under an agreement dated May 26, 1959 between the County and Drumheller and District Seniors Foundation and under a Ministerial Order from the Government of Alberta, Department of Seniors, the County is committed to contributing annually 41.38% (2022 - 40.72%) of an annual budget of net expenditures of the housing foundation. The requisition for the current year was \$411,731 (2022 - \$401,092).

On December 16, 2004, the County along with the Village of Morrin and the Village of Munson formed the Starland Regional Water Authority, each having an equal operational interest. The authority formed was an intra-municipal agreement committing to the operation of a water distribution system, the tangible capital assets of which are owned by each municipal participant of the water authority. The County's proportionate financial interest in the assets, liabilities, equity, revenues and expenses have not been consolidated in these non-consolidated financial statements.

On January 24, 2007, the County became a shareholder of Palliser Regional Municipal Services Company Limited (the "Company"), a Part IX company under the Companies Act of Alberta. The Company provides municipal planning services to its members. This investment commits the County to funding the annual operational and special needs of the Company. Annually, the County is requisitioned as a shareholder determined by the Board, in the ordinary course of business, and based on the population and the tax assessment as determined by the County who is shareholder. The requisition for the year was \$47,600 (2022 - \$41,478). The County has the right to cease being a shareholder by giving 600 days notice.

On June 13, 2021, the County Council passed a bylaw to borrow \$2,500,000 and in September 2021 the funds were advanced to the County from the Province of Alberta. The County has a separate agreement to lend the Starland Seed Cleaning Plant Ltd. \$2,500,000 for the purposes of constructing a new seed cleaning plant. The County will not charge the Starland Seed Cleaning Plant Ltd. interest on the loan for a period of eight years. In lieu of interest, the County will receive redeemable shares in the Starland Seed Cleaning Plant Ltd. After the initial 8 years, the County will charge the Starland Seed Cleaning Plant Ltd. interest equal to the interest that the County is paying on the outstanding debenture. During the year, the County advanced \$1,210,750 (2022 - \$1,189,498) funding to the Starland Seed Cleaning Plant Ltd.

The County is committed to donate \$10,000 per year for a duration of three years to STARS, a charitable, not-for-profit organization that responds to community needs. During the year, the County donated \$10,000.

STARLAND COUNTY
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

26. CONSTRUCTION OF TANGIBLE CAPITAL ASSETS

During the year, the County capitalized the following costs related to construction of tangible capital assets:

	<u>2023</u>	<u>2022</u>
Direct costs	\$ 1,007,385	\$ 136,645
Salaries and benefits	83,114	75,486
Machine costs	70,488	43,602
Overhead costs	152,731	67,325
Inventory	47,908	38,911
	<u>\$ 1,361,626</u>	<u>\$ 361,969</u>

27. NON-MONETARY TRANSACTION

During the year, the County had a non-monetary transaction that resulted in an increase to tangible capital assets and long-term debt in the amount of \$69,226.

28. RELATED PARTY TRANSACTIONS

Starland Regional Water Authority (the "Authority") is a jointly owned authority by Starland County, Village of Morrin, and Village of Munson, and is identified as a related party.

Expenses paid to the related party is as follows:

	<u>2023</u>	<u>2022</u>
Materials, goods, supplies and utilities	\$ 79,864	\$ 77,166

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The amount due to the Authority represents water purchases payable by the County.

	<u>2023</u>	<u>2022</u>
Due to Starland Regional Water Authority	\$ 30,070	\$ 14,631

The amounts due to related party is non-interest bearing, and have no set terms of repayment. Accordingly, the amount due to related party is classified as current, and is included in trades payable (Note 9).

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29. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash, receivables, investments, revolving line of credit, accounts payable and accrued liabilities, employee benefit obligations, gravel pit reclamation payable, asset retirement obligations, and long-term debt. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual; however, the County manages risk exposure on these items similar to other receivables and payables. The County is exposed to the following risks with respect to its financial instruments:

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the County may not have cash available to satisfy financial liabilities as they become due. Management oversees liquidity risk to ensure the County has access to enough readily available funds to cover its financial obligations as they become due. The County manages liquidity risk by continuously monitoring actual daily cash flows and longer term forecasted cash flows and monitoring the maturity profiles of financial assets and liabilities. The County is exposed to liquidity risk mainly in respect of its receipt of funds from its suppliers and other related sources, revolving line of credit, accounts payable and accrued liabilities, employee benefit obligations, gravel pit reclamation payable, asset retirement obligations, and long-term debt.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The County is exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the County manages exposure through its normal operating and financing activities. The County is exposed to interest rate risk primarily through its interest-bearing credit facilities.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The County is exposed to other price risk through its investments in equity instruments.

It is management's opinion that the County is not exposed to significant currency risks arising from these financial instruments.

30. SUBSEQUENT EVENT

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

Subsequent to year end, the County rebuilt machinery and equipment for a total cost of \$595,000 plus GST, which was financed by the revolving line of credit (Note 8).

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Notes to Non-Consolidated Financial Statements
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31. BUDGET AMOUNTS

The 2023 budget for the County was approved by Council on May 18, 2023 and has been reported in the non-consolidated financial statements for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

32. CORRESPONDING FIGURES

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

33. APPROVAL OF NON-CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these non-consolidated financial statements.