

CLEAR HILLS COUNTY
Consolidated Financial Documents
Year Ended December 31, 2024



INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Clear Hills County

Qualified Opinion

We have audited the consolidated financial statements of Clear Hills County (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of change in net financial assets and operations for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, 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 Qualified Opinion

The Municipality did not record asset retirement obligations in the statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the Municipality's asset retirement obligations as of December 31, 2024 as the Municipality did not have available information necessary to accurately calculate the fair value of these obligations. Items identified but not addressed include, but are not limited to: transfer stations, buildings, and infrastructure. To our understanding, the Municipality will not adopt PSAS 3280 resulting in a qualified opinion. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

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

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.

Vegreville, AB

Wilde & Company
Chartered Professional Accountants

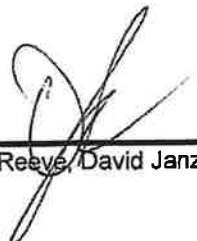
CLEAR HILLS COUNTY
Consolidated Statement of Financial Position
As at December 31, 2024

	2024 \$	2023 \$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 4)	15,040,286	11,066,339
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	694,611	997,651
Due from governments	126,939	1,205,810
Trade and other receivables	121,193	1,207,189
Land held for resale	434,451	434,451
Investments (Note 6)	50,370,425	45,577,220
	66,787,905	60,488,660
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,391,961	1,055,070
Employee benefit obligations (Note 8)	160,442	232,471
Deferred revenue (Note 9)	125,874	125,874
Landfill closure and post-closure liability (Note 10)	594,431	584,905
	2,272,708	1,998,320
NET FINANCIAL ASSETS	64,515,197	58,490,340
NON-FINANCIAL ASSETS		
Equity in tangible capital assets (Note 12)	65,998,422	67,649,354
Inventory for consumption (Note 13)	494,502	569,018
Prepaid expenses	161,729	149,413
	66,654,653	68,367,785
ACCUMULATED SURPLUS (Note 14)	131,169,850	126,858,125

Commitments and Contingencies - See Notes 17 and 18

Approved on behalf of Clear Hills County:


Reeve, Amber Bean


Deputy Reeve, David Janzen

CLEAR HILLS COUNTY
Consolidated Statement of Operations
As at December 31, 2024

	Budget \$ (Unaudited)	2024 \$	2023 \$
Revenues			
Net municipal taxes <i>(Schedule 3)</i>	15,206,731	15,085,829	13,742,814
User fees and sales of goods	263,350	328,393	315,171
Government transfers for operating <i>(Schedule 4)</i>	548,251	680,130	798,264
Investment income	429,252	1,977,743	1,368,706
Penalties and costs on taxes	503,750	383,271	1,108,278
Licenses and permits	8,150	9,442	10,575
Rental	62,900	64,268	68,545
Other	66,303	176,845	85,293
Gain on disposal of tangible capital assets	60,792	-	-
Total revenue	17,149,479	18,705,921	17,497,646
Expenses			
Legislative	759,859	539,203	515,578
Administration	3,173,190	2,302,500	2,649,579
Emergency services	990,090	950,927	1,120,191
Roads, streets, walks, lighting	9,978,403	8,108,624	8,069,572
Water supply and distribution	1,107,820	936,465	821,673
Wastewater treatment and disposal	74,916	44,971	35,997
Waste management	584,575	508,728	532,496
Public health and welfare	157,583	9,900	82,755
Agriculture and community service	1,185,766	1,301,011	1,367,356
Subdivision, land and development	346,239	409,321	350,569
Recreation and culture	622,304	619,194	598,379
Loss on disposal of tangible capital assets	-	9,259	11,396
Total expenses	18,980,745	15,740,103	16,155,541
Excess (deficiency) of revenue over expenses before government transfers for capital	(1,831,266)	2,965,818	1,342,105
Government transfers for capital <i>(Schedule 4)</i>	970,949	1,345,907	970,949
Excess (deficiency) of revenues over expenses	(2,691,583)	4,311,725	2,313,054
Accumulated surplus - beginning of the year	126,858,125	126,858,125	124,545,071
Accumulated surplus - end of the year <i>(Schedule 1)</i>	124,166,542	131,169,850	126,858,125

