

STARLAND COUNTY
Financial Statements
Year Ended December 31, 2024

STARLAND COUNTY

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Year Ended December 31, 2024

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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 financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the County's financial position as at December 31, 2024 and the results of its operations for the year then ended.

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

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

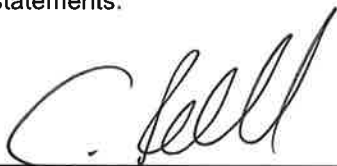
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 financial statements.

The County Council carries out its responsibilities for review of the financial statements primarily through the Council meetings. 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 financial statements.

The 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 financial statements.



Christopher Robblee, MPA
Chief Administrative Officer



Judy Fazekas, CPA, CGA
Corporate Services Director

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Starland County

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2024, and the results of its operations, its net financial assets, and its 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

(continues)

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

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 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 controls 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 controls.
- 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 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 financial statements, including the disclosures, and whether the 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.

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 13.

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.



Ascend LLP
Chartered Professional Accountants
Hanna, Alberta
April 23, 2025

STARLAND COUNTY
Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 2)	\$ 11,847,722	\$ 8,832,609
Receivables		
Taxes and grants in place of taxes receivable (Note 3)	1,379,455	200,856
Trade and other receivables (Note 3)	692,727	426,586
Land inventory held for resale	17,170	17,170
Loan receivable (Note 4)	2,193,778	2,298,192
Investments (Note 5)	499,586	381,566
	<u>16,630,438</u>	<u>12,156,979</u>
LIABILITIES		
Revolving line of credit (Note 6)	104,125	385,000
Accounts payable and accrued liabilities (Note 7)	410,850	322,082
Deferred revenue (Note 8)	253,414	7,947
Employee benefit obligation (Note 9)	324,109	347,134
Gravel pit reclamation payable (Note 10)	272,630	272,630
Asset retirement obligations (Note 11)	678,611	646,296
Long-term debt (Note 12)	2,560,098	2,855,271
	<u>4,603,837</u>	<u>4,836,360</u>
NET FINANCIAL ASSETS	<u>12,026,601</u>	<u>7,320,619</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	54,583,407	56,334,993
Inventory for consumption (Note 14)	2,005,207	1,753,674
Gravel reserves (Note 15)	490,653	490,653
Prepaid expenses	239,931	184,206
	<u>57,319,198</u>	<u>58,763,526</u>
ACCUMULATED SURPLUS	<u>\$ 69,345,799</u>	<u>\$ 66,084,145</u>
ACCUMULATED SURPLUS CONSISTS OF:		
Accumulated operating surplus (Schedule 1, Note 17)	\$ 69,028,938	\$ 65,833,111
Accumulated remeasurement gains	316,861	251,034
	<u>\$ 69,345,799</u>	<u>\$ 66,084,145</u>

RELATED PARTY TRANSACTIONS (Note 22)
CONTRACTUAL OBLIGATIONS (Note 23)
SUBSEQUENT EVENTS (Note 28)

Approved on behalf of the County Council:


