

**COUNTY OF PAINTEARTH NO. 18**  
**Financial Statements**  
**Year Ended December 31, 2024**

**COUNTY OF PAINTEARTH NO. 18**

**Contents**

**Year Ended December 31, 2024**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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Management of the County of Paineearth No. 18 (the "County") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and all other information contained within this financial reporting. 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 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 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.

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Michael Simpson  
Chief Administrative Officer

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Lana Roth  
Assistant Chief Administrative Officer

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## INDEPENDENT AUDITOR'S REPORT

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To the Reeve and Council of County of Paintearth No. 18

### *Opinion*

We have audited the financial statements of County of Paintearth No. 18 (the "County"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes and schedules 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 and 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.

### *Emphasis of Matter*

As disclosed in note 2, the County has revised its accounting estimate regarding asset retirement obligations associated with fully amortized tangible capital assets, for which the estimates of their remaining useful life and the timing of retirement cannot be determined. Our opinion is not modified with respect to this matter.

### *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.

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*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.

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 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 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.

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Independent Auditor's Report to the Reeve and Council of County of Paintearth No. 18 (*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 extending to the right and curving upwards at the end.

**Ascend LLP**  
**Chartered Professional Accountants**  
Hanna, Alberta  
April 17, 2025

**COUNTY OF PAINT EARTH NO. 18****Statement of Financial Position****As at December 31, 2024**

	2024	2023 (Restated)
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 35,486,135	\$ 29,885,710
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	666,774	688,218
Trade and other receivables (Note 4)	2,822,658	4,489,411
Land inventory held for resale	1,038,817	1,038,817
Investments (Note 5)	5,002,039	5,056,193
Investment in government business enterprise (Note 6)	678,147	-
	<u>45,694,570</u>	<u>41,158,349</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	1,231,432	1,033,459
Deferred revenue (Note 8)	3,245,348	3,030,418
Employee benefit obligations (Note 9)	756,970	726,557
Gravel reclamation liability (Note 10)	201,959	201,959
Asset retirement obligation (Note 11)	750,000	750,000
	<u>6,185,709</u>	<u>5,742,393</u>
<b>NET FINANCIAL ASSETS</b>	<u>39,508,861</u>	<u>35,415,956</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	47,041,696	45,713,371
Inventory for consumption (Note 12)	8,585,102	8,971,555
Prepaid expenses	1,044,733	809,662
Gravel reserves for development	2,727,287	2,727,287
	<u>59,398,818</u>	<u>58,221,875</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 16)</b>	<u>\$ 98,907,679</u>	<u>\$ 93,637,831</u>

CONTRACTUAL OBLIGATIONS AND COMMITMENTS (Note 23)

SUBSEQUENT EVENT (Note 26)

**Approved on behalf of County Council:**

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Reeve

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Councillor

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINTEARTH NO. 18**

**Statement of Operations**

**Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 14,276,765	\$ 14,679,981	\$ 13,704,773
User fees and sale of goods	470,454	384,698	348,623
Government transfers for operating (Schedule 4)	419,247	715,367	1,338,660
Investment income	950,000	2,003,805	1,816,433
Penalties and costs of taxes	100,000	91,635	99,736
Licenses and permits	28,000	44,011	76,196
Fines	-	443	459
Gain on disposal of tangible capital assets	10,000	69,787	183,274
Other revenues	68,950	70,665	21,805
<b>Total Revenue</b>	<b>16,323,416</b>	<b>18,060,392</b>	<b>17,589,959</b>
<b>EXPENSES</b>			
General government			
Council and other legislative	1,076,700	876,282	629,500
General administration	2,525,750	2,256,261	3,041,823
Protective services			
Fire	281,500	276,809	267,971
Disaster and emergency measures	65,750	82,992	44,125
Ambulance and first aid	12,500	11,135	10,495
Bylaw enforcement	502,500	431,166	376,687
Transportation			
Roads, streets, walks, lighting	10,229,286	8,305,517	7,612,921
Environmental use and protection			
Water supply and distribution	735,400	761,939	718,422
Wastewater treatment and disposal	76,000	42,190	38,967
Waste management	-	3,754	25
Public health and welfare			
Family and community support	105,000	102,789	101,769
Planning and development			
Land use planning, zoning and development	488,800	359,229	302,762
Agricultural development	756,200	723,649	582,653
Recreation and culture			
Parks and recreation	660,700	541,877	560,255
Libraries, museums, halls	42,000	42,127	40,840
<b>Total Expenses</b>	<b>17,558,086</b>	<b>14,817,716</b>	<b>14,329,215</b>
<b>(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES - BEFORE CAPITAL REVENUE</b>			
Government transfers for capital (Schedule 4)	(1,234,670)	3,242,676	3,260,744
Capital donations	3,783,250	2,059,895	799,043
Share of loss from Government Business Enterprise (Note 18)	-	-	3,851
	-	(32,723)	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>2,548,580</b>	<b>5,269,848</b>	<b>4,063,638</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>93,637,831</b>	<b>93,637,831</b>	<b>89,574,193</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 96,186,411</b>	<b>\$ 98,907,679</b>	<b>\$ 93,637,831</b>

