

BRAZEAU COUNTY
Financial Statements
For the Year Ended December 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Brazeau County

Opinion

We have audited the financial statements of Brazeau County (the County), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2022 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (Council) are responsible for overseeing the County's financial reporting process.

(continues)



Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 18, 2023

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Reeve and Council of Brazeau County

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are the responsibility of management, prepared in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by County Council to express an opinion on the County's financial statements.

Kent Edney
Chief Administrative Officer

Colin Swap
General Manager of Finance

BRAZEAU COUNTY
Statement of Financial Position
As at December 31, 2022

	2022	2021 <i>(Restated)</i> <i>(Note 20)</i>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 25,030,976	\$ 31,410,655
Accounts receivable <i>(Note 3)</i>	2,486,112	1,637,926
Land held for resale	14,870	14,870
Investments <i>(Note 4)</i>	22,472,837	17,214,778
	50,004,795	50,278,229
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5)</i>	4,707,159	4,970,857
Deposit liabilities	66,955	63,155
Deferred revenue <i>(Note 6)</i>	4,684,404	5,261,489
Contaminated sites <i>(Note 7)</i>	780,217	733,842
Long-term debt <i>(Note 9)</i>	7,881,444	9,198,758
	18,120,179	20,228,101
NET FINANCIAL ASSETS	31,884,616	30,050,128
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 10)</i>	195,806,371	201,252,215
Inventories for consumption <i>(Note 11)</i>	4,584,656	4,972,289
Prepaid expenses	307,446	244,780
	200,698,473	206,469,284
ACCUMULATED SURPLUS (NOTE 12)	\$ 232,583,089	\$ 236,519,412

Contingencies *(Note 14)*

ON BEHALF OF COUNCIL:

BRAZEAU COUNTY
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual) (Restated) (Note 20)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 23,185,456	\$ 23,392,985	\$ 23,294,086
Government transfers for operating (Schedule 3)	833,168	2,301,878	3,407,392
Investment income	320,000	1,080,279	670,876
User fees and sale of goods	563,800	601,775	653,684
Licenses, permits, rentals and fines	259,240	235,230	235,169
Sales to other governments	188,263	175,601	185,577
Penalties on taxes	141,000	88,751	155,414
Other	5,572	78,049	88,942
	25,496,499	27,954,548	28,691,140
EXPENSES			
Roads, streets, walks and lighting	8,011,532	12,738,113	12,008,870
Common equipment pool	1,844,934	4,182,841	4,450,819
Parks and recreation	4,275,998	4,176,560	4,721,164
General and administration	2,830,178	3,166,393	3,256,636
Economic and agricultural development	2,748,961	2,298,162	2,212,503
Land use planning, zoning and development	1,182,804	1,081,904	956,285
Policing	1,151,960	1,028,721	988,237
Water supply and distribution	751,120	970,964	967,401
Firefighting services	828,045	860,226	833,118
Council	688,112	809,692	685,401
Wastewater treatment and disposal	321,145	689,961	676,364
Waste management	538,753	586,241	531,528
Culture - libraries	543,864	531,513	454,492
Family and community support services	337,187	292,022	251,251
Storm	20,000	36,564	24,752
Cemetaries	29,000	33,501	2,181
Disaster and emergency measures	65,000	29,009	28,208
Ambulance and first aid	15,814	15,542	25,542
	26,184,407	33,527,929	33,074,752
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER REVENUE (EXPENSES)	(687,908)	(5,573,381)	(4,383,612)
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 3)	1,984,734	1,529,725	1,766,872
Other	182,246	182,246	24,069
Cash in lieu of parks	10,000	5,292	4,296
Loss on disposal of tangible capital assets	-	(80,205)	(120,683)
	2,176,980	1,637,058	1,674,554
ANNUAL SURPLUS (DEFICIT)	1,489,072	(3,936,323)	(2,709,058)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED			
	236,519,412	236,519,412	236,734,973
Restatement (Note 20)	-	-	2,493,497
ACCUMULATED SURPLUS, BEGINNING OF YEAR	236,519,412	236,519,412	239,228,470
ACCUMULATED SURPLUS, END OF YEAR	\$ 238,008,484	\$ 232,583,089	\$ 236,519,412

