

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Clear Hills County

Opinion

We have audited the consolidated financial statements of Clear Hills County (the Municipality), which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated statements of retained earnings and income 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, 2022, 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.

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:

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

- 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.

Wilde & Company

Vegreville, AB
April 25, 2023

Chartered Professional Accountants

CLEAR HILLS COUNTY
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 3)	4,056,429	4,662,747
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	749,198	527,069
Due from governments	274,079	61,112
Trade and other receivables	493,253	410,976
Land held for resale	462,186	471,309
Investments (Note 5)	48,342,635	44,288,580
	54,377,780	50,421,793
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	906,466	1,009,143
Accrued employee obligations (Note 7)	211,697	214,396
Deferred revenue (Note 8)	-	23,469
Provision for landfill closure and post-closure costs (Note 9)	575,380	565,854
	1,693,543	1,812,862
NET FINANCIAL ASSETS	52,684,237	48,608,931
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	71,170,552	73,567,620
Inventory for consumption (Note 12)	564,681	976,585
Prepaid expenses	125,601	119,717
	71,860,834	74,663,922
ACCUMULATED SURPLUS (Note 13)	124,545,071	123,272,853

Commitments and Contingencies - See Notes 16 and 17

CLEAR HILLS COUNTY
Consolidated Statement of Operations
As at December 31, 2022

	Budget \$ (Unaudited)	2022 \$	2021 \$
Revenues			
Net municipal taxes <i>(Schedule 3)</i>	13,353,984	13,369,277	13,588,797
User fees and sales of goods	241,400	246,535	239,386
Government transfers for operating <i>(Schedule 4)</i>	464,784	464,784	785,179
Investment income	423,129	467,534	870,881
Penalties and costs on taxes	505,000	1,635,686	1,375,015
Licenses and permits	6,450	11,864	9,666
Rental	40,800	49,631	51,604
Other	61,010	78,729	133,593
Gain on disposal of tangible capital assets	656	49,332	5,520
Total revenue	15,097,213	16,373,372	17,059,641
Expenses			
Legislative	491,709	464,890	368,058
Administration	2,394,946	2,882,044	3,569,379
Emergency services	802,853	565,733	550,242
Roads, streets, walks, lighting	9,878,164	8,322,747	8,491,066
Water supply and distribution	1,009,593	911,710	842,202
Wastewater treatment and disposal	72,946	44,314	31,491
Waste management	513,207	481,992	493,664
Public health and welfare	135,078	129,459	121,451
Agriculture and community service	1,344,698	1,266,795	1,076,700
Subdivision, land and development	408,080	399,566	385,561
Recreation and culture	1,118,506	914,715	481,056
Total expenses	18,169,780	16,383,965	16,410,870
Excess (deficiency) of revenue over expenses before government transfers for capital	(3,072,567)	(10,593)	648,771
Government transfers for capital <i>(Schedule 4)</i>	-	1,282,811	969,017
Excess (deficiency) of revenues over expenses	(3,072,567)	1,272,218	1,617,788
Accumulated surplus - beginning of the year	123,272,853	123,272,853	121,655,065
Accumulated surplus - end of the year <i>(Schedule 1)</i>	120,200,286	124,545,071	123,272,853

CLEAR HILLS COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2022

	Budget \$ (Unaudited)	2022 \$	2021 \$
Excess of revenue over expenses	(3,072,567)	1,272,218	1,617,788
Acquisition of tangible capital assets	(1,978,520)	(1,897,882)	(337,277)
Proceeds on disposal of tangible capital assets	-	182,900	92,650
Amortization of tangible capital assets	4,248,187	4,161,382	4,223,999
Gain on disposal of tangible capital assets	(656)	(49,332)	(5,520)
	2,269,011	2,397,068	3,973,852
Net use of supplies inventories	-	411,904	337,021
Net addition of prepaid assets	-	(5,884)	(13,741)
	-	406,020	323,280
Increase (decrease) in net assets	(803,556)	4,075,306	5,914,920
Net financial assets, beginning of year	48,608,931	48,608,931	42,694,011
Net financial assets, end of year	50,877,942	52,684,237	48,608,931

