COUNTY OF ST PAUL NO. 19
Consolidated Financial Statements
Year Ended December 31, 2023

COUNTY OF ST. PAUL NO. 19
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of St. Paul No. 19 (the Municipality) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2023, and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

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

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

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

The Municipality's Council is responsible for review of the consolidated financial statements. Council meets regularly with management and annually with the external auditors to discuss the results of audit examinations and financial reporting matters.

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

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

Mr. Glen Ockerman,
Reeve

Mr. Jason Wallsmith, CPA, CMA
Chief Administrative Officer

St. Paul, Alberta
April 23, 2024

SYNERGY
Chartered Professional Accountants

CPA CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of County of St. Paul No. 19

Opinion

We have audited the consolidated financial statements of County of St. Paul No. 19 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Synergy

Vegreville, Alberta
April 23, 2024

Chartered Professional Accountants

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 2)*	**$ 17,217,829**	$ 16,691,361
Taxes and grants in place of taxes receivable *(Note 3)*	**725,932**	716,429
Receivable from other governments	**547,672**	521,070
Trade and other receivables	**2,044,338**	979,934
Debt charges recoverable *(Note 4)*	**754,633**	917,468
Notes receivable *(Note 5)*	**53,672**	62,911
Inventory of land held for resale	**33,364**	33,364
	21,377,440	19,922,537
LIABILITIES		
Accounts payable and accrued liabilities	**2,306,925**	2,074,512
Employee benefit obligations *(Note 6)*	**82,197**	97,217
Deposit liabilities *(Note 7)*	**42,339**	43,307
Deferred revenue *(Note 8)*	**399,082**	1,473,300
Provision for gravel pit reclamation *(Note 9)*	**471,055**	449,607
Asset retirement obligations *(Note 10)*	**409,651**	-
Long term debt *(Note 11)*	**6,291,481**	7,135,853
	10,002,730	11,273,796
NET FINANCIAL ASSETS	**11,374,710**	8,648,741
NON-FINANCIAL ASSETS		
Tangible capital assets*(Schedule 1)*	**114,473,397**	115,914,423
Inventory for consumption *(Note 12)*	**3,902,975**	4,176,895
Prepaid expenses	**579,163**	527,098
	118,955,535	120,618,416
ACCUMULATED SURPLUS *(Note 13)(Schedule 2)*	**$130,330,245**	$129,267,157

COMMITMENTS *(Note 14)*

CONTINGENCIES *(Note 15)*

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31, 2023

	Budget *(Unaudited)*	**2023**	2022
REVENUE			
Net municipal taxes *(Schedule 3)*	$ 22,077,174	**$ 22,043,972**	$ 21,175,889
User fees and sales of goods	3,709,813	**2,927,028**	3,055,130
Government transfers for operating *(Schedule 4)*	829,341	**901,744**	1,090,365
Investment income	346,963	**1,076,830**	512,172
Penalties and costs of taxes	131,500	**165,142**	155,417
Licenses and permits	72,297	**101,112**	89,671
Rentals and leases	91,727	**99,771**	93,892
Other	592,460	**830,482**	514,968
	27,851,275	**28,146,081**	26,687,504
EXPENSES			
Legislative	575,498	**488,907**	464,324
Administration	3,416,282	**3,373,638**	3,399,514
Bylaws enforcement	1,885,314	**1,727,861**	1,530,683
Roads, streets, walks, lighting	17,649,208	**19,525,336**	17,375,800
Water supply and distribution	964,027	**956,648**	880,095
Wastewater treatment and disposal	554,357	**494,747**	372,534
Waste management	1,421,602	**1,361,807**	1,395,586
Family and community support	83,701	**82,969**	381,477
Agriculture services	979,075	**914,234**	851,432
Subdivision land development	275,518	**234,392**	252,996
Economic Development	240,000	**272,341**	-
Parks and recreation	1,587,921	**1,441,926**	1,469,451
Library	242,765	**235,663**	226,739
	29,875,268	**31,110,469**	28,600,631
SHORTFALL OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL	(2,023,993)	**(2,964,388)**	(1,913,127)
Government transfers for capital *(Schedule 5)*	3,995,633	**4,027,476**	2,290,029
EXCESS OF REVENUE OVER EXPENSES	1,971,640	**1,063,088**	376,902
ACCUMULATED SURPLUS - BEGINNING OF YEAR	129,267,157	**129,267,157**	128,890,255
ACCUMULATED SURPLUS - END OF YEAR	$131,238,797	**$130,330,245**	$129,267,157