The accompanying notes are an integral part of the financial statements

BRAZEAU COUNTY
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2022

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 1,489,072	\$ (3,936,323)	\$ (2,709,058)
Purchase of tangible capital assets	(7,361,992)	(4,910,314)	(5,058,996)
Proceeds on disposal of tangible capital assets	380,350	501,098	81,496
Amortization of tangible capital assets	-	9,774,855	9,632,541
Loss on disposal of tangible capital assets	-	80,205	120,683
	(6,981,642)	5,445,844	4,775,724
Use (acquisition) of inventory for consumption	-	387,633	363,605
Use (acquisition) of prepaid expenses	-	(62,666)	1,080
	-	324,967	364,685
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(5,492,570)	1,834,488	2,431,351
NET FINANCIAL ASSETS, BEGINNING OF YEAR	30,050,128	30,050,128	27,618,777
NET FINANCIAL ASSETS, END OF YEAR	\$ 24,557,558	\$ 31,884,616	\$ 30,050,128

BRAZEAU COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (3,936,323)	\$ (2,709,058)
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	80,205	120,683
Amortization of investment premium/discounts	170	2,947
Amortization of tangible capital assets	9,774,855	9,632,541
Change in non-cash working capital balances:		
Accounts receivable	(848,186)	(246,315)
Prepaid expenses	(62,666)	1,080
Accounts payable and accrued liabilities	(263,698)	1,140,086
Deferred revenue	(577,085)	2,278,974
Inventories for consumption	387,633	363,605
Contaminated sites	46,375	33,634
Deposit liabilities	3,800	1,256
	4,605,080	10,619,433
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,910,314)	(5,058,996)
Proceeds on disposal of tangible capital assets	501,098	81,496
	(4,409,216)	(4,977,500)
FINANCING ACTIVITIES		
Long-term debt principal repayments	(1,317,314)	(1,283,117)
	(1,317,314)	(1,283,117)
INVESTMENT ACTIVITIES		
Acquisition of investments	(9,147,329)	(8,708,090)
Proceeds on sale of investments	3,889,100	8,270,550
	(5,258,229)	(437,540)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(6,379,679)	3,921,276
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	31,410,655	27,489,379
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 25,030,976	\$ 31,410,655

BRAZEAU COUNTY
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2022

Schedule 1

	2022	2021 <i>(Restated)</i> <i>(Note 20)</i>
BALANCE, BEGINNING OF YEAR	\$ 193,032,840	\$ 196,525,447
Acquisition of tangible capital assets	4,910,314	5,058,996
Cost of tangible capital assets disposed of	(1,104,584)	(402,425)
Accumulated amortization of tangible capital assets disposed of	523,281	200,246
Amortization of tangible capital assets	(9,774,855)	(9,632,541)
Long-term debt proceeds used in the year	-	-
Long-term capital debt repayments	1,317,314	1,283,117
BALANCE, END OF YEAR	\$ 188,904,310	\$ 193,032,840

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets net book value	\$ 195,806,371	\$ 201,252,215
Long-term debt used for tangible capital assets	(6,902,061)	(8,219,375)
	\$ 188,904,310	\$ 193,032,840

BRAZEAU COUNTY
Schedule of Property and Other Taxes
For the Year Ended December 31, 2022

Schedule 2

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
TAXATION			
Real property taxes	\$ 12,852,350	\$ 12,951,325	\$ 13,040,568
Linear property taxes	20,550,904	20,536,830	20,655,007
Government grants in lieu of property taxes	8,608	8,608	8,109
	<u>33,411,862</u>	<u>33,496,763</u>	<u>33,703,684</u>
REQUISITIONS			
Alberta School Foundation Fund	(9,412,597)	(9,360,944)	(9,594,487)
Brazeau Seniors Foundation	(761,662)	(759,425)	(762,180)
Designated industrial property	(177,147)	(178,546)	(170,607)
	<u>(10,351,406)</u>	<u>(10,298,915)</u>	<u>(10,527,274)</u>
OTHER TAXES			
Community aggregate levy	125,000	195,137	117,676
NET MUNICIPAL TAXES	<u>\$ 23,185,456</u>	<u>\$ 23,392,985</u>	<u>\$ 23,294,086</u>