CLEAR HILLS COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2022

	2022	2021
	\$	\$
Operating		
Excess of revenue over expenses	1,272,218	1,617,788
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	4,161,382	4,223,999
Gain on disposal of tangible capital assets	(49,332)	(5,520)
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(222,129)	(28,688)
Decrease (increase) in government receivables	(212,967)	1,068,460
Decrease (increase) in trade and other receivables	(82,277)	24,733
Decrease in inventories	411,904	337,021
Decrease in land held for resale	9,123	45,668
Increase in prepaid expenses	(5,884)	(13,741)
Decrease in accounts payable and accrued liabilities	(102,677)	(99,953)
Decrease in accrued employee obligations	(2,699)	(22,140)
Increase (decrease) in deferred revenue	(23,469)	15,638
Increase in provision for landfill closure/post-closure	9,526	9,525
<i>Net cash provided by operating transactions</i>	5,162,719	7,172,790
Capital		
Acquisition of tangible capital assets	(1,897,882)	(337,277)
Proceeds on sale of tangible capital assets	182,900	92,650
<i>Net cash applied to capital transactions</i>	(1,714,982)	(244,627)
Investing		
Increase in investments	(4,054,055)	(11,218,351)
<i>Net cash applied to investing transactions</i>	(4,054,055)	(11,218,351)
Change in cash and cash equivalents during the year	(606,318)	(4,290,188)
Cash and cash equivalents, beginning of year	4,662,747	8,952,935
Cash and cash equivalents, end of year	4,056,429	4,662,747
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	4,056,429	4,662,747
Cash flows supplementary information:		
Interest received	467,534	870,881

See accompanying notes

CLEAR HILLS COUNTY
Schedule of Changes in Accumulated Surplus
As at December 31, 2022

(Schedule 1)

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital	2022 \$	2021 \$
Balance, beginning of year	6,683,906	3,353,346	39,667,981	73,567,620	123,272,853	121,655,065
Excess of revenues over expenses	1,272,218	-	-	-	1,272,218	1,617,788
Reallocation of prior year surplus	(1,617,788)	646,654	971,134	-	-	-
Unrestricted funds designated for future use	(2,467,171)	(28,125)	2,495,296	-	-	-
Restricted funds used for Tangible Capital Assets	-	-	(1,381,029)	1,381,029	-	-
Current year funds used for Tangible Capital Assets	(516,853)	-	-	516,853	-	-
Net book value of Tangible Capital Assets disposed of	133,568	-	-	(133,568)	-	-
Annual amortization expense	4,161,382	-	-	(4,161,382)	-	-
Balance, end of year	7,649,262	3,971,875	41,753,382	71,170,552	124,545,071	123,272,853

CLEAR HILLS COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2022

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022 \$	2021 \$
Cost							
Balance, beginning of year	616,864	2,524,583	141,354,920	3,299,579	727,789	148,523,735	148,349,788
Acquisition of tangible capital asset	-	113,764	783,410	164,365	133,294	1,194,833	328,332
Construction in progress	-	-	703,049	-	-	703,049	8,945
Land moved to held for resale	(29,629)	-	-	-	-	(29,629)	-
Disposal of tangible capital assets	-	(159,083)	(21,711)	(68,040)	(46,749)	(295,583)	(163,330)
Balance, end of year	587,235	2,479,264	142,819,668	3,395,904	814,334	150,096,405	148,523,735
Accumulated amortization							
Balance, beginning of year	-	2,010,050	70,418,656	2,023,188	504,221	74,956,115	70,808,316
Annual amortization	-	50,650	3,916,867	158,380	35,485	4,161,382	4,223,999
Accumulated amortization on dispo	-	(89,086)	(24,121)	(31,688)	(46,749)	(191,644)	(76,200)
Balance, end of year	-	1,971,614	74,311,402	2,149,880	492,957	78,925,853	74,956,115
Net book value of tangible capital assets							
	587,235	507,650	68,508,266	1,246,024	321,377	71,170,552	73,567,620
2021 Net book value of tangible capital assets	616,864	514,533	70,936,264	1,276,391	223,568		73,567,620

CLEAR HILLS COUNTY
Schedule of Property and Other Taxes
As at December 31, 2022

(Schedule 3)