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2023

	Budget *(Unaudited)*	**2023**	2022
EXCESS OF REVENUE OVER EXPENSES	$ 1,971,640	**$ 1,063,088**	$ 376,902
Acquisition of tangible capital assets	(8,200,274)	**(6,046,964)**	(4,996,883)
Proceeds on disposal of tangible capital assets	-	**878,743**	471,246
Loss/(gain) on disposal of tangible capital assets	73,051	**469,413**	(66,246)
Amortization of tangible capital assets	5,751,560	**5,928,502**	5,908,524
Amortization added to tangible capital assets	424,561	**211,332**	207,496
	(1,951,102)	**1,441,023**	1,524,136
Use (acquisition) in prepaid expenses	-	**(52,065)**	(579)
Use (acquisition) in inventory for consumption	-	**273,920**	(904,795)
	-	**221,855**	(905,374)
	(1,951,102)	**1,662,881**	618,763
INCREASE IN NET FINANCIAL ASSETS	20,538	**2,725,969**	995,665
NET FINANCIAL ASSETS - BEGINNING OF YEAR	8,648,741	**8,648,741**	7,653,076
NET FINANCIAL ASSETS - END OF YEAR	$ 8,669,279	**$ 11,374,710**	$ 8,648,741

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	$ 1,063,088	$ 376,902
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,928,502	5,908,524
Amortization added to tangible capital assets	211,332	207,496
Loss/(gain) on disposal of tangible capital assets	469,413	(66,246)
	7,672,335	6,426,676
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes receivable	(9,503)	(54,509)
Decrease (increase) in receivable from other governments	(26,602)	520,092
Decrease (increase) in trade and other receivables	(1,064,404)	302,785
Increase (decrease) in accounts payable and accrued liabilities	232,413	(21,206)
Increase (decrease) in employee benefit obligations	(15,020)	(66,721)
Increase (decrease) in deferred revenue	(1,074,218)	(248,713)
Increase (decrease) in deposit liabilities	(968)	-
Increase (decrease) in gravel reclamation liability	21,448	50,206
Increase (decrease) in asset retirement obligation	409,651	-
Decrease (increase) in inventory for consumption	273,920	(904,795)
Decrease (increase) in prepaid expenses	(52,065)	(579)
	(1,305,348)	(423,440)
Cash provided by operating transactions	6,366,987	6,003,236
CAPITAL		
Acquisition of tangible capital assets	(6,046,964)	(4,996,883)
Proceeds on disposal of tangible capital assets	878,743	471,246
Cash applied to capital transactions	(5,168,221)	(4,525,637)
FINANCING		
Repayment of long term debt	(844,372)	(923,247)
Debt charges recoverable	162,835	154,428
Notes receivable	9,239	9,239
Cash applied to financing transactions	(672,298)	(759,580)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	1,075,186	248,713
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1,601,654	966,732
Cash and cash equivalents - beginning of year	15,174,754	14,208,022
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 16,776,408	$ 15,174,754

(continues)

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows *(continued)*
Year Ended December 31, 2023

	2023	2022
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	**$ 1,076,207**	$ 508,523
Interest paid	**$ 256,362**	$ 289,085
CASH CONSISTS OF:		
Cash and cash equivalents *(Note 2)*	**$ 17,217,829**	$ 16,691,361
Less restricted portion of cash and cash equivalents *(Note 2)*	**(441,421)**	(1,516,607)
	$ 16,776,408	$ 15,174,754