The accompanying notes are an integral part of these financial statements



**COUNTY OF PAINTEARTH NO. 18**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 2,548,580	\$ 5,269,848	\$ 4,063,638
Acquisition of tangible capital assets	(3,783,250)	(4,199,802)	(4,030,102)
Proceeds on disposal of tangible capital assets	561,000	546,541	797,765
Amortization of tangible capital assets	2,379,200	2,171,228	2,114,116
(Gain) loss on disposal of tangible capital assets	(50,000)	153,708	(122,445)
	(893,050)	(1,328,325)	(1,240,666)
Change in inventory for consumption	-	386,453	(795,865)
Change in prepaids	-	(235,071)	(335)
	(893,050)	(1,176,943)	(2,036,866)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	1,655,530	4,092,905	2,026,772
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	35,415,956	35,415,956	33,389,184
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 37,071,486	\$ 39,508,861	\$ 35,415,956

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINT EARTH NO. 18****Statement of Cash Flows****Year Ended December 31, 2024**

	2024	2023 (Restated)
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 5,269,848	\$ 4,063,638
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,171,228	2,114,116
Gain on disposal of tangible capital assets	(69,787)	(183,274)
Loss on disposal of tangible capital assets	223,495	60,830
Share of loss from Government Business Enterprise	32,723	-
	<u>7,627,507</u>	<u>6,055,310</u>
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivable	21,444	(273,851)
Trade and other receivables	1,666,753	(1,013,412)
Inventory for consumption	386,453	(795,865)
Prepaid expenses	(235,071)	(335)
Accounts payable and accrued liabilities	197,973	(117,587)
Deferred revenue	214,930	88,559
Employee benefit obligations	30,413	26,313
	<u>2,282,895</u>	<u>(2,086,178)</u>
	<u>9,910,402</u>	<u>3,969,132</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets (Schedule 2)	(4,199,802)	(4,030,102)
Proceeds on disposal of tangible capital assets	546,541	797,765
	<u>(3,653,261)</u>	<u>(3,232,337)</u>
<b>INVESTING</b>		
Proceeds on disposal of investments	5,056,143	5,053,474
Purchase of investments	(5,001,989)	(5,056,143)
Purchase of investment in Government Business Enterprise	(710,870)	-
(Increase) decrease in restricted cash	(1,557,696)	218,527
	<u>(2,214,412)</u>	<u>215,858</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	<u>4,042,729</u>	<u>952,653</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>29,885,710</u>	<u>28,933,057</u>
<b>CASH, END OF YEAR</b>	<u>\$ 33,928,439</u>	<u>\$ 29,885,710</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 35,486,135	\$ 29,885,710
Less: restricted portion of cash (Note 3)	(1,557,696)	-
	<u>\$ 33,928,439</u>	<u>\$ 29,885,710</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF PAINTEARTH NO. 18

Schedule of Changes in Accumulated Surplus

Year Ended December 31, 2024

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (Restated)	Equity in Government Business Enterprise	2024	2023 (Restated)
<b>BALANCE, AS PREVIOUSLY STATED</b>						
Change in accounting estimate (Note 2)	\$ -	\$ 48,674,460	\$ 44,963,371	-	\$ 93,637,831	\$ 90,324,193
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	-	48,674,460	44,963,371	-	93,637,831	89,574,193
Excess of revenues over expenses	5,269,848	-	-	-	5,269,848	4,063,638
Unrestricted funds designated for future use	(5,567,612)	5,567,612	-	-	-	-
Issuance of share capital of Government Business Enterprise	-	(710,870)	-	710,870	-	-
Share of loss from Government Business Enterprise	32,723	-	-	(32,723)	-	-
Restricted funds used for tangible capital assets	-	(1,593,366)	1,593,366	-	-	-
Current year funds used for tangible capital assets	(2,606,436)	-	2,606,436	-	-	-
Net book value of disposed tangible capital assets	700,249	-	(700,249)	-	-	-
Annual amortization expense	2,171,228	-	(2,171,228)	-	-	-
Change in accumulated surplus	-	3,263,376	1,328,325	678,147	5,269,848	4,063,638
<b>BALANCE, END OF YEAR</b>	\$ -	\$ 51,937,836	\$ 46,291,696	\$ 678,147	\$ 98,907,679	\$ 93,637,831

The accompanying notes are an integral part of these financial statements

COUNTY OF PAINTEARTH NO. 18  
Schedule of Tangible Capital Assets  
Year Ended December 31, 2024