Reeve


Councillor

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Statement of Operations
Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
REVENUE			
Net municipal taxes (Schedule 3)	\$ 13,806,485	\$ 14,974,996	\$ 11,717,063
User fees and sales of goods	846,850	996,271	856,263
Government transfers for operating (Schedule 4)	766,636	803,909	562,988
Investment income	161,700	432,611	473,553
Penalties and costs on taxes	15,400	505,217	377,401
Licenses and permits	2,300	2,870	1,245
Rentals	120,000	118,750	166,937
Insurance proceeds	-	-	441
Gain on disposal of tangible capital assets	-	1,189	7,825
Other	17,000	8,656	29,745
Total Revenue	15,736,371	17,844,469	14,193,461
EXPENSES			
General government			
Council and other legislative	286,950	216,647	218,933
General administration	3,829,694	4,568,358	3,846,138
Protective services			
Police	165,000	164,965	114,506
Fire	316,500	424,893	342,237
Disaster and emergency measures	13,500	594	-
Bylaw enforcement	908,577	649,443	1,089,628
Transportation			
Roads, streets, walks, lighting	5,631,700	7,110,288	6,789,448
Environmental use and protection			
Water supply and distribution	589,300	1,066,125	823,509
Wastewater treatment and disposal	77,100	107,899	106,694
Waste management	260,400	218,639	213,932
Public health and welfare			
Family and community support	129,000	167,070	176,504
Cemeteries and crematoriums	75,500	38,835	3,040
Planning and development			
Land use planning, zoning and development	8,800	3,157	6,580
Land, housing and building rentals	17,000	15,959	36,597
Agricultural development			
Agricultural development	530,500	514,265	471,849
Recreation and culture			
Parks and recreation	486,900	489,065	445,672
Libraries, museums, halls	20,000	19,958	22,047
Total Expenses	13,346,421	15,776,160	14,707,314
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE CAPITAL REVENUE	2,389,950	2,068,309	(513,853)
Government transfers for capital (Schedule 4)	1,169,584	1,127,518	1,274,740
EXCESS OF REVENUE OVER EXPENSES	3,559,534	3,195,827	760,887
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	65,833,111	65,833,111	65,072,224
ACCUMULATED OPERATING SURPLUS, END OF YEAR	\$ 69,392,645	\$ 69,028,938	\$ 65,833,111

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Statement of Remeasurement Gains and Losses
Year Ended December 31, 2024

	Budget (Unaudited)		2024	2023
ACCUMULATED REMEASUREMENT GAIN, BEGINNING OF YEAR	\$	-	\$ 251,034	\$ -
Unrealized gain attributed to equity investments (Note 5)		-	65,827	251,034
ACCUMULATED REMEASUREMENT GAIN, END OF YEAR	\$	-	\$ 316,861	\$ 251,034

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY**Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
EXCESS OF REVENUE OVER EXPENSES	\$ 3,559,534	\$ 3,195,827	\$ 760,887
Acquisition of tangible capital assets	(1,574,880)	(1,084,638)	(3,635,577)
Proceeds on disposal of tangible capital assets	-	1,189	7,825
Amortization of tangible capital assets	-	2,805,701	2,759,069
Loss on disposal of tangible capital assets	-	29,334	22,177
	(1,574,880)	1,751,586	(846,506)
Change in inventory for consumption	-	(251,533)	234,914
Change in prepaid expenses	-	(55,725)	(55)
Unrealized remeasurement gains	-	65,827	251,034
	(1,574,880)	1,510,155	(360,613)
INCREASE IN NET FINANCIAL ASSETS	1,984,654	4,705,982	400,274
NET FINANCIAL ASSETS, BEGINNING OF YEAR	7,320,619	7,320,619	6,920,345
NET FINANCIAL ASSETS, END OF YEAR	\$ 9,305,273	\$ 12,026,601	\$ 7,320,619

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 3,195,827	\$ 760,887
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets (Schedule 2)	2,805,701	2,759,069
Loss on disposal of tangible capital assets	29,334	22,177
Accretion of asset retirement obligations	32,315	30,776
	<u>6,063,177</u>	<u>3,572,909</u>
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivable	(1,178,599)	91,453
Trade and other receivables	(266,141)	(123,437)
Inventory for consumption	(251,533)	234,914
Prepaid expenses	(55,725)	(55)
Accounts payable and accrued liabilities	88,768	(90,976)
Deferred revenue	245,467	(382,303)
Employee benefit obligation	(23,025)	(216,013)
Gravel pit reclamation payable	-	(44,500)
	<u>(1,440,788)</u>	<u>(530,917)</u>
	<u>4,622,389</u>	<u>3,041,992</u>
CAPITAL		
Acquisition of tangible capital assets	(1,084,638)	(3,566,352)
Proceeds on disposal of tangible capital assets	1,189	7,825
	<u>(1,083,449)</u>	<u>(3,558,527)</u>
INVESTING		
(Increase) decrease in restricted cash	(248,599)	382,164
Purchase of investments	(52,193)	(54,737)
Repayment on loan receivable	104,414	102,056
Advances on loan receivable	-	(1,210,750)
	<u>(196,378)</u>	<u>(781,267)</u>
FINANCING		
Proceeds from revolving line of credit	624,750	550,000
Repayment of revolving line of credit	(905,625)	(165,000)
Repayment of long-term debt	(295,173)	(284,446)
	<u>(576,048)</u>	<u>100,554</u>
CHANGE IN CASH DURING THE YEAR	<u>2,766,514</u>	<u>(1,197,248)</u>
CASH, BEGINNING OF YEAR	<u>8,821,827</u>	<u>10,019,075</u>
CASH, END OF YEAR	<u>\$ 11,588,341</u>	<u>\$ 8,821,827</u>
CASH CONSISTS OF:		
Cash (Note 2)	\$ 11,847,722	\$ 8,832,609
Less: restricted portion of cash (Note 2)	<u>(259,381)</u>	<u>(10,782)</u>
	<u>\$ 11,588,341</u>	<u>\$ 8,821,827</u>