CLEAR HILLS COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2024

	Budget \$ (Unaudited)	2024 \$	2023 \$
Excess of revenue over expenses	(2,691,583)	4,311,725	2,313,054
Acquisition of tangible capital assets	(5,135,070)	(2,610,918)	(727,903)
Proceeds on disposal of tangible capital assets	-	39,000	66,250
Amortization of tangible capital assets	4,155,021	4,213,591	4,171,455
Loss (gain) on disposal of tangible capital assets	(60,792)	9,259	11,396
	(1,040,841)	1,650,932	3,521,198
Use (acquisition) of supplies inventories	-	74,516	(4,337)
Acquisition of prepaid assets	-	(12,316)	(23,812)
	-	62,200	(28,149)
Increase (decrease) in net assets	(3,732,424)	6,024,857	5,806,103
Net financial assets, beginning of year	58,490,340	58,490,340	52,684,237
Net financial assets, end of year	57,449,499	64,515,197	58,490,340

CLEAR HILLS COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2024

	2024 \$	2023 \$
Operating		
Excess of revenue over expenses	4,311,725	2,313,054
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	4,213,591	4,171,455
Loss on disposal of tangible capital assets	9,259	11,396
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	303,040	(248,453)
Decrease (increase) in government receivables	1,078,871	(931,731)
Increase in trade and other receivables	1,085,996	(713,936)
Decrease (increase) in inventories	74,516	(4,337)
Decrease in land held for resale	-	27,735
Increase in prepaid expenses	(12,316)	(23,812)
Increase in accounts payable and accrued liabilities	336,891	148,604
Increase (decrease) in accrued employee obligations	(72,029)	20,774
Increase in deferred revenue	-	125,874
Increase in provision for landfill closure/post-closure	9,526	9,525
<i>Net cash provided by operating transactions</i>	11,339,070	4,906,148
Capital		
Acquisition of tangible capital assets	(2,610,918)	(727,903)
Proceeds on sale of tangible capital assets	39,000	66,250
<i>Net cash applied to capital transactions</i>	(2,571,918)	(661,653)
Investing		
Increase in restricted cash or cash equivalents	-	(125,874)
Decrease (increase) in investments	(4,793,205)	2,765,415
<i>Net cash provided by (used in) investing transactions</i>	(4,793,205)	2,639,541
Change in cash and cash equivalents during the year	3,973,947	6,884,036
Cash and cash equivalents, beginning of year	10,940,465	4,056,429
Cash and cash equivalents, end of year	14,914,412	10,940,465
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 4)	15,040,286	11,066,339
Less: restricted portion of cash and temporary investments (Note 4)	(125,874)	(125,874)
	14,914,412	10,940,465
Cash flows supplementary information:		
Interest received	2,332,463	1,368,706

See accompanying notes

CLEAR HILLS COUNTY

Schedule of Changes in Accumulated Surplus

As at December 31, 2024

(Schedule 1)

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital	2024 \$	2023 \$
Balance, beginning of year	9,375,910	3,668,863	46,163,998	67,649,354	126,858,125	124,545,071
Excess of revenues over expenses	4,311,725	-	-	-	4,311,725	2,313,054
Reallocation of prior year surplus	(2,313,054)	331,137	1,981,917	-	-	-
Unrestricted funds designated for future use	(5,474,053)	(53,266)	5,527,319	-	-	-
Restricted funds used for tangible capital assets	-	-	(2,569,578)	2,569,578	-	-
Current year funds used for tangible capital assets	(41,340)	-	-	41,340	-	-
Disposal of tangible capital assets	48,259	-	-	(48,259)	-	-
Annual amortization expense	4,213,591	-	-	(4,213,591)	-	-
Balance, end of year	10,121,038	3,946,734	51,103,656	65,998,422	131,169,850	126,858,125

CLEAR HILLS COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2024

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024 \$	2023 \$
Cost							
Balance, beginning of year	587,235	2,570,771	143,056,972	3,453,064	864,999	150,533,041	150,096,405
Acquisition of tangible capital assets	-	-	2,789	649,717	59,515	712,021	623,879
Construction in progress	-	24,762	1,874,135	-	-	1,898,897	104,024
Disposal of tangible capital assets	-	-	(19,803)	(35,570)	(28,008)	(83,381)	(291,267)
Balance, end of year	587,235	2,595,533	144,914,093	4,067,211	896,506	153,060,578	150,533,041
Accumulated amortization							
Balance, beginning of year	-	2,020,451	78,064,740	2,298,735	499,761	82,883,687	78,925,853
Annual amortization	-	50,792	3,952,593	153,665	56,541	4,213,591	4,171,455
Accumulated amortization on disposals	-	-	-	(7,114)	(28,008)	(35,122)	(213,621)
Balance, end of year	-	2,071,243	82,017,333	2,445,286	528,294	87,062,156	82,883,687
Net book value of tangible capital assets	587,235	524,290	62,896,760	1,621,925	368,212	65,998,422	67,649,354
2023 Net book value of tangible capital assets	587,235	550,320	64,992,232	1,154,329	365,238		67,649,354