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023 (Restated)
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 851,070	\$ 784,917	\$ 5,804,477	\$ 57,205,932	\$ 13,716,635	\$ 6,341,432	\$ 84,704,463	\$ 82,266,067
Acquisition of tangible capital assets	44,649	-	-	397,471	1,656,195	192,375	2,290,690	3,814,918
Acquisition of construction-in-progress	-	-	59,572	1,849,540	-	-	1,909,112	215,185
Disposal of tangible capital assets	-	-	-	-	(1,164,640)	(79,290)	(1,243,930)	(1,591,707)
BALANCE, END OF YEAR	895,719	784,917	5,864,049	59,452,943	14,208,190	6,454,517	87,660,335	84,704,463
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	496,880	1,651,737	27,995,553	5,267,404	3,579,518	38,991,092	37,793,362
Amortization	-	29,333	114,446	952,148	723,036	352,265	2,171,228	2,114,116
Amortization on disposals	-	-	-	-	(468,356)	(75,325)	(543,681)	(916,386)
BALANCE, END OF YEAR	-	526,213	1,766,183	28,947,701	5,522,084	3,856,458	40,618,639	38,991,092
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 895,719</b>	<b>\$ 258,704</b>	<b>\$ 4,097,866</b>	<b>\$ 30,505,242</b>	<b>\$ 8,686,106</b>	<b>\$ 2,598,059</b>	<b>\$ 47,041,696</b>	<b>\$ 45,713,371</b>
<b>2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 851,070	\$ 288,037	\$ 4,152,740	\$ 29,210,379	\$ 8,449,231	\$ 2,761,914	\$ 45,713,371	

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINT EARTH NO. 18**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2024**

**(Schedule 3)**

	Budget (Unaudited)	2024	2023
<b>TAXATION</b>			
Residential land and improvement taxes	\$ 6,149,723	\$ 6,210,058	\$ 6,144,618
Non-residential linear property taxes	11,002,042	10,969,869	10,177,679
	17,151,765	17,179,927	16,322,297
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	2,325,000	1,952,097	2,070,478
Castor and District Housing Authority	550,000	547,849	547,046
	2,875,000	2,499,946	2,617,524
<b>NET MUNICIPAL TAXES</b>	<b>\$ 14,276,765</b>	<b>\$ 14,679,981</b>	<b>\$ 13,704,773</b>

**Schedule of Government Transfers**  
**For the Year Ended December 31, 2024**

**(Schedule 4)**

	Budget (Unaudited)	2024	2023
<b>TRANSFER FOR OPERATING</b>			
Provincial government	\$ 419,247	\$ 715,367	\$ 1,338,660
<b>TRANSFER FOR CAPITAL</b>			
Provincial government	3,783,250	2,059,895	799,043
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 4,202,497</b>	<b>\$ 2,775,262</b>	<b>\$ 2,137,703</b>