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Tangible Capital Assets *(Schedule 1)*

Year Ended December 31, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022
COST								
BALANCE, BEGINNING OF YEAR	$ 8,823,981	$ 878,081	$ 9,072,875	$ 152,722,950	$ 28,123,034	$ 10,291,475	$ 209,912,396	$ 206,080,227
Acquisition of tangible capital assets	-	-	399,500	2,023,450	2,334,180	441,358	5,198,488	4,047,504
Construction-in-progress additions	-	-	-	766,618	-	81,858	848,476	949,379
Disposal of tangible capital assets	-	-	(119,519)	(716,673)	(1,737,474)	(211,417)	(2,785,083)	(1,164,714)
BALANCE, END OF YEAR	$ 8,823,981	$ 878,081	$ 9,352,856	$ 154,796,345	$ 28,719,740	$ 10,603,274	$ 213,174,277	$ 209,912,396
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	$ -	$ 394,910	$ 2,451,757	$ 72,239,098	$ 13,379,548	$ 5,532,660	$ 93,997,973	$ 88,641,667
Annual amortization	-	43,875	207,222	3,802,981	1,523,873	561,882	6,139,833	6,116,020
Accumulated amortization on disposals	-	-	(49,010)	(251,570)	(930,429)	(205,917)	(1,436,926)	(759,714)
BALANCE, END OF YEAR	$ -	$ 438,785	$ 2,609,969	$ 75,790,509	$ 13,972,992	$ 5,888,625	$ 98,700,880	$ 93,997,973
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 8,823,981	$ 439,296	$ 6,742,887	$ 79,005,836	$ 14,746,748	$ 4,714,649	$ 114,473,397	$ 115,914,423
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 8,823,981	$ 483,171	$ 6,621,118	$ 80,483,852	$ 14,743,486	$ 4,758,815	$ 115,914,423	

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Changes in Accumulated Operating Surplus

(Schedule 2)

Year Ended December 31, 2023

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	**2023**	2022
BALANCE BEGINNING OF YEAR	$ 6,945,483	$ 12,625,636	$109,696,038	**$129,267,157**	$128,890,255
Excess of revenue over expenses	1,063,088	-	-	**1,063,088**	376,902
Unrestricted funds designated for future use	(3,359,484)	3,359,484	-	-	-
Restricted funds used for operations	94,256	(94,256)	-	-	-
Restricted funds used for tangible capital assets	-	(1,033,000)	1,033,000	-	-
Current year funds used for tangible capital assets	(5,013,964)	-	5,013,964	-	-
Annual amortization expense	6,139,834	-	(6,139,834)	-	-
Disposal of tangible capital assets	1,348,156	-	(1,348,156)	-	-
Long term debt related to tangible capital assets repaid	(681,537)	-	681,537	-	-
Asset retirement obligation accretion expense	10,151	-	(10,151)	-	-
Asset retirement obligation related to tangible capital assets issued	399,500	-	(399,500)	-	-
CHANGE IN ACCUMULATED SURPLUS	-	2,232,228	(1,169,140)	**1,063,088**	376,902
BALANCE END OF YEAR *(Note 13)*	$ 6,945,483	$ 14,857,864	$108,526,898	**$130,330,245**	$129,267,157

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Property and Other Taxes *(Schedule 3)*

Year Ended December 31, 2023

	Budget *(Unaudited)*	**2023**	2022
TAXATION			
Residential land and improvements	$ 7,208,309	$ **7,195,283**	$ 6,691,148
Farmland	1,330,988	**1,331,194**	1,323,037
Non-residential land and improvements	2,465,564	**2,462,006**	2,493,025
Machinery and equipment	7,284,967	**7,277,873**	7,056,458
Linear property	8,786,918	**8,786,022**	8,451,889
	27,076,746	**27,052,378**	26,015,557
REQUISITIONS			
Alberta School Foundation	4,262,873	**4,271,623**	4,232,850
M.D. of St. Paul Foundation	679,981	**679,981**	549,663
Designated Industrial Property	56,718	**56,802**	57,155
	4,999,572	**5,008,406**	4,839,668
NET MUNICIPAL TAXES	$ 22,077,174	$ **22,043,972**	$ 21,175,889