	Budget \$ (Unaudited)	2022 \$	2021 \$
Taxation			
Real property taxes	17,115,579	5,695,536	5,610,945
Linear property taxes	-	11,434,976	11,690,821
Government grants in place of property taxes	-	9,910	5,026
	17,115,579	17,140,422	17,306,792
Requisitions			
Alberta School Foundation Fund	3,140,505	3,147,217	3,116,943
North Peace Housing Foundation	555,604	558,066	534,214
Designated Industrial Property	65,486	65,862	66,838
	3,761,595	3,771,145	3,717,995
Net municipal taxes	13,353,984	13,369,277	13,588,797

CLEAR HILLS COUNTY
Schedule of Government Transfers
As at December 31, 2022

(Schedule 4)

	Budget \$ (Unaudited)	2022 \$	2021 \$
Transfers for Operating			
Provincial Government	464,784	464,784	785,179
	464,784	464,784	785,179
Transfers for Capital			
Provincial Government	-	1,282,811	969,017
	-	1,282,811	969,017
Total government transfers	464,784	1,747,595	1,754,196

CLEAR HILLS COUNTY

(Schedule 5)

Schedule of Consolidated Expenses by Object

As at December 31, 2022

	Budget \$ (Unaudited)	2022 \$	2021 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	2,669,655	2,163,405	2,140,338
Contracted and general services	6,249,406	4,550,743	4,547,120
Materials, goods, supplies and utilities	1,814,240	1,891,733	1,380,703
Transfers to local boards and agencies	2,182,042	2,031,982	1,809,222
Bank charges and short term interest	6,250	7,370	13,887
Amortization of tangible capital assets	4,248,187	4,161,382	4,223,999
Allowance for doubtful accounts	1,000,000	1,577,350	2,295,601
	18,169,780	16,383,965	16,410,870

CLEAR HILLS COUNTY
Schedule of Segmented Disclosure
As at December 31, 2022

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	13,369,277	13,369,277
Government transfers	137,004	-	1,282,811	-	93,873	233,907	-	-	1,747,595
User fees and sales of goods	207	800	24,957	222,764	-	5,460	-	1,628,033	1,882,221
Investment income	3,702	4,559	223,817	80,836	241	48,797	601	104,981	467,534
Other revenues	12,203	13,426	31,866	-	-	35,961	37,594	9,174	140,224
Gain on disposal of assets	-	-	-	-	-	-	-	49,332	49,332
	153,116	18,785	1,563,451	303,600	94,114	324,125	38,195	15,160,797	17,656,183
Expenses									
Salaries, wages and benefits	1,107,010	123,022	410,750	124,739	4,491	371,020	22,373	-	2,163,405
Contracted and general services	594,556	116,370	2,897,226	505,698	193	221,383	215,317	-	4,550,743
Materials, goods, supplies and utilities	23,140	63,603	1,389,990	213,327	-	26,710	174,963	-	1,891,733
Transfers to local boards and agencies	-	196,195	4,775	174,587	124,775	1,029,588	502,062	-	2,031,982
Other expenses	1,584,467	-	253	-	-	-	-	-	1,584,720
	3,309,173	499,190	4,702,994	1,018,351	129,459	1,648,701	914,715	-	12,222,583
Net revenue before amortization and adjustments	(3,156,057)	(480,405)	(3,139,543)	(714,751)	(35,345)	(1,324,576)	(876,520)	15,160,797	5,433,600
Amortization of tangible capital assets	37,761	66,543	3,620,628	418,790	-	17,660	-	-	4,161,382
2022 Net revenue (expense)	(3,193,818)	(546,948)	(6,760,171)	(1,133,541)	(35,345)	(1,342,236)	(876,520)	15,160,797	1,272,218
2021 Net revenue (expense)	(3,453,510)	(534,395)	(6,953,582)	(918,106)	(27,634)	(1,043,294)	(447,040)	14,995,349	1,617,788

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. Significant accounting policies

Basis of presentation

The consolidated financial statements of 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 policies adopted by the Municipality are as follows:

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, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the Municipality are the following:

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.

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

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. Significant accounting policies (*continued*)

Use of estimates

The preparation of the 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 estimates include:

- Amortization of tangible capital assets
- Estimated useful life of tangible capital assets
- Allowance for doubtful accounts

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments maturing within 90 days and are valued at cost plus accrued interest.

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.

Investments

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

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.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. Significant accounting policies (*continued*)

Investment revenue recognition

The Municipality recognizes revenues when they are earned, specifically when all the following conditions are met:

- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

An interest accrual is recorded in order to recognize interest that has been earned but has not been received by year end.