BRAZEAU COUNTY
Schedule of Government Transfers
For the Year Ended December 31, 2022

Schedule 3

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 768,519	\$ 2,189,162	\$ 3,363,771
Local governments	64,649	112,716	43,621
	833,168	2,301,878	3,407,392
TRANSFERS FOR CAPITAL			
Provincial government	1,984,734	1,347,109	1,580,526
Federal government	-	182,616	-
Local governments	-	-	186,346
	1,984,734	1,529,725	1,766,872
TOTAL GOVERNMENT TRANSFERS	\$ 2,817,902	\$ 3,831,603	\$ 5,174,264

BRAZEAU COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2022

Schedule 4

	General Administration	Recreation and Culture	Protective Services	Public Works and Transportation Services	Utilities	All Other	Total
REVENUE							
Net municipal taxes	\$ 1,131,096	\$ 2,733,652	\$ 1,442,584	\$ 8,984,613	\$ 1,360,382	\$ 7,740,658	\$ 23,392,985
Government transfers	-	1,567,338	-	-	-	734,540	2,301,878
Investment income	1,080,279	-	-	-	-	-	1,080,279
User fees and sales of goods	10,610	113,203	-	282,922	191,794	3,246	601,775
All other	92,954	-	151,109	24,853	-	73,485	342,401
Licenses, permits, rentals and fines	-	-	78,784	51,730	-	104,716	235,230
	2,314,939	4,414,193	1,672,477	9,344,118	1,552,176	8,656,645	27,954,548
EXPENSES							
Salaries, wages and benefits	1,242,166	302,122	338,773	4,251,339	548,081	2,412,472	9,094,953
Transfers to other governments	-	3,756,811	545,857	68,000	-	423,652	4,794,320
Contract and general services	912,393	155,967	182,763	1,225,705	586,052	1,281,338	4,344,218
Materials, goods and supplies	143,597	15,740	65,577	3,688,686	171,689	123,498	4,208,787
Other expenses	14,838	6,651	519,831	(19,793)	146,538	48,792	716,857
Transfers to boards, agencies and organizations	-	232,556	19,542	-	-	109,765	361,863
Interest on long-term debt	1,706	-	134	130,181	99,816	-	231,837
Bad debts (recovery)	239	-	-	-	-	-	239
	2,314,939	4,469,847	1,672,477	9,344,118	1,552,176	4,399,517	23,753,074
NET REVENUE (DEFICIT)							
BEFORE AMORTIZATION	-	(55,654)	-	-	-	4,257,128	4,201,474
Amortization of tangible capital assets	851,454	238,226	261,021	7,613,400	694,990	115,764	9,774,855
NET REVENUE (DEFICIT)	\$ (851,454)	\$ (293,880)	\$ (261,021)	\$ (7,613,400)	\$ (694,990)	\$ 4,141,364	\$ (5,573,381)

BRAZEAU COUNTY
Schedule of Segmented Information
For The Year Ended December 31, 2021