The accompanying notes are an integral part of these financial statements

**COUNTY OF PAINTEARTH NO. 18****Schedule of Expenses by Object****(Schedule 5)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 5,854,723	\$ 5,496,143	\$ 5,221,102
Contracted and general services	2,388,167	1,922,093	2,344,745
Materials, goods, supplies and utilities	5,166,696	3,763,711	3,191,090
Provision for allowances	151,500	5,075	428,313
Transfers to other government	2,700	2,769	2,686
Transfers to local boards and agencies	544,000	465,963	207,905
Transfers to individuals and organizations	999,400	756,710	754,706
Bank charges and short-term interest	11,700	10,529	3,722
Amortization of tangible capital assets (Schedule 2)	2,379,200	2,171,228	2,114,116
Loss on disposal of tangible capital assets	60,000	223,495	60,830
	<u>\$ 17,558,086</u>	<u>\$ 14,817,716</u>	<u>\$ 14,329,215</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF PAINTEARTH NO. 18  
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
<b>Revenue</b>									
Net municipal taxes	\$ 14,679,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,679,981
User fees and sales of goods	32,007	22,968	67,805	193,468	-	-	30,370	38,080	384,698
Operating government transfers	429,788	28,501	-	-	75,831	-	181,247	-	715,367
Investment income	2,003,805	-	-	-	-	-	-	-	2,003,805
Penalties and costs of taxes	91,635	-	-	-	-	-	-	-	91,635
Licenses and permits	-	21,211	-	-	-	22,800	-	-	44,011
Fines	-	443	-	-	-	-	-	-	443
Gain on disposal of tangible capital assets	-	-	17,853	-	-	-	51,934	-	69,787
Other revenues	70,539	-	-	126	-	-	-	-	70,665
	<u>17,307,755</u>	<u>73,123</u>	<u>85,658</u>	<u>193,594</u>	<u>75,831</u>	<u>22,800</u>	<u>263,551</u>	<u>38,080</u>	<u>18,060,392</u>
<b>Expenses</b>									
Salaries, wages and benefits	1,569,625	163,313	3,117,264	172,021	-	155,916	318,004	-	5,496,143
Contract and general services	817,477	402,227	414,678	172,542	-	32,575	35,888	46,706	1,922,093
Materials, goods, supplies and utilities	246,773	9,605	3,038,345	185,957	-	5,854	257,768	19,409	3,763,711
Provision for allowances	5,075	-	-	-	-	-	-	-	5,075
Transfers to other government Transfers to local boards and agencies	344,352	121,611	-	2,769	-	-	-	-	2,769
Transfers to individuals and organizations	12,000	10,510	-	-	102,789	121,825	15,000	494,586	756,710
Bank charges and short-term interest	9,085	-	-	1,444	-	-	-	-	10,529
Loss on disposal of tangible capital assets	-	2,223	221,272	-	-	-	-	-	223,495
	<u>3,004,387</u>	<u>709,489</u>	<u>6,791,559</u>	<u>534,733</u>	<u>102,789</u>	<u>316,170</u>	<u>626,660</u>	<u>560,701</u>	<u>12,646,488</u>
<b>NET REVENUE, BEFORE AMORTIZATION AND OTHER</b>	<u>14,303,368</u>	<u>(636,366)</u>	<u>(6,705,901)</u>	<u>(341,139)</u>	<u>(26,958)</u>	<u>(293,370)</u>	<u>(363,109)</u>	<u>(522,621)</u>	<u>5,413,904</u>
Capital government transfers	-	-	1,107,516	-	-	952,379	-	-	2,059,895
Amortization expense	(128,156)	(92,613)	(1,513,958)	(273,150)	-	(43,059)	(96,989)	(23,303)	(2,171,228)
Share of loss from Government Business Enterprise	(32,723)	-	-	-	-	-	-	-	(32,723)
	<u>\$ 14,142,489</u>	<u>\$ (728,979)</u>	<u>\$ (7,112,343)</u>	<u>\$ (614,289)</u>	<u>\$ (26,958)</u>	<u>\$ 615,950</u>	<u>\$ (460,098)</u>	<u>\$ (545,924)</u>	<u>\$ 5,269,848</u>
<b>NET REVENUE</b>									

The accompanying notes are an integral part of these financial statements

## COUNTY OF PAINTEARTH NO. 18

### Notes to Financial Statements

Year Ended December 31, 2024

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Paintearth No. 18 (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 net financial assets 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 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.

Government business partnerships, owned or controlled by the County's Council but not dependent on the County for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method of account, only the investment in the business enterprise and the enterprise's net income (loss) and other changes in equity are recorded (or proportionate share in the business partnership). No adjustment is made for accounting policies of the enterprise that are different from those of the County's. Other comprehensive income of the business enterprise is presented in the statement of remeasurement gains and losses. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

Condensed supplementary financial information relative to government business enterprises is disclosed in Note 18.

##### **(b) Basis of Accounting**

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

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

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



## COUNTY OF PAINT EARTH NO. 18

### Notes to Financial Statements

Year Ended December 31, 2024

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#### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### **(c) Use of Estimate**

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

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

- Useful life of tangible capital assets;
- Fair value of contributed tangible capital assets;
- Accrued liabilities;
- Employee benefits obligations;
- Gravel reclamation liability; and
- Asset retirement obligation.

##### **(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
Investments	Cost and amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Gravel reclamation liability	Cost
Asset retirement obligation	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) 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.

*(continues)*

**COUNTY OF PAINT EARTH NO. 18**

**Notes to Financial Statements**

**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Land 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.

**(h) 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.

**(i) Asset Retirement Obligations**

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 capital assets when those obligations result from the acquisition, construction, development, or normal operation of the 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 asset and those not in productive use are expensed.

*(continues)*

**COUNTY OF PAINT EARTH NO. 18**

**Notes to Financial Statements**

**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES *(continued)***

**(j) 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.

**(k) 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.

**(l) 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.

**(m) Contributions**

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

**(n) 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.

*(continues)*

## COUNTY OF PAINT EARTH NO. 18

### Notes to Financial Statements

Year Ended December 31, 2024

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

##### (o) 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 recognized at cost, which includes all amounts that are directly attributable to acquisition, construction, development, improvement, or betterment of the assets, and asset retirement cost.

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

	<u>YEARS</u>
Land improvements	15 to 25
Buildings	25 to 50
Engineered structures	
Water system	45 to 75
Wastewater system	45 to 75
Other engineered structures	10 to 75
Machinery and equipment	5 to 20
Heavy equipment	Unit of output (hours)
Vehicles	10 to 25

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 disposal, no amortization is charged.

Construction in progress, which includes engineered structures improvement projects is not amortized until after the project is substantially complete and the asset is put into service.