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Schedule of Changes in Accumulated Operating Surplus

Year Ended December 31, 2024

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 4,081,408	\$ 7,005,085	\$ 54,746,618	\$ 65,833,111	\$ 65,072,224
Excess of revenue over expenses	3,195,827	-	-	3,195,827	760,887
Unrestricted funds designated for future use	(100,000)	100,000	-	-	-
Restricted funds used for tangible capital assets	-	(87,959)	87,959	-	-
Current year funds used for tangible capital assets	(996,679)	-	996,679	-	-
Net book value of disposed tangible capital assets	30,523	-	(30,523)	-	-
Annual amortization expense	2,805,701	-	(2,805,701)	-	-
Asset retirement obligations accretion expense	32,315	-	(32,315)	-	-
Short-term debt related to tangible capital assets issued	595,000	-	(595,000)	-	-
Short-term debt related to tangible capital assets repaid	(875,875)	-	875,875	-	-
Long-term debt related to tangible capital assets repaid	(190,759)	-	190,759	-	-
Change in accumulated operating surplus	4,496,053	12,041	(1,312,267)	3,195,827	760,887
BALANCE, END OF YEAR	\$ 8,577,461	\$ 7,017,126	\$ 53,434,351	\$ 69,028,938	\$ 65,833,111

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Schedule of Tangible Capital Assets
Year Ended December 31, 2024

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST								
BALANCE, BEGINNING 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
Acquisition of tangible capital assets	-	-	2,332	152,648	848,941	-	1,003,921	3,616,988
Construction-in-progress	-	-	-	80,717	-	-	80,717	18,589
Disposal of tangible capital assets	-	-	-	(3,052)	(496,935)	-	(499,987)	(1,105,190)
BALANCE, END OF YEAR	3,269,695	747,163	14,609,083	78,811,948	13,598,429	4,586,729	115,623,047	115,038,396
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	399,533	1,468,613	43,662,628	9,782,721	3,389,908	58,703,403	57,019,522
Amortization	-	27,007	231,817	1,571,528	741,203	234,146	2,805,701	2,759,069
Amortization on disposals	-	-	-	(3,052)	(466,412)	-	(469,464)	(1,075,188)
BALANCE, END OF YEAR	-	426,540	1,700,430	45,231,104	10,057,512	3,624,054	61,039,640	58,703,403
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 3,269,695	\$ 320,623	\$ 12,908,653	\$ 33,580,844	\$ 3,540,917	\$ 962,675	\$ 54,583,407	\$ 56,334,993

2023 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

Included in tangible capital assets are vehicles under capital lease with a total cost of \$322,198 (2023 - \$322,198) and accumulated amortization of \$62,061 (2023 - \$29,841).

The County owns Springwater School, a historical building, which is not included in the tangible capital assets.