Schedule 5

	General Administration	Recreation and Culture	Protective Services	Public Works and Transportation Services	Utilities	All Other	Total
REVENUE							
Net municipal taxes	\$ 1,274,293	\$ 2,261,481	\$ 1,388,195	\$ 8,595,919	\$ 1,247,324	\$ 8,526,874	\$ 23,294,086
Government transfers	262,067	2,548,573	-	-	-	596,752	3,407,392
Investment income	670,876	-	-	-	-	-	670,876
User fees and sales of goods	17,976	130,106	-	251,457	237,009	17,136	653,684
All other	171,510	-	150,164	97,763	-	10,496	429,933
Oil well drilling taxes	-	-	-	-	-	-	-
Licenses, permits, rentals and fines	-	-	86,229	59,616	-	89,324	235,169
	2,396,722	4,940,160	1,624,588	9,004,755	1,484,333	9,240,582	28,691,140
EXPENSES							
Salaries, wages and benefits	1,339,769	293,688	362,844	3,837,985	536,596	2,211,077	8,581,959
Transfers to other governments	-	4,334,503	484,101	68,000	-	246,251	5,132,855
Contract and general services	1,141,017	96,426	167,326	1,210,645	549,497	1,179,507	4,344,418
Materials, goods and supplies	122,341	28,704	56,835	3,746,467	139,529	204,501	4,298,377
Other expenses (recovery)	17,229	-	523,795	6,585	135,571	35,912	719,092
Transfers to boards, agencies and organizations	-	186,839	29,542	-	-	114,405	330,786
Interest on long-term debt	1,842	-	145	135,073	123,140	-	260,200
Bad debts	(225,476)	-	-	-	-	-	(225,476)
	2,396,722	4,940,160	1,624,588	9,004,755	1,484,333	3,991,653	23,442,211
NET REVENUE (DEFICIT) BEFORE AMORTIZATION							
	-	-	-	-	-	5,248,929	5,248,929
Amortization of tangible capital assets	859,913	235,496	250,517	7,479,687	690,959	115,969	9,632,541
NET REVENUE (DEFICIT)	\$ (859,913)	\$ (235,496)	\$ (250,517)	\$ (7,479,687)	\$ (690,959)	\$ 5,132,960	\$ (4,383,612)

The accompanying notes are an integral part of the financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of Brazeau County (the "County") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These financial statements include the assets, liabilities, revenue and expenses and changes in equity balances and in financial position of the County. This entity is comprised of all the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied includes requisitions for education and senior foundations that are not part of the municipal reporting entity.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment, and forms part of the deferred revenue balance.

(e) Inventories for Consumption

Inventories are valued at the lower of cost and net realizable value with cost determined by the average cost method.

Land held for resale is recorded at the lower of cost or net realizable value on a specific item basis. 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 property and equipment under their respective function.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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 their estimated useful lives as follows:

Land improvements	15 - 30 years
Buildings	20 - 50 years
Engineered structures	
Roadways	
Gravel	20 years
Top	20 years
Base	30 years
Bridges and culverts	30 - 142 years
Wastewater systems	20 - 75 years
Water systems	35 - 75 years
Machinery and equipment	10 - 20 years
Vehicles	10 - 20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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

Works of art for display are not recorded as tangible capital assets but are disclosed.

(g) Tax Revenue

Property tax revenue is based on market value of assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the County and are recognized as revenue in the year they are levied.

(h) Excess Collections and Under-levies

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability.

In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable.

(i) Post Employment Benefits

Upon full retirement, after the age of fifty-five (55), County employees are entitled to be paid out between twenty-five (25%) and fifty percent (50%) of their remaining accumulated sick leave days proportionate their length of service. The cost of this post employment benefit is recognized as an expense as the employees provide service.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

(k) Contaminated Sites

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

(l) 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. The County has used estimates to determine an allowance for doubtful accounts, accrued liabilities, post employment benefits, contaminated sites and the useful lives of tangible capital assets.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, *PS 3280 Asset Retirement Obligations* provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, *PS 3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

2. CASH AND CASH EQUIVALENTS

	2022	2021
Operating bank accounts	\$ 10,325,663	\$ 9,695,516
Temporary investments	14,394,702	21,715,139
Savings bank accounts	310,611	-
	\$ 25,030,976	\$ 31,410,655

Temporary investments consist of 31-90 day notice on amount accounts.