CLEAR HILLS COUNTY
Schedule of Property and Other Taxes
As at December 31, 2024

(Schedule 3)

	Budget	2024	2023
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	19,019,077	6,980,441	5,819,646
Linear property taxes	-	11,912,079	11,566,128
Government grants in place of property taxes	-	5,343	5,930
	19,019,077	18,897,863	17,391,704
Requisitions			
Alberta School Foundation Fund	3,106,401	3,106,401	2,973,492
North Peace Housing Foundation	631,046	631,046	606,214
Designated Industrial Property	74,899	74,587	69,184
	3,812,346	3,812,034	3,648,890
Net municipal taxes	15,206,731	15,085,829	13,742,814

CLEAR HILLS COUNTY
Schedule of Government Transfers
As at December 31, 2024

(Schedule 4)

	Budget	2024	2023
	\$	\$	\$
	(Unaudited)		
Transfers for Operating			
Provincial Government	548,251	680,130	798,264
	548,251	680,130	798,264
Transfers for Capital			
Provincial Government	970,949	1,345,907	970,949
	970,949	1,345,907	970,949
Total government transfers	1,519,200	2,026,037	1,769,213

CLEAR HILLS COUNTY**(Schedule 5)****Schedule of Consolidated Expenses by Object****As at December 31, 2024**

	Budget	2024	2023
	\$	\$	\$
	(Unaudited)		
Consolidated Expenses by Object			
Salaries, wages and benefits	3,175,098	2,503,306	2,472,416
Contracted and general services	6,253,223	4,614,484	4,678,737
Materials, goods, supplies and utilities	2,041,691	1,350,036	1,342,982
Transfers to local boards and agencies	2,100,612	2,173,341	2,180,299
Bank charges and short term interest	-	175	7,661
Amortization of tangible capital assets	4,155,021	4,213,591	4,171,455
Allowance for doubtful accounts	1,250,000	875,911	1,290,595
Loss on disposal of tangible capital assets	-	9,259	11,396
	18,975,645	15,740,103	16,155,541

CLEAR HILLS COUNTY
Schedule of Segmented Disclosure
As at December 31, 2024

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	15,085,829	15,085,829
Government transfers	274,008	-	1,345,907	-	113,675	292,447	-	-	2,026,037
User fees and sales of goods	439	95,584	11,218	220,278	-	3,661	-	380,484	711,664
Investment income	16,603	88,171	1,473,827	377,374	1,844	246,972	1,494	(228,542)	1,977,743
Other revenues	7,680	12,875	80,804	-	-	52,546	33,730	62,920	250,555
	298,730	196,630	2,911,756	597,652	115,519	595,626	35,224	15,300,691	20,051,828
Expenses									
Salaries, wages and benefits	1,234,355	151,394	650,318	137,628	-	318,930	10,681	-	2,503,306
Contracted and general services	672,435	150,776	2,804,957	619,295	-	252,817	114,204	-	4,614,484
Materials, goods, supplies and utilities	32,181	180,395	967,443	120,693	-	45,622	3,702	-	1,350,036
Transfers to local boards and agencies	-	400,981	4,094	194,593	9,900	1,073,166	490,607	-	2,173,341
Other expenses	875,981	-	105	-	-	-	-	-	876,086
Loss on disposal of assets	9,259	-	-	-	-	-	-	-	9,259
	2,824,211	883,546	4,426,917	1,072,209	9,900	1,690,535	619,194	-	11,526,512
Net revenue (expense) before amortization	(2,525,481)	(686,916)	(1,515,161)	(474,557)	105,619	(1,094,909)	(583,970)	15,300,691	8,525,316
Amortization of tangible capital assets	26,751	67,381	3,681,757	417,905	-	19,797	-	-	4,213,591
2024 Net revenue (expense)	(2,552,232)	(754,297)	(5,196,918)	(892,462)	105,619	(1,114,706)	(583,970)	15,300,691	4,311,725
2023 Net revenue (expense)	(2,884,433)	(920,824)	(6,234,026)	(873,437)	33,198	(1,177,251)	(561,744)	14,931,571	2,313,054

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

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.

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.