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Schedule of Property and Other Taxes
Year Ended December 31, 2024

(Schedule 3)

	Budget (Unaudited)	2024	2023
TAXATION			
Real property taxes	\$ 6,546,157	\$ 6,887,713	\$ 6,282,109
Linear property taxes	9,735,077	10,562,031	7,714,507
	16,281,234	17,449,744	13,996,616
REQUISITIONS			
Alberta School Foundation Fund	1,957,999	1,957,998	1,867,822
Drumheller and District Senior's Foundation	516,750	516,750	411,731
	2,474,749	2,474,748	2,279,553
NET MUNICIPAL TAXES	\$ 13,806,485	\$ 14,974,996	\$ 11,717,063

Schedule of Government Transfers
Year Ended December 31, 2024

(Schedule 4)

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Provincial government	\$ 744,701	\$ 781,974	\$ 542,588
Local governments	21,935	21,935	20,400
	766,636	803,909	562,988
TRANSFER FOR CAPITAL			
Provincial government	1,169,584	1,127,518	1,274,740
TOTAL GOVERNMENT TRANSFERS	\$ 1,936,220	\$ 1,931,427	\$ 1,837,728

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY**Schedule of Expenses by Object****(Schedule 5)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 6,046,277	\$ 5,231,465	\$ 5,439,616
Contracted and general services	2,338,450	2,135,748	1,900,165
Purchases from other governments	202,800	209,535	149,512
Materials, goods, supplies and utilities	2,922,000	2,699,230	2,363,101
Provision for allowances	1,200,000	2,232,607	1,445,911
Transfers to individuals and organizations	531,600	487,916	534,972
Bank charges and short-term interest	33,000	3,714	3,155
Interest on capital long-term debt	20,100	23,627	24,207
Interest on operating long-term debt	52,194	51,490	53,864
Amortization of tangible capital assets (Note 1)	-	2,637,990	2,732,033
Loss on disposal of tangible capital assets	-	30,523	30,002
Accretion of asset retirement obligations (Note 11)	-	32,315	30,776
	\$ 13,346,421	\$ 15,776,160	\$ 14,707,314

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY

Schedule of Segmented Disclosure
Year Ended December 31, 2024

(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	\$ 14,974,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,974,996
User fees and sales of goods	43,930	50,462	-	-	-	-	-	-	996,271
Government transfers for operating	481,093	12,946	265,579	446,074	11,160	-	27,624	151,442	803,909
Investment income	432,611	-	-	-	113,623	-	196,247	-	432,611
Penalties and costs on taxes	505,217	-	-	-	-	-	-	-	505,217
Licenses and permits	2,200	670	-	-	-	-	-	-	2,870
Rentals	-	27,629	-	-	-	91,121	-	-	118,750
Gain on disposal of tangible capital assets	-	1,189	-	-	-	-	-	-	1,189
Other	-	-	7,856	-	800	-	-	-	8,656
	<u>16,440,047</u>	<u>92,896</u>	<u>273,435</u>	<u>446,074</u>	<u>125,583</u>	<u>91,121</u>	<u>223,871</u>	<u>151,442</u>	<u>17,844,469</u>
Expenses									
Salaries, wages and benefits	1,733,147	533,318	2,388,930	94,463	12,495	2,220	307,847	159,045	5,231,465
Contracted and general services	548,316	190,417	1,058,116	182,246	19,713	15,196	63,553	58,191	2,135,748
Purchases from other governments	3,275	197,015	9,245	-	-	-	-	-	209,535
Materials, goods, supplies and utilities	95,588	134,380	1,687,739	608,397	-	1,700	104,991	66,435	2,699,230
Provision for allowances	2,232,607	-	-	-	-	-	-	-	2,232,607
Transfers to individuals and organizations	25,978	9,000	-	119,608	173,697	-	2,375	157,258	487,916
Bank charges and short-term interest	3,714	-	-	-	-	-	-	-	3,714
Interest on capital long-term debt	-	-	23,627	-	-	-	-	-	23,627
Interest on operating long-term debt	51,490	-	-	-	-	-	-	-	51,490
Loss on disposal of tangible capital assets	-	-	30,523	-	-	-	-	-	30,523
	<u>4,694,115</u>	<u>1,064,130</u>	<u>5,198,180</u>	<u>1,004,714</u>	<u>205,905</u>	<u>19,116</u>	<u>478,766</u>	<u>440,929</u>	<u>13,105,855</u>
NET REVENUE, BEFORE AMORTIZATION AND OTHER	<u>11,745,932</u>	<u>(971,234)</u>	<u>(4,924,745)</u>	<u>(558,640)</u>	<u>(80,322)</u>	<u>72,005</u>	<u>(254,895)</u>	<u>(289,487)</u>	<u>4,738,614</u>
Government transfers for capital	-	-	1,127,518	-	-	-	-	-	1,127,518
Amortization expense (Note 1)	(90,890)	(175,765)	(1,912,108)	(355,634)	-	-	(35,499)	(68,094)	(2,637,990)
Accretion of asset retirement obligations	-	-	-	(32,315)	-	-	-	-	(32,315)
NET REVENUE	<u>\$ 11,655,042</u>	<u>\$ (1,146,969)</u>	<u>\$ (5,709,335)</u>	<u>\$ (946,589)</u>	<u>\$ (80,322)</u>	<u>\$ 72,005</u>	<u>\$ (290,394)</u>	<u>\$ (357,581)</u>	<u>\$ 3,195,827</u>