##### 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 assets, the tangible capital asset is recognized at a nominal value.

##### iii. **Inventories Held for Consumption**

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

#### 2. CHANGE IN ACCOUNTING ESTIMATE

In 2023, the County adopted PS 3280 Asset Retirement Obligations using the transitional provision. This provision involved recording the asset retirement obligation associated with a fully amortized tangible capital asset by increasing the value of tangible capital assets. During the year, the County revised its estimate to fully amortized tangible capital asset and directly adjusted in opening accumulated surplus due to the uncertainty in the asset's useful life estimate. The changes have been applied retrospectively, resulting in a decrease of \$750,000 in accumulated surplus, tangible capital assets, and equity in tangible capital assets.

**COUNTY OF PAINTEARTH NO. 18****Notes to Financial Statements****Year Ended December 31, 2024****3. CASH**

Cash includes business chequing and savings accounts that earn interest between prime rate less 1.60% and prime rate less 1.65%.

The County received certain Alberta government grants, local municipal grants and other donations and contributions, 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, \$1,557,696 (2023 - \$0) of the cash on hand is not available for general use by the County.

An ATB Financial operating line of credit is available in the amount of \$2,000,000, interest calculated at prime plus 1%. As at year end, no amount was drawn on this line of credit.

**4. RECEIVABLES**

	<u>2024</u>	<u>2023</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 264,340	\$ 413,156
Arrears	411,336	282,719
Allowance for doubtful accounts	(8,902)	(7,657)
	<u>\$ 666,774</u>	<u>\$ 688,218</u>
Other		
Provincial grants receivable	\$ 1,767,697	\$ 3,599,717
Federal grant receivable	599,253	27,908
Other governments receivable	218,026	219,048
Trade receivables	133,330	461,101
Goods and services tax	104,352	181,637
	<u>\$ 2,822,658</u>	<u>\$ 4,489,411</u>

As at December 31, 2024, the federal government receivable relates to the grant receivable from the Minister responsible for Western Economic Diversification Canada. The Government of Alberta receivable relates to the Canada Community Building Fund (CCBF) allocations of \$165,932 from the 2024 allocation, \$131,589 from the 2023 allocation, \$125,964 from the 2022 allocation, and \$246,120 from the 2021 allocation; Local Government Fiscal Framework (LGFF) allocation of \$1,069,592 from the 2024 allocation; and Alberta Community Partnership grant of \$28,500. These allocations are receivable as the County has submitted eligible capital projects that were sufficient for the release of these funding. The previous allocation of Municipal Sustainability Initiative (MSI) Capital Funding were received during the year.

**5. INVESTMENTS**

	<u>2024</u>	<u>2023</u>
Equity instruments not quoted in an active market - cost	\$ 50	\$ 50
Guaranteed investment certificates - amortized cost	5,001,989	5,056,143
	<u>\$ 5,002,039</u>	<u>\$ 5,056,193</u>

Guaranteed investment certificates bear interest at 4.85% and 3.65% and mature between May 2025 and October 2025. The carrying value of the guaranteed investment certificates are \$5,046,928 (2023 - \$5,127,515).

Investment income recognized in the Statement of Operations includes \$275,753 (2023 - \$234,000) of interest income.

**COUNTY OF PAINTEARTH NO. 18****Notes to Financial Statements****Year Ended December 31, 2024****6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE**

Rural Connect Ltd. ( the "Corporation") was established in 2023 to build and operate high-speed broadband services for businesses and households primarily in central Alberta, specifically in Red Deer County, the Village of Delburne, and the County of Paintearth No.18. The County owns 10% of the Corporation's common shares.

Under a Unanimous Shareholder Agreement (the "Agreement") on July 2024, the County subscribed for 1,000 common class "A" voting shares, without nominal or par value, of Rural Connect Ltd. (the "Corporation") for \$0.01 per share. Subsequently, the County received 710,860 class "B" preferred shares for each dollar contributed and received by the Corporation.

The investment in Rural Connect Ltd is comprised of the following:

	<u>2024</u>	<u>2023</u>
1,000 common shares	\$ 10	\$ -
710,860 preferred shares	710,860	-
Cumulative share of loss	(32,723)	-
	<u>\$ 678,147</u>	<u>\$ -</u>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2024</u>	<u>2023</u>
Trade accounts payable	\$ 687,342	\$ 370,102
Due to other governments	407,279	480,316
Accrued liabilities	123,866	120,100
Employee health spending account	10,874	6,717
Tax sale surplus	2,071	56,224
	<u>\$ 1,231,432</u>	<u>\$ 1,033,459</u>

**8. DEFERRED REVENUE**

	<u>2023</u>	<u>Received</u>	<u>Recognized</u>	<u>2024</u>
Municipal Sustainability Initiative	\$ 2,565,509	\$ 18,901	\$ (1,107,516)	\$ 1,476,894
Local Government Fiscal Framework Funding	-	1,069,592	-	1,069,592
Canada Community-Building Fund	452,127	165,933	-	618,060
Northern and Regional Economic Development Program	-	68,020	-	68,020
Alberta Economic Development and Trade	7,337	-	-	7,337
Paintearth Economic Partnership Society donation	5,000	-	-	5,000
Burma Park donation	445	-	-	445
	<u>\$ 3,030,418</u>	<u>\$ 1,322,446</u>	<u>\$ (1,107,516)</u>	<u>\$ 3,245,348</u>

(continues)

**8. DEFERRED REVENUE (continued)**

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.