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.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. Significant accounting policies (*continued*)

Significant estimates include:

- Amortization of tangible capital assets
- Estimated useful life of tangible capital assets
- Allowance for doubtful accounts
- Land held for resale
- Landfill liability

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities, at the date of purchase, of less than ninety days.

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.

Revenue recognition

Investment interest

Interest income is accrued to recognize interest that has been earned but not received by year end. The effective interest rate applicable is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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CLEAR HILLS COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

1. Significant accounting policies (*continued*)

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.

(*continues*)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

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 system	30-75
Wastewater system	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, 2024

2. Recent accounting pronouncements published but not yet adopted

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2025, the Municipality will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework for Financial Reporting in the Public Sector, is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

This revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

PS 1202 - Financial Statement Presentation

The Canadian Public Sector Accounting Board issued a new guideline, PS 1202 Financial Statement Presentation. The new reporting model builds upon existing section PS 1201 of the same name, to better respond to the need for understandable financial statements. The key aspects of this guideline are:

- Statement of financial position - statement has been restructured to present total assets, then total liabilities to arrive at net assets/liabilities.
- Statement of Net Financial Assets (Liabilities) - new statement that will display a revised calculation of net debt. Option to present the net financial assets/liabilities indicator at the bottom of statement of financial position.
- Statement of Changes in Net Assets (Liabilities) - new statement that will show a reconciliation between opening and closing balances of each component of net assets or net liabilities.
- Statement of Cashflow - restructured such that financing activities will be separated from other items on the statement. Allowing the statement to highlight net cash before financing activities.
- Budget - requirement for presentation of budget figures using the same basis of accounting, accounting principles, scope of activities and classifications as the actual amounts.

The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted if the Municipality adopts the revised conceptual framework at the same time.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

3. Change in accounting policies

Effective January 1, 2024, the County adopted PS 3160 Public Private Partnerships (P3), PS 3400 Revenue and PSG-8 Purchased Intangibles prospectively.

These new accounting policies have no current or historical impact on the presentation of these statements.

4. Cash and temporary investments

	2024	2023
Cash	\$ 2,312,902	\$ 1,208,155
Temporary investments	12,727,384	9,858,184
	\$ 15,040,286	\$ 11,066,339

Temporary investments are investments that mature in three months or less. Restricted cash for deferred revenues is \$125,874 (2023 - \$125,874) (Note 9).

5. Taxes and grants in place of taxes receivable

	2024	2023
Current taxes and grants in place of taxes	\$ 1,146,732	\$ 1,563,135
Arrears taxes	2,071,587	1,242,961
	3,218,319	2,806,096
Less: allowance for doubtful accounts	(2,523,708)	(1,808,445)
	\$ 694,611	\$ 997,651

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

6. Investments

	2024	2023
Government and government guaranteed bonds	\$ 22,421,990	\$ 11,283,110
Long term deposits	27,948,435	34,441,795
	\$ 50,370,425	\$ 45,724,905

Investments have effective interest rates of 2.05% to 5.40% (2023 - 2.05% to 5.40%) with maturity dates from May 25, 2025 to June 1, 2037.

CLEAR HILLS COUNTY**Notes to Consolidated Financial Statements****Year Ended December 31, 2024****7. Accounts payable and accrued liabilities**

Included in accounts payable are the following:

	2024	2023
Trade accounts payable and accrued liabilities	\$ 1,365,758	\$ 986,694
Government payroll remittance payable	26,203	68,376
	\$ 1,391,961	\$ 1,055,070

8. Employee benefit obligations

	2024	2023
Vacation and sick time accrual	\$ 160,442	\$ 232,471
	\$ 160,442	\$ 232,471

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.

9. Deferred revenue

	2024	2023
Disaster Recovery Program	\$ 125,874	\$ 125,874
	\$ 125,874	\$ 125,874

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 3).

At December 31, 2024, the Municipality has no funds deferred from the Canada Community Building Fund.

CLEAR HILLS COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

10. Landfill closure and post-closure liability

For the year ended December 31, 2024 Clear Hills County was required to, but did not, adopt Section PS 3280 - Asset Retirement Obligations. Please see Qualified Audit Opinion for further details.

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.

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.