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

The County is a member of Starland Regional Water Authority (the "Authority"). The financial statements do not include the assets, liabilities, fund balances, revenue and expenditures of the Authority; however, the details regarding transactions with the Authority 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 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 Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant 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;
- Gravel reserves;
- Employee benefit obligation;
- 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
Loan receivable	Amortized cost
Investments	Fair value and amortized cost
Revolving line of credit	Amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Gravel pit reclamation payable	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 transaction 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 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 Financial Statements
Year Ended December 31, 2024

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) Inventories for Resale

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

(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 Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(m) Asset Retirement

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. 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.

(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 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.

(continues)

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 \$167,711 (2023 - \$27,036) within its segmented disclosure.

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. Where the estimate of fair value cannot be made or where there is no future benefit related to the asset, the tangible capital assets is recognized at a nominal value.

(continues)

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Non-Financial Assets (continued)

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. CASH

The County earns interest on its account deposits at rates between prime rate less 1.9% and prime rate less 1.55%. All deposits are highly liquid and redeemable within 90 days or less.

Included in cash is a tax sales surplus of \$5,967 (2023 - \$2,835) that is not available for general use.

The County received certain funding 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, \$253,414 (2023 - \$7,947) of the cash on hand is not available for general use by the County (Note 8).

The County has an operating line of credit with ATB Financial, with a maximum authorized limit of \$10,000,000, which bears interest at prime rate plus 1%. As at year end, no amount was drawn on this line of credit.

3. RECEIVABLES

	<u>2024</u>	<u>2023</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 3,218,457	\$ 1,321,443
Arrears	3,448,750	2,053,077
Allowance for doubtful accounts	<u>(5,287,752)</u>	<u>(3,173,664)</u>
	<u>\$ 1,379,455</u>	<u>\$ 200,856</u>
Other		
Trade accounts	\$ 581,344	\$ 177,964
Receivables from other government	32,695	126,244
Goods and services tax	<u>78,688</u>	<u>122,378</u>
	<u>\$ 692,727</u>	<u>\$ 426,586</u>

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

4. LOAN RECEIVABLE

Loan receivable from Starland Seed Cleaning Plant Limited, bearing interest at 2.30%, repayable in semi-annual instalments of principal payments and interest via issuance of shares (Note 5) 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.

5. INVESTMENTS

	2024 Carrying value	2024 Market value	2023 Carrying value	2023 Market value
Other institutional and private – amortized cost	\$ 182,725	\$ 182,725	\$ 130,532	\$ 130,532
Equity instruments quoted in active market – carried at fair value (a)	316,861	316,861	251,034	251,034
	\$ 499,586	\$ 499,586	\$ 381,566	\$ 381,566

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. During the year, the County subscribed for 52,193 (2023 - 54,551) preferred Class C investment shares.

Investment income recognized in the Statement of Operations includes \$52,193 (2023 - \$54,551) of interest income and \$11,617 (2023 - \$10,740) of dividend income.

Unrealized gains on equity investments carried at fair value of \$65,827 (2023 - \$251,034) have been recognized in the 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.