**Municipal Sustainability Initiative**

Provincial government funding received in the current and prior years to undertake certain eligible infrastructure expenditures within the County that have not yet been expended.

**Local Government Fiscal Framework Funding**

Provincial government funding receivable during the year to undertake certain eligible infrastructure expenditures within the County that have not yet been expended.

**Canada Community-Building Fund**

Federal and provincial government funding receivable in the current and prior years to undertake certain eligible infrastructure expenditures within the County that have not yet been expended.

**Northern and Regional Economic Development Program**

Provincial government funding received in the year to undertake certain projects to build capacity for sustainable economic development and diversification that have not been expended.

**Alberta Economic Development and Trade Grant Program**

Provincial government funding received in prior year to undertake expenditures with the County under Community Action to create diversification that have not yet been expended.

**Paintearth Economic Partnership Society donation**

Donation received in prior years to undertake certain projects in relation to Canada 150 that have not been expended

**Burma Park donation**

Donation received in prior years to undertake certain upgrades at Burma Park that have not been expended.

Unexpended funds related to the advance are supported by restricted cash of \$1,557,696 held exclusively for these projects (Note 3).

**9. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2024</u>	<u>2023</u>
Vested sick leave payable	\$ 721,582	\$ 693,588
Long service recognition payable	<u>35,388</u>	<u>32,969</u>
	<u>\$ 756,970</u>	<u>\$ 726,557</u>

**Vested sick leave payable**

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

**Long service recognition payable**

The long service recognition payable consists of the liability associated with long term service of County employees.

## COUNTY OF PAINT EARTH NO. 18

### Notes to Financial Statements

Year Ended December 31, 2024

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#### 10. GRAVEL RECLAMATION LIABILITY

The County operates a gravel pit and is legally required to perform closure and post-closure activities of the site. A pit site may include roads, facilities, stockpiles and processing activities such as crushing, screening and washing. All pits, regardless of size or classification, must comply with the Alberta Conservation and Reclamation Regulation. Closure and post-closure activities include recontour the site to be compatible with the end land use, setup proper drainage, control erosion, proper soil compaction, replacing salvaged soils in the same sequence, adding soil amendments, revegetation approval and weed control. The gravel reclamation liability 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.

There were no gravel crushing activities in 2024, resulting in no accretion expense charges on the volume which requires remediation.

#### 11. ASSET RETIREMENT OBLIGATION

The County operates a lagoon site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the disposal of waste, removing of pond liner, final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. 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. The County has not designated assets for settling the reclamation activities. The County has not designated assets for settling closure and post-closure liabilities.

The obligation was measured at current cost as the timing of future cash flows cannot be reasonably determined.

#### 12. INVENTORY FOR CONSUMPTION

	<u>2024</u>	<u>2023</u>
Transportation - gravel	\$ 8,145,317	\$ 8,531,881
Transportation - repairs	277,831	263,996
Transportation - other	138,063	147,303
Agriculture - chemicals	23,891	28,375
	<u>\$ 8,585,102</u>	<u>\$ 8,971,555</u>



**COUNTY OF PAINTEARTH NO. 18****Notes to Financial Statements****Year Ended December 31, 2024****13. CONTAMINATED SITES LIABILITY**

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

**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 County be disclosed as follows:

	2024	2023
Total debt limit	\$ 27,090,588	\$ 26,384,939
Total debt	-	-
Amount of debt limit unused	\$ 27,090,588	\$ 26,384,939
Debt servicing limit	\$ 4,515,098	\$ 4,397,490
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 4,515,098	\$ 4,397,490

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 service on debt 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.