3. ACCOUNTS RECEIVABLE

	2022	2021
Receivables from other governments	\$ 1,575,778	\$ 229,388
Trade and other	540,252	556,759
Taxes and grants in place of taxes	370,082	851,779
	\$ 2,486,112	\$ 1,637,926
Taxes and grants in place of taxes consist of the following:		
Current taxes	(17,321)	465,836
Tax arrears	604,819	603,359
	587,498	1,069,195
Less: Allowance for doubtful taxes	(217,416)	(217,416)
	\$ 370,082	\$ 851,779

4. INVESTMENTS

	2022		2021	
	Carrying Value	Market Value	Carrying Value	Market Value
Corporate bonds	\$ 16,965,437	\$ 15,978,506	\$ 12,015,978	\$ 12,007,097
Principal-protected notes	4,642,700	4,301,288	5,198,800	5,192,610
Principle at risk notes	864,700	864,700	-	-
	\$ 22,472,837	\$ 21,144,494	\$ 17,214,778	\$ 17,199,707

Corporate bonds have coupon interest rates between 1.610% to 4.859% (2021 - 1.610% - 4.855%) with maturity dates from June 2023 to January 2033.

The market value of the bonds and principal-protected notes are based on quoted market values. The market value of the bonds and principal-protected notes fluctuate with changes in market interest rates and indices. Market values are based on market conditions at a certain point in time and as such, may not be reflective of future fair values.

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade and other accounts payable	\$ 4,155,632	\$ 4,369,316
Accrued vacation pay	359,659	444,153
Post-employment benefits (Note 1 (i))	149,858	112,983
Accrued interest on long-term debt	42,010	44,405
	\$ 4,707,159	\$ 4,970,857

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	2021	Additions	Revenue Recognized	2022
Municipal Sustainability Initiative - capital	\$ 3,527,857	\$ 1,450,161	\$(1,439,204)	\$ 3,538,814
Canada Community-Building Fund	415,411	477,334	(404,118)	488,627
Alberta Municipal Water/Wastewater Partnership	1,161,551	18,528	(829,198)	350,881
Strategic Transportation Infrastructure Program	-	242,514	(47,445)	195,069
Other	55,201	93,283	(87,738)	60,746
Family and Community Support Services	49,382	79,149	(78,264)	50,267
Alberta Community Partnership	52,087	-	(52,087)	-
	\$ 5,261,489	\$ 2,360,969	\$(2,938,054)	\$ 4,684,404

7. CONTAMINATED SITES

Contaminated sites are a result of contamination being introduced into the air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard.

Based on an external consultant's report, the County has ascertained liabilities for two contaminated sites due to soil contamination. The County has accepted responsibility to perform remediation work on the two parcels of land for soil contamination. The remediation will result in the removal of an estimated 5,750 cubic meters of soil from both sites. Currently, there is no time frame as to when the remediation will be completed. This estimated liability is based on an estimated 5,750 cubic meters of soil being excavated and disposed off-lease.

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

8. CREDIT FACILITY

The County has a demand revolving operating credit facility to a maximum of \$2,000,000 bearing interest at 5.95% per annum. The credit facility was not drawn upon as of December 31, 2022 or 2021.

9. LONG-TERM DEBT

	2022	2021
Alberta Capital Financing Authority debentures bearing interest at rates ranging from 2.30% to 5.75% per annum maturing between 2023 and 2034.	\$ 7,700,019	\$ 9,000,484
Obligation under capital leases for solar panels, bearing interest and a rate of 1.57%, maturing 2032.	181,425	198,274
	\$ 7,881,444	\$ 9,198,758
Tax supported debt	\$ 7,876,309	\$ 9,188,767
Self supported debt	5,135	9,991
	\$ 7,881,444	\$ 9,198,758

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,139,910	\$ 199,424	\$ 1,339,334
2024	950,564	171,753	1,122,317
2025	975,864	146,319	1,122,183
2026	1,001,850	120,199	1,122,049
2027	1,028,542	93,375	1,121,917
Thereafter	2,784,714	248,762	3,033,476
	\$ 7,881,444	\$ 979,832	\$ 8,861,276

Interest on long-term debt amounted to \$231,837 (2021 - \$260,200).

The County's total cash payments for interest in 2022 were \$234,128 (2021 - \$267,931).