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

6. REVOLVING LINE OF CREDIT

The County has authorized revolving line of credit with Caterpillar Financial Commercial Account Corporation for \$1,200,000, bearing 0% interest until August 15, 2025. The line of credit is to be utilized to rebuild certain machinery and equipment. As at year end, the County had \$1,095,875 (2023 - \$815,000) available for use.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade payables	\$ 334,413	\$ 231,545
Accrued liabilities	51,235	57,545
Payable to other governments	25,202	32,992
	<u>\$ 410,850</u>	<u>\$ 322,082</u>

8. DEFERRED REVENUE

	<u>2023</u>	<u>Additions</u>	<u>Recognized</u>	<u>2024</u>
Drought and Flood Protection Program	\$ -	\$ 157,500	\$ -	\$ 157,500
Donation	-	50,000	-	50,000
Northern and Regional Economic Development Program	-	93,580	(51,401)	42,179
Canada Community - Building Fund	-	156,383	(152,648)	3,735
Local Government Fiscal Framework - Capital	-	974,870	(974,870)	-
Fire Services Training Program	7,947	5,000	(12,947)	-
	<u>\$ 7,947</u>	<u>\$ 1,437,333</u>	<u>\$ (1,191,866)</u>	<u>\$ 253,414</u>

Deferred revenue is comprised of the funds noted above, the use of which, together with earnings thereon, is restricted by agreement. These funds are recognized as revenue in period they are used for the purpose specified.

Drought and Flood Protection Program ("DFPP")

The DFPP provides funding for the Wastewater Flood and Drought Resiliency Assessment project to assess all wastewater lagoons located within the County and to design a solution for the most at-risk. The balance as at year end represents the unspent portion of the funding received.

Donation

Donation received from R.E. Herzog Farms to be disbursed for \$1,000 per annum, for a period of 50 years towards scholarship for individuals pursuing a career in farming.

Northern and Regional Economic Development Program ("NRED")

The NRED provides funding to support a feasibility study for the economic development strategy of a mixed use commercial and light industrial business park. The balance as at year end represents the unspent portion of the funding received.

(continues)

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

8. DEFERRED REVENUE (continued)

Canada Community - Building Fund ("CCBF")

The CCBF provides long-term funding to municipalities to help build and revitalize local public infrastructure within the County. The balance as at year end represents the unspent portion of the funding received plus interest earned.

Unexpended funds related to these advances are supported by restricted cash of \$253,414 (Note 2) that are held exclusively for these funding.

9. EMPLOYEE BENEFIT OBLIGATION

	<u>2024</u>	<u>2023</u>
Vested sick leave payable	\$ 324,109	\$ 347,134

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

10. 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. The reclamation liability is based on estimates and assumptions using the best information available at the end of the reporting period.

There was no gravel crushing activity in 2024, resulting in no change to the volume which requires remediation.

11. 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 \$678,611 (2023 - \$646,296) 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>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 646,296	\$ 615,520
Accretion expense	32,315	30,776
Estimated total liability	<u>\$ 678,611</u>	<u>\$ 646,296</u>

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

12. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Tax supported debentures - capital	\$ 183,563	\$ 304,225
Tax supported debentures - operating	2,193,778	2,298,192
Capital lease obligations	182,757	252,854
	<u>\$ 2,560,098</u>	<u>\$ 2,855,271</u>

The current portion of the long-term debt amounts to \$347,681 (2023 - \$385,417).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 347,681	\$ 66,728	\$ 414,409
2026	216,313	61,860	278,173
2027	130,265	58,082	188,347
2028	114,402	42,205	156,607
2029	117,045	39,562	156,607
Thereafter	1,634,392	244,897	1,879,289
	<u>\$ 2,560,098</u>	<u>\$ 513,334</u>	<u>\$ 3,073,432</u>

Debenture debt is repayable to the Alberta Capital Finance Authority 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 \$53,307.

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 \$49,897.

Capital lease obligation, repayable in blended monthly instalments of \$1,563, bearing interest at 6.98%, and extended lease agreement after the leased matured on December 2024. The capital lease obligation is secured by a vehicle with a net book value of \$48,757.