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 physical assets under the respective function.

Landfill closure and post-closure liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Contaminated sites liability

Contaminated sites are a result of a contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. Significant accounting policies (*continued*)

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.

a) 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
Vehicles	10
Machinery and equipment	15
Buildings	25
Engineered structures	
Other engineered structures	25
Water systems	30-75
Wastewater systems	75

Annual amortization is not charged in the year of acquisition and full amortization is charged in the year of disposition. Assets under construction are not amortized until the asset is available for productive use.

b) 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.

c) 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.

d) Inventories

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

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC) but are not yet effective. The Municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3450 - Financial Instruments

The new Section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new Section, Section PS1201, Section PS 2601 and Section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new Section. The new Section and the related amendments are effective for fiscal periods beginning on or after April 1, 2022.

Section PS 3280 - Asset Retirement Obligations

This new Section establishes standards on how to account for and report a liability for asset retirement obligations. This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. As a consequence of the issuance of Section PS3280, Solid Waste Landfill Closure and Post-Closure Liability, Section PS3270, has been withdrawn. Section PS3270 will remain in effect until the adoption of Section PS3280.

Section PS 1201 - Financial Statement Presentation

Section PS1201 and section PS2601 have been amended to introduce an irrevocable accounting policy election arising from a foreign currency transaction. These amendments are effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

Section 3400 - Revenue

This new Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This Section applies to fiscal years beginning on or after April 1, 2023.

Section PS 1000 – Financial Statement Concepts

This section has been amended to allow for recognition of purchased intangibles in financial statements. In conjunction with section 1201 there have been amendments made to remove disclosure requirements for unrecognized purchased intangibles. These amendments are effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. Recent accounting pronouncements published but not yet adopted (*continued*)

Section PS 3160 – Public Private Partnerships

This new section establishes standards on how to account for public private partnership agreements. This new section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

3. Cash and temporary investments

	2022	2021
Cash	\$ 1,358,050	\$ 732,899
Temporary investments	2,698,379	3,929,848
	\$ 4,056,429	\$ 4,662,747

Temporary investments are investments that mature in three months or less.

4. Taxes and grants in place of taxes receivable

	2022	2021
Current taxes and grants in place of taxes	\$ 2,741,488	\$ 2,677,839
Arrears taxes	11,812,767	10,071,089
	14,554,255	12,748,928
Less: allowance for doubtful accounts	(13,805,057)	(12,221,859)
	\$ 749,198	\$ 527,069

Allowance for doubtful accounts is determined by management through identification of specific accounts in arrears.

5. Investments

	2022		2021	
	Cost	Market value	Cost	Market value
Government and government guaranteed bonds	12,127,832	11,439,171	\$ 15,851,551	\$ 15,786,916
Long term deposits	36,214,803	34,743,539	28,437,029	28,673,739
	\$ 48,342,635	\$ 46,182,710	\$ 44,288,580	\$ 44,460,655

Investments have effective interest rates of 1.20% to 5.40% (2021 – 0.80% to 3.30%) with maturity dates from September 28, 2023 to June 18, 2035.

Council has designated funds of \$41,753,382 (2021 - \$39,667,981) for capital projects and funds of \$3,971,875 (2021 - \$3,353,346) for operations. These are supported by investments, cash and temporary investments.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

6. Accounts payable and accrued liabilities

Included in accounts payable are the following:

	2022	2021
Trade accounts payable and accrued liabilities	\$ 877,649	\$ 985,304
Government payroll remittance payable	28,817	23,839
	\$ 906,466	\$ 1,009,143

7. Employee benefit obligations

	2022	2021
Vacation and sick time accrual	\$ 211,697	\$ 214,396
	\$ 211,697	\$ 214,396

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.

8. Deferred revenue

	2022	2021
FCSS	\$ -	\$ 23,469

Funding received from the grant program noted above is restricted to eligible projects as approved in the funding agreement. Unexpended funds related to the funding advances are supported by restricted cash and investments (Note 5).

At December 31, 2022, the Municipality has no funds deferred from the Gas Tax Fund.

9. Landfill closure and post-closure liability

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

Post closure costs are expected to occur for 25 years beyond the closure of each landfill.