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Government Transfers for Operating *(Schedule 4)*

Year Ended December 31, 2023

	Budget *(Unaudited)*	**2023**	2022
TRANSFERS FOR OPERATING			
Provincial grants	$ 672,544	**$ 630,377**	$ 808,994
Local government grants	156,797	**271,367**	206,533
Federal grants - operating	-	**-**	74,838
	$ 829,341	**$ 901,744**	$ 1,090,365

Consolidated Schedule of Government Transfers for Capital *(Schedule 5)*

Year Ended December 31, 2023

	Budget *(Unaudited)*	**2023**	2022
TRANSFERS FOR CAPITAL			
Provincial grants	$ 3,590,726	**$ 3,510,711**	$ 1,663,721
Federal grants	404,907	**434,907**	626,308
Local government grants	-	**81,858**	-
	$ 3,995,633	**$ 4,027,476**	$ 2,290,029

Consolidated Schedule of Expenses by Object *(Schedule 6)*

Year Ended December 31, 2023

	Budget *(Unaudited)*	**2023**	2022
EXPENSES			
Salaries, wages and benefits	$ 9,683,786	**$ 9,666,729**	$ 9,900,099
Contract and general services	4,509,644	**4,469,044**	3,659,010
Materials, goods and utilities	7,004,248	**7,865,469**	6,622,821
Provision for allowances	65,472	**83,300**	83,736
Transfers to other governments	1,452,105	**1,336,744**	1,280,034
Transfers to local boards and agencies	1,077,915	**1,033,668**	931,111
Bank charges and short term interest	15,000	**15,377**	12,994
Interest on capital long term debt	198,523	**191,732**	215,045
Interest on operating long term debt	43,964	**40,340**	53,503
Amortization of tangible capital assets	5,751,560	**5,928,502**	5,908,524
Loss/(gain) on sale of tangible capital assets	73,051	**469,413**	(66,246)
Accretion of asset retirement obligation	-	**10,151**	-
	$ 29,875,268	**$ 31,110,469**	$ 28,600,631

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Segmented Disclosures
Year Ended December 31, 2023

(Schedule 7)

	General Government	Protective Services	Transportation Services	Planning, Development & ASB	Recreation, Culture & Family	Environmental Services	2023
REVENUE							
Net municipal taxes	$ 22,043,972	$ -	$ -	$ -	$ -	$ -	**$ 22,043,972**
User fees and sales of goods	14,277	74,511	1,725,591	7,651	284,270	820,728	**2,927,028**
Government transfers	281,149	320,916	3,952,070	196,247	166,297	12,541	**4,929,220**
Investment income	1,076,830	-	-	-	-	-	**1,076,830**
Other revenues	335,349	35,842	406,758	418,558	-	-	**1,196,507**
	23,751,577	431,269	6,084,419	622,456	450,567	833,269	**32,173,557**
EXPENSES							
Salaries and wages	1,702,876	239,535	6,150,792	543,742	185,730	844,054	**9,666,729**
Contract and general services	1,766,197	225,808	1,091,838	489,451	252,955	642,795	**4,469,044**
Materials, goods and utilities	111,567	126,546	6,686,488	311,582	161,018	468,268	**7,865,469**
Transfers to local boards/other governments	76,786	906,006	33,324	-	1,086,741	267,555	**2,370,412**
Long-term debt interest	-	32,515	93,124	-	-	66,093	**191,732**
Other expenses	139,385	1,103	481,378	11,470	(11,201)	(3,554)	**618,581**
	3,796,811	1,531,513	14,536,944	1,356,245	1,675,243	2,285,211	**25,181,967**
NET REVENUE BEFORE AMORTIZATION	19,954,766	(1,100,244)	(8,452,525)	(733,789)	(1,224,676)	(1,451,942)	**6,991,590**
Amortization expense	65,734	196,348	4,988,392	64,722	85,315	527,991	**5,928,502**
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	$ 19,889,032	$ (1,296,592)	$ (13,440,917)	$ (798,511)	$ (1,309,991)	$ (1,979,933)	**$ 1,063,088**