**15. EQUITY IN TANGIBLE CAPITAL ASSET**

	2024	2023 (Restated)
Tangible capital assets (Schedule 2)	\$ 87,660,335	\$ 84,704,463
Accumulated amortization (Schedule 2)	(40,618,639)	(38,991,092)
Asset retirement obligation (Note 11)	(750,000)	(750,000)
	\$ 46,291,696	\$ 44,963,371

**COUNTY OF PAINTEARTH NO. 18****Notes to Financial Statements****Year Ended December 31, 2024****16. ACCUMULATED SURPLUS**

	2024	2023 (Restated)
	\$ -	\$ -
Operating restricted surplus:		
Broadband network	500,000	500,000
Culture	10,000	10,000
General administration	268,817	268,817
General legislative	1,097,682	1,097,682
Operating contingency	335,789	335,789
Roads, streets, walks, lighting	5,837,572	5,837,572
Capital restricted surplus:		
Administration	916,715	883,249
Agricultural services	922,845	910,979
Broadband network	6,371,966	6,490,299
Community expansion and retention	1,000,000	-
Economic development	3,043	3,043
Fire fighting and preventive services	1,400,830	1,119,510
Recreation, parks and culture	1,280,885	511,134
Roads, streets, walks, lighting	18,012,827	17,106,870
Subdivision land and development	7,528,922	8,366,831
Waste water	750,000	-
Water	5,699,943	5,232,685
Equity in Tangible Capital Assets (Note 15)	46,291,696	44,963,371
Equity in government business enterprise (Note 6)	678,147	-
	<b>\$ 98,907,679</b>	<b>\$ 93,637,831</b>

**17. SEGMENTED DISCLOSURE**

The County of Paintearth No.18 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 fire, disaster and emergency measures, ambulance and first aid, 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. Planning and development includes land use planning, zoning and development, and agricultural development. Recreation and culture includes parks and recreation, and libraries, museums and halls.

**COUNTY OF PAINT EARTH NO. 18****Notes to Financial Statements****Year Ended December 31, 2024**

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**18. RURAL CONNECT LTD. SUMMARY OF CONDENSED FINANCIAL INFORMATION**

The following is a summary of condensed financial information related to the County's proportionate share of 10% in Rural Connect Ltd., for the year-ended December 31, 2024:

	<u>2024</u>
<b><u>Financial Position:</u></b>	
<b>Assets</b>	
Financial assets	\$ 73,829
Physical assets	<u>283,526</u>
Total assets	<u>357,355</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	118,152
Working capital facility	<u>200,000</u>
Total liabilities	<u>318,152</u>
<b>Net assets</b>	<u>\$ 39,203</u>
<b><u>Result of operations:</u></b>	
Total revenue	\$ 8,093
Total expenses	<u>40,816</u>
<b>Net loss</b>	<u>\$ (32,723)</u>

**19. RELATED PARTY TRANSACTIONS**

The following is a summary of transactions and balances with related party for the year ended December 31, 2024.

	<u>2024</u>
<b><u>Related party transactions</u></b>	
<b>Rural Connect Ltd.</b>	
Subscription of common shares	\$ 10
Subscription of preferred shares	710,860
Cost recoveries	<u>4,665</u>
	<u>\$ 715,535</u>

Cost recoveries 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 party.

The subscription of shares were not in the normal course of operations and were measured at the carrying amount, which was cost.

**COUNTY OF PAINT EARTH NO. 18****Notes to Financial Statements****Year Ended December 31, 2024****20. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by Council. These budget amounts have not been audited, reviewed, or otherwise verified.

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

	<u>Budget Amount</u>
<b>Revenue</b>	
Budgeted revenues	\$ 20,106,666
Capital budget	3,783,250
Transfer from other funds	3,988,750
Proceeds on sale of tangible capital assets	<u>561,000</u>
Total revenue	<u>28,439,666</u>
<b>Expenses</b>	
Budgeted expenses	17,558,086
Capital budget	<u>8,333,000</u>
Total expenses	<u>25,891,086</u>
<b>Excess of revenue over expenses</b>	<u><b>\$ 2,548,580</b></u>

**21. 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	Benefits and allowances	<b>2024</b>	2023
<u>Councillors</u>				
Reeve Schulmeister	\$ 38,200	\$ 14,259	\$ 52,459	\$ 46,405
Councillor Elliott	30,775	10,517	41,292	37,324
Councillor Glazier	35,700	16,734	52,434	52,136
Councillor Norton	26,100	12,496	38,596	31,010
Councillor Wiart	30,650	8,022	38,672	35,676
Councillor Shipton	30,025	12,393	42,418	34,299
Councillor Vockereth	23,850	13,263	37,113	36,748
	<u>\$ 215,300</u>	<u>\$ 87,684</u>	<u>\$ 302,984</u>	<u>\$ 273,598</u>
Chief Administrative Officer	\$ 189,571	\$ 35,432	\$ 225,003	\$ 188,925
Designated Officers - (4 Positions)	\$ 362,252	\$ 44,120	\$ 406,372	\$ 413,056

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

## COUNTY OF PAINTEARTH NO. 18

### Notes to Financial Statements

Year Ended December 31, 2024

#### 22. 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 services are recorded as expenditures in the year in which they become due.

	2024	2023
Current service contributions by the County	\$ 352,690	\$ 330,778
Current service contributions by the employees	309,429	293,022
	<u>\$ 662,119</u>	<u>\$ 623,800</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 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.