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

10. TANGIBLE CAPITAL ASSETS

	<u>2022</u> Net Book Value	2021 Net Book Value
Engineered Structures		
Roadways	\$ 126,820,449	\$ 133,034,287
Wastewater systems	17,166,824	15,937,509
Water systems	13,078,557	13,367,547
Storm systems	<u>1,017,108</u>	<u>1,033,886</u>
	158,082,938	163,373,229
Buildings	13,925,645	14,859,627
Land	6,488,238	6,477,601
Machinery and equipment	6,201,681	6,598,698
Land improvements	4,801,404	4,925,377
Vehicles	2,454,500	2,720,412
Construction in progress	<u>3,851,965</u>	<u>2,297,271</u>
	<u>\$ 195,806,371</u>	<u>\$ 201,252,215</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering Structures					
Roadways	\$ 372,872,325	\$ -	\$ -	\$ -	\$ 372,872,325
Wastewater systems	20,072,186	-	-	1,594,813	21,666,999
Water systems	16,046,337	-	-	-	16,046,337
Storm systems	<u>1,263,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,263,612</u>
	410,254,460	-	-	1,594,813	411,849,273
Machinery and equipment	16,619,020	1,384,749	(918,305)	16,224	17,101,688
Vehicles	6,589,122	158,948	(186,279)	-	6,561,791
Buildings	25,019,623	-	-	-	25,019,623
Land	6,477,601	10,637	-	-	6,488,238
Land improvements	8,375,803	93,583	-	96,666	8,566,052
Construction in progress	<u>2,297,271</u>	<u>3,262,397</u>	<u>-</u>	<u>(1,707,703)</u>	<u>3,851,965</u>
	<u>\$ 475,632,900</u>	<u>\$ 4,910,314</u>	<u>\$ (1,104,584)</u>	<u>\$ -</u>	<u>\$ 479,438,630</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered Structures					
Roadways	\$ 239,838,038	\$ 6,213,838	\$ -	\$ -	\$ 246,051,876
Wastewater systems	4,134,677	365,498	-	-	4,500,175
Water systems	2,678,790	288,990	-	-	2,967,780
Storm systems	<u>229,726</u>	<u>16,778</u>	<u>-</u>	<u>-</u>	<u>246,504</u>
	246,881,231	6,885,104	-	-	253,766,335
Machinery, equipment, and furnishings	10,020,322	1,243,044	(363,359)	-	10,900,007
Vehicles	3,868,710	398,503	(159,922)	-	4,107,291
Buildings	10,159,996	933,982	-	-	11,093,978
Land improvements	<u>3,450,426</u>	<u>314,222</u>	<u>-</u>	<u>-</u>	<u>3,764,648</u>
	<u>\$ 274,380,685</u>	<u>\$ 9,774,855</u>	<u>\$ (523,281)</u>	<u>\$ -</u>	<u>\$ 283,632,259</u>

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

11. INVENTORIES FOR CONSUMPTION

	2022	2021
Sand and gravel	\$ 4,252,750	\$ 4,726,102
Parts, chemicals, and other	331,906	246,187
	\$ 4,584,656	\$ 4,972,289

12. ACCUMULATED SURPLUS

	2022	2021
Unrestricted surplus	\$ 23,499,787	\$ 20,187,346
Restricted surplus		
Operating restricted surplus (Note 13)	848,773	815,757
Capital restricted surplus (Note 13)	19,330,219	22,483,469
Equity in tangible capital assets (Schedule 1)	188,904,310	193,032,840
	\$ 232,583,089	\$ 236,519,412

13. RESTRICTED SURPLUS

	2022	2021
OPERATING RESTRICTED SURPLUS		
General operating	\$ 848,773	\$ 815,757
CAPITAL RESTRICTED SURPLUS		
Major facility capital investment	\$ 4,723,275	\$ 684,514
Engineering structures	2,909,949	2,988,696
Deferred capital projects	2,754,849	1,915,006
Roads	2,651,106	3,180,407
Deferred projects	1,618,716	6,858,241
Fire equipment	1,387,686	1,547,968
Sewer capital replacement	573,800	472,573
Equipment replacement	439,125	2,380,189
Buildings	218,865	596,906
Recreation facilities (Willey West)	376,241	170,453
Cultural facilities	343,408	325,404
Water capital replacement	341,045	307,677
Parks-cash in lieu	287,882	324,922
Committed funds	275,645	275,645
Alternate energy program	157,893	188,570
Alternate land use services	120,814	100,244
Alberta water and wastewater	61,455	58,234
Off-site levies	47,588	45,093
Land surplus	38,654	24,973
Cemetery - perpetual care fund	2,223	2,106
Utility servicing	-	37,131
Economic development	-	(1,483)
	\$ 19,330,219	\$ 22,483,469

14. CONTINGENCIES

The County is a member of the Alberta Municipal Insurance Exchange. Under the terms of membership, the County 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.