See notes to financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The consolidated financial statements of the County of St. Paul No. 19 (the Municipality) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting polices adopted by the Municipality are as follows:

(b) Reporting entity

The consolidated 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 Municipality and are, therefore, accountable to 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 include trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(c) Revenue recognition

- Tax revenues

  Tax revenues are recognized at the time tax notices are issued. Property tax revenue is based on market value of assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Assessments are subject to appeal and may change as a result of adjustments made by assessors to correct errors or omissions. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received from the authorized board, or a change is generated by authorized assessment staff.

  Requisitions operate as a flow through and are excluded from municipal revenue. 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. This difference is reflected in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

- 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. The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances the Municipality recognizes revenue as the liability is settled.

- Sales of goods and services

  Sales of goods and services revenue is recognized in the period when the related expenses are incurred, services are performed or goods are acquired.

(continues)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- Penalties, investment income, licenses and permits

  Penalties and costs of taxes, investment income and licenses and permits revenue is recognized as it is earned, measurable and receivable.

- Other revenues

  Other revenue sources, such as land rent, lease revenue, donations and other miscellaneous revenue is recognized as it is earned, measurable and receivable.

(d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. The main estimates relate to:

- Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

- The amounts recorded for valuation or tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amount to be recorded in the consolidated financial statements.

- Internally constructed tangible capital assets, mainly consisting of roads, are costed by using internal documents to determine the costs of the various components of the construction. Such documents include costing reports for projects, machines, timesheets etc.

- Gravel inventory is costed by a similar method using internal documents to determine the cost of crushing. As uncertainty inherently exists in the accurateness of these documents, actual results could differ from the accumulated costs.

- Gravel reclamation liabilities are based on estimates and assumptions using the information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

- Asset retirement obligations are based on estimates as noted below. As uncertainty inherently exists in the accurateness of this information, actual results could differ from the accumulated costs.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation is expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows of the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(f) Valuation of financial assets and liabilities

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

Financial statement component	Measurement
Cash	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Notes receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long term debt	Amortized cost

(g) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include term deposits, if applicable, with an original maturity at date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value. There were no term deposits meeting this criteria in 2023.

(h) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long term debt.

(continues)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Inventory of land held for resale

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

(j) 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 consolidated Change in Net Financial Assets for the year.

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

	YEARS
Land improvements	15-25
Buildings	10-50
Engineered structures	
Roads	20-40
Bridges	24-129
Water system	30-75
Wastewater system	45-75
Machinery and equipment	2-15
Vehicles	10-25

One-half of the annual amortization is recorded in the year of acquisition, or in the year the asset is put into service or constructed. No amortization is calculated in the year of disposal.

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

- 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.

- Inventories
  Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with the cost being determined by the average cost method. Gravel inventory is valued at the amount of royalty plus crushing costs.

(continues)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(l) Future changes in significant accounting policies

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPA Canada) but are not yet effective for the Municipality. The Municipality is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2024.

Section 3400, "Revenue", which is effective for fiscal years, beginning on or after April 1, 2023. This Section now establishes standards on how to account for and report on revenue. This section differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Earlier adoption is permitted.

Guideline PSG-8, "Purchased Intangibles", which is effective for fiscal years, beginning on or after April 1, 2023. This Guideline allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. Earlier adoption is permitted.

Section 3160, "Public Private Partnerships", which is effective for fiscal years, beginning on or after April 1, 2023. This section establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. Earlier adoption is permitted.

Management is currently assessing the impact of these standards on the financial statements.

(m) Budget figures

Budget figures are included for information purposes only and are not audited.

2. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	**$ 17,217,829**	$ 16,691,361

The Municipality has an authorized revolving loan with a limit of $7,000,000, bearing interest at prime plus 1.70% (2022 - 1.70%). The balance outstanding at December 31, 2023 was NIL (2022 - NIL).

Council has designated funds of $14,857,864 (2022 - $12,625,636) included in the above amounts for restricted surplus.

Included in cash is a restricted amount of $441,421 (2022 - $1,516,607) comprised of $42,339 (2022 - $43,307) of deposit liabilities, $399,082 (2022 - $1,473,300) of deferred revenue received from various sources and held exclusively for approved projects *(Note 7)* and *(Note 8)* respectively.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2023	2022
Current	$ **478,482**	$ 487,162
Arrears	**430,229**	398,527
	908,711	885,689
Less: allowance for doubtful accounts	**(182,779)**	(169,260)
	$ **725,932**	$ 716,429

4. DEBT CHARGES RECOVERABLE

	2023	2022
Current debt charges recoverable	$ **68,962**	$ 162,835
Non-current debt charges recoverable	**685,671**	754,633
	$ **754,633**	$ 917,468

Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	$ 68,962	$ 35,095	$ 104,057
2025	72,282	31,775	104,057
2026	75,762	28,295	104,057
2027	79,410	24,647	104,057
2028	83,233	20,824	104,057
Thereafter	374,984	41,242	416,226
	$ 754,633	$ 181,878	$ 936,511

In prior years, the Municipality has assumed debenture financing on behalf of the M.D. of St. Paul Foundation totaling $1,511,989. However, $1,511,989 plus interest is recoverable from the M.D. of St. Paul Foundation with respect to this financing. Amounts are recoverable in annual blended instalments maturing December 17, 2032.

5. NOTES RECEIVABLE

	2023	2022
St. Paul Quarterback Club - site renovations	$ **27,500**	$ 33,000
Mallaig & District Agricultural Society - equipment	**11,472**	13,111
Mallaig & District Agricultural Society - renovations	**14,700**	16,800
	$ **53,672**	$ 62,911

(continues)

5. NOTES RECEIVABLE *(continued)*

Repayment terms are approximately:

2024	$ 9,239
2025	9,239
2026	9,239
2027	9,239
2028	9,239
Thereafter	7,477
	$ 53,672

The Municipality has provided funding to local not-for-profit organizations, to assist with equipment purchases and site renovations. The notes receivable are non-interest bearing and receivable in equal annual instalments. The notes will be fully repaid in 2028 and 2030.

6. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Vacation	$ **36,186**	$ 33,391
Overtime	**46,011**	63,826
	$ **82,197**	$ 97,217

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Municipality has accumulating non-vesting sick leave benefits.

7. DEPOSIT LIABILITIES

	2023	2022
Tax sale surplus	$ **42,339**	$ 43,307

Tax sale surplus consists of surplus funds received from land sold at public auction. These funds are payable to the previous ratepayer under the the guidelines set out in the Municipal Government Act.

8. DEFERRED REVENUE

	Opening balance	Received	Recognized as revenue	2023	2022
Capital Grants					
MSI-Capital	$ 1,126,608	$ 1,126,608	$(2,253,216)	$ -	$ 1,126,608
STIP-Moosehills Slide	56,807	-	875	**57,682**	56,807
Bridge Upgrades	3,514	-	-	**3,514**	3,514
STIP- Bridge collapse	-	120,000	(14,222)	**105,778**	-
	1,186,929	1,246,608	(2,266,563)	**166,974**	1,186,929
Operating Grants					
LMP- Education development	65,000	12,500	(77,500)	-	65,000
ACP-Elk Point South	57,681	-	(57,681)	-	57,681
ACP- Regional Rec Feasibility	39,000	-	(39,000)	-	39,000
ACP- Municipal Intern	33,333	-	(33,333)	-	33,333
MCCAC-Energy Manager	22,118	-	(22,118)	-	22,118
Service Canada-Investor Readiness	-	24,000	-	**24,000**	-
ACP-Regional Trails	-	91,500	(19,140)	**72,360**	-
Tourism Planning	-	70,000	-	**70,000**	-
	217,132	198,000	(248,772)	**166,360**	217,132
Other Deferred Revenue					
Subdivision approach deposits	46,500	13,474	(5,726)	**54,248**	46,500
MCS Net prepaid	11,375	-	(11,375)	-	11,375
Subdivision warranty	10,000	-	-	**10,000**	10,000
Road, gravel, utility & land deposits	1,364	1,500	(1,364)	**1,500**	1,364
	69,239	14,974	(18,465)	**65,748**	69,239
	$ 1,473,300	$ 1,459,582	$(2,533,800)	$ **399,082**	$ 1,473,300