	2024	2023
Estimated closure costs	\$ 297,216	\$ 292,453
Estimated post-closure costs	297,215	292,452
Estimated total liability	\$ 594,431	\$ 584,905

11. 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:

	2024	2023
Total debt limit	\$ 28,058,882	\$ 26,246,469
Debt servicing limit	\$ 4,676,480	\$ 4,374,412

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

CLEAR HILLS COUNTY**Notes to Consolidated Financial Statements****Year Ended December 31, 2024****12. Equity in tangible capital assets**

	2024	2023
Tangible capital assets (Schedule 2)	\$ 153,060,578	\$ 150,533,041
Accumulated amortization (Schedule 2)	(87,062,156)	(82,883,687)
	\$ 65,998,422	\$ 67,649,354

13. Inventory for consumption

	2024	2023
Gravel	\$ 385,964	\$ 385,964
Public Works	72,843	142,785
Agriculture Service Board	35,695	40,269
	\$ 494,502	\$ 569,018

14. Accumulated surplus

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

	2024	2023
Unrestricted surplus	\$ 10,121,038	\$ 9,375,910
Restricted surplus		
Operating reserves	3,946,734	3,668,863
Capital reserves	51,103,656	46,163,998
Equity in tangible capital assets	65,998,422	67,649,354
	\$ 131,169,850	\$ 126,858,125

CLEAR HILLS COUNTY**Notes to Consolidated Financial Statements****Year Ended December 31, 2024****15. 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:

			2024		2023
	Salary	Benefits & allowances (2)			Total
	(1)	(3)			
Councillor - Division 1	\$ 43,542	\$ 4,760	\$ 48,302	\$	50,002
Councillor - Division 2	42,567	4,684	47,251		49,507
Reeve - Division 3	64,554	1,898	66,452		65,224
Councillor - Division 4	43,017	4,674	47,691		44,525
Deputy Reeve - Division 5	53,859	4,679	58,538		58,195
Councillor - Division 6	34,400	4,702	39,102		38,303
Councillor - Division 7	30,130	1,939	32,069		29,885
Chief Administrative Officer	347,330	46,433	393,763		335,533
	\$ 659,399	\$ 73,769	\$ 733,168	\$	671,174

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. 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.

16. 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 2024 were \$223,919 (2023 - \$231,023).

At December 31, 2023, the LAPP disclosed an accounting surplus of \$15.1 billion.

CLEAR HILLS COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

17. Commitments

The Municipality is committed to make monthly payments of \$6,510 for the period of April 2024 to March 2026 to Reliance Assessment for contracted assessments 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 2025 is \$118,024.

The Municipality is committed to make a grant payment of 100,000 to STARS in 2025 & 2026.

The Municipality is committed to provide \$5,000 to the Alberta Conservation Association for the period of 2025 to 2029 for the Sulphur Lake aeration operation.

The Municipality is committed to make a general grant payment to the Village of Hines Creek of \$300,000 in 2025 to assist with operating expenses.

The Municipality is committed to providing a general grant of \$50,000 to the David Thompson Bible Camp to assist with the construction of a new kitchen and dining facility.

The Municipality is committed to providing a conditional grant of \$3,500 to the Worsley Chamber of Commerce to assist with the purchase of a 13 foot x 13 foot granary gazebo.

The Municipality is committed to providing a conditional grant of \$10,000 to the Worsley Agricultural Society to assist with the construction of a tobogganing hill and skating pond.

The Municipality is committed to providing a conditional grant of \$70,000 to the Peace River School Division to assist with funding the Trades Training Program.

The Municipality is committed to providing a general grant of \$1,000 to the Whitelaw Agricultural Society to assist with the cost of pouring a 55 foot x 14 foot concrete pad.

The Municipality is committed to providing a general grant of \$15,000 to Many Islands Recreational Development Society to assist with the replacement of their main washrooms.

The Municipality is committed to providing a conditional grant of \$50,000 to the Maskwa Medical Centre to assist with the construction of a new medical centre.

The Municipality is committed to providing a general grant of \$41,000 to the Cleardale Riders Club to assist with the replacement of four outhouses, horse bridge and the construction of a wooden board walk.

The Municipality is committed to providing a conditional grant of \$4,000,000 to Mighty Peace Wireless to assist with the Clear Hills County/Hines Creek community infrastructure fibre optics build-out project.

The Municipality is committed to providing a general grant of \$65,000 to Carter's Camp Recreational Society to assist with the purchase and installation of a new playground and campground completion.

CLEAR HILLS COUNTY

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

18. 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.

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 financial statements as disclosed in Note 1.

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

20. Financial instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, debt charges recoverable, accounts payable and accrued liabilities, deposit liabilities, 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.

21. Budget amounts

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

22. Approval of financial statements

Council and Management have approved these financial statements.