The accrued liability portion is based on the remaining useful lives and estimated closure and post closure costs of the landfill sites. The existing landfill sites have estimated useful lives ranging from 1 to 36 years.

The Municipality has not designated assets for settling closure and post-closure liabilities.

(continues)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

9. Landfill closure and post-closure liability (*continued*)

In 2002, the Municipality joined the North Peace Regional Landfill Commission (NPRLC). This commission was established to construct a new regional landfill to replace the aging landfills within the Municipality. Clear Hills County has constructed nine transfer stations to date and intends to continue to construct more transfer stations on the existing landfill sites, thus delaying the post-closure requirements for a number of these landfills.

	2022	2021
Estimated closure costs	\$ 287,690	\$ 282,927
Estimated post-closure costs	287,690	282,927
Estimated total liability	\$ 575,380	\$ 565,854

10. Debt limits

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

	2022	2021
Total debt limit	\$ 24,560,058	\$ 25,589,462
Debt servicing limit	\$ 4,093,343	\$ 4,264,910

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

11. Equity in tangible capital assets

	2022	2021
Tangible capital assets (Schedule 2)	\$ 150,096,405	\$ 148,523,735
Accumulated amortization (Schedule 2)	(78,925,853)	(74,956,115)
	\$ 71,170,552	\$ 73,567,620

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

12. Inventory for consumption

	2022	2021
Gravel	\$ 434,160	\$ 762,992
Public Works	88,561	184,715
Agriculture Service Board	41,960	28,878
	\$ 564,681	\$ 976,585

13. Accumulated surplus

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

	2022	2021
Unrestricted surplus	\$ 7,649,262	\$ 6,683,906
Restricted surplus		
Operating reserves	3,971,875	3,353,346
Capital reserves	41,753,382	39,667,981
Equity in tangible capital assets	71,170,552	73,567,620
	\$124,545,071	\$123,272,853

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

14. Salary and benefits disclosure

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:

			2022	2021
	Salary (1)	Benefits & allowances (2)		Total
Councillor and former Deputy Reeve - Division 1	\$ -	\$ -	\$ -	\$ 33,336
Councillor - Division 1	37,479	5,569	43,048	4,642
Councillor - Division 2	35,881	5,469	41,350	4,860
Councillor - Division 2	-	-	-	31,808
Reeve - Division 3	61,692	1,917	63,609	48,210
Councillor - Division 4	34,650	4,599	39,249	35,745
Deputy Reeve - Division 5	39,847	5,798	45,645	38,363
Councillor - Division 6	28,148	4,845	32,993	27,853
Councillor - Division 7	33,161	3,651	36,812	3,334
Councillor - Division 7	-	-	-	28,967
Chief Administrative Officer	274,379	47,327	321,706	313,600
	\$ 545,237	\$ 79,175	\$ 624,412	\$ 570,718

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. An automobile is provided and 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.

15. 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 12.8% on pensionable earnings above this amount.

Total current service contributions by the Municipality to the LAPP in 2022 were \$206,635 (2021 - \$225,747).

At December 31, 2021, the LAPP disclosed an accounting surplus of \$11.9 billion.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

16. Commitments

The Municipality is committed to make a 2023 payment of \$131,106 to Mackenzie Municipal Services Agency as the County's planning consultant.

The Municipality is committed to make monthly payments of \$6,510 for the period of April 2020 to March 2025 to Alliance Assessment for contracted assessment services.

The Municipality is committed to make an annual requisition payment to the North Peace Regional Landfill Commission based on the County's usage. The requisition amount for 2023 is \$160,612.

The Municipality is committed to make a grant payment of \$100,000 to STARS for 2023.

The Municipality is committed to make an annual payment of \$5,000 to the Alberta Conservation Association for 2023 and 2024.

The Municipality is committed to make an annual payment of \$10,000 to Northern Lights County for the operation of the Manning airport for 2023 and 2024.

The Municipality is committed to make a general grant payment of \$300,000 to the Village of Hines Creek from 2023 to 2025.

17. Contingent liability

The Municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

18. 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 financial statements as disclosed in Note 1.

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

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

19. Financial instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the Municipality is not exposed to significant interest or currency risk arising from these financial instruments.

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality 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.

20. Budget amounts

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

21. Approval of financial statements

Council and Management have approved these financial statements.