9. PROVISION FOR GRAVEL PIT RECLAMATION

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the reclamation of certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and includes re-vegetation of sites and backsloping required upon closure. The Municipality owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the Municipality. An amount of $471,055 (2022 - $449,607) has been accrued.

Gravel reclamation liabilities are based on pits which are ready for reclamation and do not take into account undisturbed sites. Liabilities are based on estimates and assumptions by management using information available at the end of the reporting period and actual results may vary.

10. ASSET RETIREMENT OBLIGATIONS

The Municipality owns several buildings which contain asbestos and, therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2028 through 2063 of $567,691. The estimated total liability of $399,500 (2022 - NIL) is based on the sum of discounted abatement activities using a discount rate of 3%.

The Municipality has not designated assets for settling the abatement activities.

	2023
Total asset retirement obligation	
Balance, beginning of year	$ -
Liabilities incurred	**399,500**
Liabilities settled	-
Change in estimated cash flows	-
Accretion expense	**10,151**
Estimated total liability	$ **409,651**

11. LONG TERM DEBT

	2023	2022
Self supported debentures	$ **5,536,848**	$ 6,218,385
Debentures recoverable *(Note 4)*	**754,633**	917,468
	$ **6,291,481**	$ 7,135,853

Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	$ 774,278	$ 209,827	$ 984,105
2025	802,214	181,891	984,105
2026	831,177	152,928	984,105
2027	861,205	122,900	984,105
2028	892,339	91,766	984,105
Thereafter	2,130,268	462,208	2,592,476
	$ 6,291,481	$ 1,221,520	$ 7,513,001

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.446% to 4.758% per annum, matures in periods 2028 through 2048. The average annual interest rate is 3.354% (2022 - 3.508%).

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

Interest on long term debt amounted to $232,072 (2022 - $268,548).

The Municipality's total cash payments for interest were $247,450 (2022 - $281,543).

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11. LONG TERM DEBT *(continued)*

DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County of St. Paul No. 19 be disclosed as follows:

	2023	2022
Total debt limit	**$ 42,219,122**	$ 40,031,256
Total debt (including loan guarantees)	**(5,567,449)**	(6,207,761)
Amount of debt limit unused	**$ 36,651,673**	$ 33,823,495
Debt servicing limit	**$ 7,036,520**	$ 6,671,876
Debt servicing	**(880,048)**	(880,048)
Amount of debt servicing limit unused	**$ 6,156,472**	$ 5,791,828

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) 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.

12. INVENTORY FOR CONSUMPTION

Municipal inventories consist of the following:

	2023	2022
Public Works gravel	**$ 2,881,182**	$ 3,206,518
Public Works coldmix	**31,061**	31,061
Public Works sand and salt	**168,517**	105,755
Public Works miscellaneous	**809,347**	816,231
Agricultural services	**12,868**	17,330
	$ 3,902,975	$ 4,176,895