The County is a defendant in various lawsuits as at December 31, 2022 Where the outcome of a claim against the County is considered likely to result in a loss and the amount of the loss can be reasonably estimated, accrued liabilities have been recorded. Where the resulting potential losses, if any, cannot be determined or the occurrence of future events is unknown, accrued liabilities have not been established.

15. FINANCIAL INSTRUMENTS

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

The County is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The County is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding at December 31, 2022 relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes the County's credit risk.

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

16. LOCAL AUTHORITIES PENSION PLAN

Union employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The County is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2022 were \$234,006 (2021 - \$245,203). Total current service contributions by the employees of the County to the LAPP in 2022 were \$208,576 (2021 - \$221,253).

At December 31, 2021 the Plan disclosed an actuarial surplus of \$11.92 billion (2020 \$4.96 billion).

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

17. REMUNERATION AND BENEFITS DISCLOSURE

Disclosure of remuneration and benefits for elected municipal officials, the County Manager and designated officers as required by Alberta Regulation 313/2000 is as follows:

			2022	2021
	Remuneration	Benefits and Allowances	Total	Total
Reeve and Councillors				
B. Guyon (Reeve)	\$ 73,073	\$ 17,900	\$ 90,973	\$ 70,931
R. Swap	52,665	16,177	68,842	10,147
D. Wiltse	49,981	16,156	66,137	55,983
D. Ekstrom	46,002	15,461	61,463	9,056
K. Westerlund	45,197	15,241	60,438	51,984
C. Brooks	44,747	10,303	55,050	8,593
A. Heinrich	39,295	6,323	45,618	43,176
S. Wheale	-	-	-	44,462
H. Swan	-	-	-	42,447
M. Gressler	-	-	-	41,715
	\$ 350,960	\$ 97,561	\$ 448,521	\$ 378,494
Chief Administrative Officer (1)	\$ 75,024	\$ -	\$ 75,024	\$ 167,938
Designated Officers (7)	\$ 751,218	\$ 155,869	\$ 907,087	\$ 931,944

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration including per diem amounts.
- 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 include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.

18. SEGMENTED INFORMATION

The County provides a wide range of services to its citizens. 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. For additional information see the Schedule of Segment Disclosure (Schedule 4).

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

19. 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 be disclosed as follows:

	2022	2021
Total debt limit	\$ 41,931,822	\$ 43,036,710
Total debt	(7,881,444)	(9,198,758)
Amount of debt limit unused	\$ 34,050,378	\$ 33,837,952
Service on debt limit	\$ 6,988,637	\$ 7,172,785
Service on debt	(1,339,334)	(1,550,921)
Amount of debt servicing limit unused	\$ 5,649,303	\$ 5,621,864

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

20. RESTATEMENT

During the 2022, the County discovered that roads which Alberta Transportation had given the County control over during 2016 were not recorded as contributed tangible capital assets in 2016.

This has been corrected retrospectively and comparative figures have been restated.

The effect of the correction has resulted in an increase in tangible capital assets and equity in tangible capital assets in the amount of \$2,493,497.

21. BUDGET FIGURES

The budget figures presented in these financial statements are based on the budget approved by Council on April 4, 2022.

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

Annual surplus (deficit)	\$ 1,489,072
Deduct:	
Purchase of capital assets	(7,361,992)
Add back:	
Transfers from operating reserves	2,581,056
Transfers from capital reserves	4,628,861
Proceeds on sale of tangible capital assets	380,350
	\$ 1,717,347

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2022

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.