Capital lease obligation, repayable in blended monthly instalments of \$1,563, bearing interest at 6.98%, and and extended lease agreement after the leased matured on December 2024. The capital lease obligation is secured by a vehicle with a net book value of \$48,757.

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 \$59,419.

Interest on long-term debt amounted to \$75,117 (2023 - \$78,071).

The County's total cash payments for interest in 2024 were \$60,254 (2023 - \$62,445).

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

13. 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>2024</u>	<u>2023</u>
Total debt limit	\$ 26,766,704	\$ 21,290,192
Total debt	<u>2,560,098</u>	<u>2,855,271</u>
Amount of debt limit unused	<u>\$ 24,206,606</u>	<u>\$ 18,434,921</u>
Debt servicing limit	\$ 4,461,117	\$ 3,548,365
Debt servicing	<u>414,409</u>	<u>455,927</u>
Amount of debt servicing limit unused	<u>\$ 4,046,708</u>	<u>\$ 3,092,438</u>

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 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.

14. INVENTORY FOR CONSUMPTION

	<u>2024</u>	<u>2023</u>
Transportation - gravel	\$ 1,380,613	\$ 1,137,746
Transportation - repairs	292,135	276,879
Transportation - other	93,475	125,815
Transportation - fuel	69,328	65,999
Water - parts and supplies	120,586	93,908
Sewer - parts and supplies	22,066	17,474
Agriculture - chemicals and other products	<u>27,004</u>	<u>35,853</u>
	<u>\$ 2,005,207</u>	<u>\$ 1,753,674</u>

15. GRAVEL RESERVES

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

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets (<i>Schedule 2</i>)	\$115,623,047	\$115,038,396
Accumulated amortization (<i>Schedule 2</i>)	(61,039,640)	(58,703,403)
Revolving line of credit (<i>Note 6</i>)	(104,125)	(385,000)
Capital long-term debt (<i>Note 12</i>)	(366,320)	(557,079)
Asset retirement obligations (<i>Note 11</i>)	(678,611)	(646,296)
	<u>\$ 53,434,351</u>	<u>\$ 54,746,618</u>

17. ACCUMULATED OPERATING SURPLUS

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 8,577,461	\$ 4,081,408
Internally restricted surplus:		
Operating:		
Operating contingencies	2,164,307	2,164,307
Capital:		
Administrative	297,367	297,367
Fire	1,035,156	1,023,115
Roads, streets, walks and lighting	1,640,296	1,640,296
Water	100,000	100,000
Wastewater	30,000	30,000
Recreation	100,000	100,000
General contingencies	1,650,000	1,650,000
Equity in tangible capital assets (<i>Note 16</i>)	<u>53,434,351</u>	<u>54,746,618</u>
	<u>\$ 69,028,938</u>	<u>\$ 65,833,111</u>

18. SEGMENTED DISCLOSURES

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 financial statements as disclosed in Note 1.

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

General government includes council and other legislative, and general administration. Protective services includes police, fire, disaster and emergency measures, 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.

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

19. 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:

	Salary ¹	Benefits and allowances ²	2024	2023
Councillors:				
Division 1	\$ 30,233	\$ 2,246	\$ 32,479	\$ 36,668
Division 2	42,360	2,911	45,271	48,188
Division 3	23,484	1,364	24,848	20,075
Division 4	34,983	2,528	37,511	41,971
Division 5	24,255	1,235	25,490	21,752
	155,315	10,284	165,599	168,654
Chief Administrative Officer	\$ 173,000	\$ 30,933	\$ 203,933	\$ 410,156
Designated Officers - (5 Positions)	\$ 470,422	\$ 82,388	\$ 552,810	\$ 1,010,860

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.

20. 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.

	2024	2023
Current service contributions by the County	\$ 308,508	\$ 322,217
Current service contributions by the employees	270,709	256,541
	\$ 579,217	\$ 578,758

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 11.65% on pensionable earnings above this amount.

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion. This amount is not specifically allocated to the participating government organizations. The 2024 actuarial balance was not available at the date these financial statements were released.