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2023	2022
Unrestricted surplus	**$ 6,945,483**	$ 6,945,483
Internally restricted surplus		
Reserve for future expenditures	**11,145,215**	9,330,000
Operating reserve	**121,842**	121,842
Debt reduction	**96,034**	96,034
Transportation	**28,947**	33,147
Community reserve	**649,890**	652,390
Fire	**229,918**	197,991
Fire capital replacement	**1,615,108**	1,353,248
Waste management	**842,461**	610,000
Public reserve trust	**19,792**	38,308
Gravel levy	**108,657**	192,676
Internally restricted surplus	**14,857,864**	12,625,636
Equity in tangible capital assets		
Tangible capital assets *(Schedule 1)*	**213,174,277**	209,912,396
Accumulated amortization *(Schedule 1)*	**(98,700,880)**	(93,997,973)
Asset retirement obligation *(Note 10)*	**(409,651)**	-
Long term debt *(Note 11)*	**(5,536,848)**	(6,218,385)
Equity in tangible capital assets	**108,526,898**	109,696,038
	$130,330,245	$129,267,157

14. COMMITMENTS

The Municipality has committed to purchasing equipment for a total cost of $2,529,655 plus GST.

The Municipality has a five year contract, effective March 15, 2021, for the provision of managed information technology services at a minimum of $69,120 annually.

The Municipality has long term leases with respect to its office equipment and vehicles. The leases contain renewal options and provides maintenance service and minor maintenance. Future minimum lease payments as at December 31, 2023, are as follows:

2024	$ 74,189
2025	74,189
2026	44,461
2027	14,709
2028	13,868
Thereafter	2,307
	$ 223,723

15. CONTINGENCIES

The Municipality has guaranteed one half of a prime plus 2.0% Servus Credit Union line of credit for the Elk Point Regional Allied Arts Society. As at December 31, 2023, the line of credit balance was NIL (2022 - NIL), therefore the Municipality's guarantee would be limited to NIL (2022 - NIL).

The Municipality has guaranteed one half of a prime plus 2.0% Servus Credit Union term loan for the Elk Point Regional Allied Arts Society. As at December 31, 2023, the loan balance was $61,202 (2022 - $86,750), therefore the Municipality's guarantee would be limited to $30,601 (2022 - $43,375).

16. RELATED PARTY TRANSACTIONS

There were no related party transactions for the 2023 year.

17. SALARY, CONTRACTS AND BENEFITS DISCLOSURE

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

		Salary	Benefits & Allowances	**2023**	2022
Reeve	Ockerman	$ 53,432	$ 7,893	**$ 61,325**	$ 59,697
Deputy Reeve	Fodness	66,298	8,795	**75,093**	75,004
Councilors	Dechaine	47,900	7,374	**55,274**	50,612
	Hedrick	68,006	8,687	**76,693**	72,570
	Krekoski	52,890	8,225	**61,115**	58,914
	Wirsta	67,239	9,316	**76,555**	65,532
	Younghans	51,888	7,638	**59,526**	59,495
CAO	Kitz	204,455	33,786	**238,241**	216,409
Designated Officers	6 positions	433,848	40,090	**473,938**	432,867

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.
3. If an automobile is provided, no amount is included in the benefits and allowances figure.
4. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality 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.

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

Total current service contributions by the Municipality to the LAPP in 2023 were $657,410 (2022 - $678,640). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2022 were $594,262 (2022 - $606,562).

At December 31, 2022 the LAPP disclosed an actuarial surplus of $12.7 billion.

19. SEGMENTED DISCLOSURE

The Municipality 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 those followed in the preparation of the consolidated financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure (Schedule 7).

General government includes council and other legislative, and general administration. Protective services includes fire. Transportation services includes roads, streets, walks and lighting. Planning, development and ASB includes land use planning, zoning and subdivision land and development and Agricultural Service Board. Recreation, culture and family includes parks and recreation, libraries, and Family and Community Support Services. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management.

20. FINANCIAL INSTRUMENTS

The Municipality initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The Municipality's financial instruments consist of all financial assets and liabilities. It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The Municipality is subject to credit risk with respect to receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

- Taxes and grants in place of taxes receivable is $182,779 (2022 - $169,260)
- Trade and other receivables - municipal is $149,187 (2022 - $112,382)

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

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.