#### 23. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The County is a member of the Shirley McClellan Regional Water Services Commission. Members are responsible for funding the water services provided through this Commission. These statements represent only the contributions made for current water usage and the County's proportionate share of the debentures payable.

The County has entered into Unanimous Shareholders Agreement with Rural Connect Ltd. (the "Corporation") and may provide to the Corporation from time to time, upon the unanimous approval of the all shareholders, loans and advances based on the percentage of common shares held by the County. During the year, no loans nor advances have been provided to the Corporation.

The County also signed Community Commercial Reconciliation Agreements ("CCRA") with Rural Connect Ltd. (the "Corporation"). The CCRAs are to provide County with a reconciliation of the annual operating revenue and expenses. The Corporation will either receive a negative balance payment from the County as an infrastructure adjustment fee to break even for the fiscal year, or pay a positive balance to the County as a franchise fee. The reconciliation and allocation of expenses are based off of the share capital holdings by the County. As at December 31, 2024 the Corporation had expenses that exceeded revenue therefore, no franchise fees were required to be paid. The Corporation also waived the infrastructure adjustment fee to County so no revenue or receivable related to the infrastructure adjustment fee was recognized or recorded as at December 31, 2024.

The County has entered into an agreement with the Town of Castor, the Town of Coronation, and the Village of Halkirk (Note 26) to provide funding and support for fire department services. Until December 31, 2026, the County has agreed to provide \$15,000 of annual operating funding, \$20,000 of capital funding, 50% funding contribution towards training up to a maximum of \$12,000, the use of specified County-owned equipment, 85% funding contribution towards maintenance of that equipment, and 50% funding contribution towards installation of specialized equipment on County-owned vehicles.

The County has entered into 3 agreements to purchase clay. Under the terms of these agreements, the County must pay a fixed price per tonne of clay taken from each site. At the termination of the agreements, the County is responsible for reclamation and restoration of any lands used for this purpose. The estimated cost of completing this reclamation work is not determinable at this time.

(continues)

**23. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (continued)**

The County has entered into an agreement with Accurate Assessment Group Ltd. to provide the County with property assessment services until December 31, 2027 unless terminated or extended with mutual consent under the terms of the agreement.

The County has entered into an agreement with Western Economic Diversification Canada to administer the Canada Coal Transition Initiative funding received to upgrade and expand wastewater system, stormwater and environmental easement infrastructure in Castor, Alberta. Western Economic Diversification Canada will provide a non-repayable contribution not exceeding \$2,300,000. During the year, the County claimed \$952,379 (2023 - \$64,931).

The County, as per a Ministerial Order, is a member of the Castor & District Housing Authority and is required to provide requisition amounts to fund the operational and capital requirements of the Housing Authority.

The County has entered into an agreement with the Valley Ski Club (Castor) Association regarding the continuity of its operations. In the event that the Association dissolves, the County will assume ownership of the Association's assets, facility and land lease. Under the agreement, the County will have the option to either continue operating the facility or to liquidate the Association's assets and cease operations. If the County elects to cease operations, it will be responsible for the removal of all equipment from the leased land as well as reclamation of the site. The costs associated with this reclamation work are not determinable at this time.

The County is committed to the development of 42 acres of land intended as an industrial subdivision, the full estimated cost of which is not fully determinable at this time.

The County has entered into an agreement with Town of Castor and Town of Coronation to share the costs of operating the recreational facilities, Castor Pool and Castor Arena. Under the agreement, the County agreed to provide operating deficit contribution in any year where operating costs of the recreation facilities exceed the revenues received from these facilities and its programs and services. Operating deficit contribution is determined on basis of population in the service area.

The County has entered into an agreement with a physician as part of the Recruitment and Service Incentive program offered by the County, of which the County committed to provide an annual incentive of \$4,000 on the anniversary of the commencement of service to the County for two consecutive years.

Minimum guaranteed payments under these commitments for subsequent years are as follows:

	2024	2023
2025	\$ 75,935	\$ 70,000
2026	74,000	70,000
	<u>\$ 149,935</u>	<u>\$ 140,000</u>

**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.

## **COUNTY OF PAINTEARTH NO. 18**

### **Notes to Financial Statements**

**Year Ended December 31, 2024**

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#### **25. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash, receivables, investments, investment in government business enterprise, accounts payable and accrued liabilities, employee benefit obligations, gravel reclamation liability, and asset retirement obligation. It is management's opinion that the County is not exposed to significant market risks arising from these financial instruments. 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 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.

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

#### **26. SUBSEQUENT EVENTS**

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

Subsequent to year end, the Village of Halkirk has dissolved and became a hamlet within the County of Paintearth No. 18. The financial impact of the dissolution is yet to be fully determined.

#### **27. CORRESPONDING FIGURES**

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

#### **28. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.