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

21. STARLAND REGIONAL WATER AUTHORITY

The County, the Village of Morrin, and the Village of Munson (the "Members") share an equal operational interest through an intra-municipal agreement in the Starland Regional Water Authority (the "Authority") to construct, maintain, operate, use, and replace the Authority's water distribution system. The tangible capital assets are owned by each Members of the Authority.

The County's proportionate financial interest in the assets, liabilities, fund balances, revenues and expenditures have not been consolidated in these financial statements.

The following is a summary of condensed financial information related to the County's 33% share of the Authority for the year ended December 31, 2024.

	<u>2024</u>	<u>2023</u>
<u>Financial Position</u>		
Total assets	\$ 230,424	\$ 225,865
Liabilities	\$ 11,792	\$ 10,500
Fund balances	<u>218,632</u>	<u>215,365</u>
Liabilities and fund balances	<u>\$ 230,424</u>	<u>\$ 225,865</u>
<u>Result of operations:</u>		
Total revenues	\$ 12,735	\$ 2,469
Total expenditures	<u>(27,496)</u>	<u>(24,970)</u>
Deficiency of revenues over expenditures	<u>\$ (14,761)</u>	<u>\$ (22,501)</u>

22. RELATED PARTY TRANSACTIONS

Starland Regional Water Authority (Note 21) is identified as a related party.

Expenses paid to the related party is as follows:

	<u>2024</u>	<u>2023</u>
Materials, goods, supplies and utilities	<u>\$ 134,951</u>	<u>\$ 79,864</u>

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>2024</u>	<u>2023</u>
Due to Starland Regional Water Authority	<u>\$ 22,929</u>	<u>\$ 30,070</u>

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 7).

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

23. CONTRACTUAL OBLIGATIONS

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 \$19,958 (2023 - \$22,047). 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 \$103,766 (2023 - \$88,017). 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 41.34% (2023 - 41.38%) of an annual budget of net expenditures of the housing foundation. The requisition for the current year was \$516,750 (2023 - \$411,731).

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 \$53,700 (2023 - \$47,600). 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 \$0 (2023 - \$1,210,750) 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. The County donated a total of \$20,000 (2023 - \$10,000).

24. CONTINGENCIES

For the purpose of the accompanying financial statements, contingent liabilities have been evaluated by management.

There were no contingent liabilities that would have a material impact on these financial statements.

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

25. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash, receivables, loan receivable, investments, revolving line of credit, accounts payable and accrued liabilities, employee benefit obligation, 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 receivable, 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 obligation, 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The County is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments subject the County to fair value risk, while the floating-rate financial instruments subject the County to a cash flow risk. 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 risk arising from these financial instruments.

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

26. CONSTRUCTION OF TANGIBLE CAPITAL ASSETS

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

	<u>2024</u>	<u>2023</u>
Direct costs	\$ 120,176	\$ 1,007,385
Machine costs	21,557	70,488
Overhead costs	15,132	152,731
Salaries and benefits	14,446	83,114
Inventory	519	47,908
	<u>\$ 171,830</u>	<u>\$ 1,361,626</u>

27. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2024 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 financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 15,736,371
Capital budget	2,479,584
Transfer from other funds	(715,000)
Proceeds on debt	(595,000)
	<u>16,905,955</u>
Total revenues	
Expenses	
Operating budget	13,346,421
Capital budget	1,674,880
Transfer to other funds	(100,000)
Capital expenses	(1,574,880)
	<u>13,346,421</u>
Total expenses	
Excess of revenue over expenses	<u>\$ 3,559,534</u>

28. SUBSEQUENT EVENTS

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

Subsequent to year end, the County purchased machinery and equipment for a total cost of \$682,000 plus GST, and leased two vehicles with a price of \$54,646 each.

Subsequent to year end, Ministerial Order scheduled a vote on April 23, 2025 and April 24, 2025 to determine electors' opinion on the viability options related to the dissolution of the Village of Delia, which could result in the Village of Delia becoming a hamlet in Starland County. The outcome of the vote is unknown at the date of the financial statements.

STARLAND COUNTY
Notes to Financial Statements
Year Ended December 31, 2024

29. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to the financial statement presentation adopted for the current year. There is no impact on the County's accumulated surplus.

30. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.