

BRAZEAU COUNTY
Financial Statements
For the Year Ended December 31, 2024

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, 2024 and the statements of operations and accumulated surplus, changes in net financial assets, remeasurement gains and losses 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, 2024 and the results of its operations, changes in its net financial assets, remeasurement gains and losses 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 1, 2025

**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.

Rudy Friesen
Chief Administrative Officer

BRAZEAU COUNTY
Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 29,347,802	\$ 20,647,033
Accounts receivable (Note 3)	3,009,454	8,138,645
Land held for resale	14,870	14,870
Investments (Note 4)	24,101,883	22,980,194
	56,474,009	51,780,742
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	4,002,848	3,497,203
Deposit liabilities	85,370	73,605
Deferred revenue (Note 6)	2,222,823	3,048,982
Contaminated sites (Note 7)	824,758	804,535
Asset retirement obligations (Note 8)	490,017	479,000
Long-term debt (Note 10)	5,790,990	6,741,545
	13,416,806	14,644,870
NET FINANCIAL ASSETS	43,057,203	37,135,872
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	188,744,963	191,588,864
Inventories for consumption (Note 12)	4,230,474	5,134,610
Prepaid expenses	411,659	336,930
	193,387,096	197,060,404
ACCUMULATED SURPLUS (NOTE 13)	\$ 236,444,299	\$ 234,196,276
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated surplus from operations	\$236,416,453	\$234,261,631
Accumulated remeasurement losses	27,846	(65,355)
	\$236,444,299	\$234,196,276

Contingencies (Note 15)

ON BEHALF OF COUNCIL:

BRAZEAU COUNTY
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2024

	2024 (Budget) (Note 21)	2024 (Actual)	2023 (Actual)
REVENUE			
Net municipal taxes (<i>Schedule 2</i>)	\$ 26,546,492	\$ 26,722,569	\$ 25,659,799
Government transfers for operating (<i>Schedule 3</i>)	662,766	2,939,522	9,062,243
Investment income	1,000,000	2,241,571	1,673,811
User fees and sale of goods	542,851	560,839	538,502
Licenses, permits, rentals and fines	245,475	261,682	275,890
Penalties on taxes	101,000	110,999	87,109
Other	18,457	86,915	35,323
Sales to other governments	35,341	61,730	164,520
	29,152,382	32,985,827	37,497,197
EXPENSES			
Roads, streets, walks and lighting	5,984,896	14,097,599	13,367,067
General and administration	4,056,582	4,705,560	4,505,031
Common equipment pool	4,850,309	2,853,312	2,643,309
Parks and recreation	2,205,178	2,100,282	1,910,806
Economic and agricultural development	1,663,493	1,751,713	1,596,104
Firefighting services	1,371,053	1,347,096	1,128,792
Policing	1,386,839	1,271,888	1,244,892
Water supply and distribution	795,843	1,108,396	1,069,475
Disaster and emergency measures	127,500	1,033,061	8,974,665
Land use planning, zoning and development	960,755	761,694	738,468
Council	783,617	753,540	670,453
Wastewater treatment and disposal	329,301	753,219	674,184
Waste management	566,575	627,827	618,252
Culture - libraries	612,596	514,814	508,555
Family and community support services	304,640	284,259	304,108
Storm	26,201	32,795	20,470
Ambulance and first aid	16,500	16,500	16,500
Cemetaries	24,550	9,258	12,613
	26,066,428	34,022,813	40,003,744
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER REVENUE (EXPENSES)	3,085,954	(1,036,986)	(2,506,547)
OTHER REVENUE (EXPENSES)			
Government transfers for capital (<i>Schedule 3</i>)	2,344,000	3,225,253	4,523,751
Cash in lieu of parks	10,000	11,080	35,480
Other	100,000	7,611	173,567
Loss on disposal of tangible capital assets	-	(52,136)	(547,709)
	2,454,000	3,191,808	4,185,089
ANNUAL SURPLUS	5,539,954	2,154,822	1,678,542
ACCUMULATED SURPLUS, BEGINNING OF YEAR	234,261,631	234,261,631	232,583,089
ACCUMULATED SURPLUS, END OF YEAR	\$ 239,801,585	\$ 236,416,453	\$ 234,261,631

BRAZEAU COUNTY
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2024

	2024 (Budget) (Note 21)	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS	\$ 5,539,954	\$ 2,154,822	\$ 1,678,542
Purchase of tangible capital assets	(13,107,424)	(7,525,154)	(6,132,125)
Proceeds on disposal of tangible capital assets	64,000	168,635	67,644
Amortization of tangible capital assets	-	10,148,284	9,734,279
Loss on disposal of tangible capital assets	-	52,136	547,709
	(13,043,424)	2,843,901	4,217,507
Use (acquisition) of inventory for consumption	-	904,136	(549,954)
Use (acquisition) of prepaid expenses	-	(74,729)	(29,484)
Increase (decrease) in accumulated remeasurement gains and losses	-	93,201	276,057
	-	922,608	(303,381)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(7,503,470)	5,921,331	5,592,668
NET FINANCIAL ASSETS, BEGINNING OF YEAR	37,135,872	37,135,872	31,543,204
NET FINANCIAL ASSETS, END OF YEAR	\$ 29,632,402	\$ 43,057,203	\$ 37,135,872

BRAZEAU COUNTY
Statement of Remeasurement Gains and Losses
For the Year Ended December 31, 2024

	2024 (Budget) (Note 21)	2024 (Actual)	2023 (Actual)
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF THE YEAR	\$ -	\$ (65,355)	\$ (341,412)
Unrealized gains attributable to:			
Derivative investments	-	93,201	276,057
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	\$ -	\$ 27,846	\$ (65,355)

BRAZEAU COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 2,154,822	\$ 1,678,542
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	52,136	547,709
Amortization of investment premium/discounts	(20,749)	(28,127)
Amortization of tangible capital assets	10,148,284	9,734,279
Change in non-cash working capital balances:		
Accounts receivable	5,129,191	(5,605,088)
Prepaid expenses	(74,729)	(29,484)
Accounts payable and accrued liabilities	505,645	(1,209,956)
Deferred revenue	(826,159)	(1,682,867)
Inventories for consumption	904,136	(549,954)
Contaminated sites	20,223	24,318
Asset retirement obligations	11,017	479,000
Deposit liabilities	11,765	6,650
	18,015,582	3,365,022
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(7,525,154)	(6,132,125)
Proceeds on disposal of tangible capital assets	168,635	67,644
	(7,356,519)	(6,064,481)
FINANCING ACTIVITIES		
Long-term debt principal repayments	(950,555)	(1,139,899)
INVESTMENT ACTIVITIES		
Acquisition of investments	(7,472,553)	(5,620,966)
Proceeds on sale of investments	6,464,814	5,076,381
	(1,007,739)	(544,585)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	8,700,769	(4,383,943)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,647,033	25,030,976
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 29,347,802	\$ 20,647,033

BRAZEAU COUNTY
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2024

Schedule 1

	2024	2023
BALANCE, BEGINNING OF YEAR	\$185,787,702	\$188,904,310
Acquisition of tangible capital assets	7,525,154	6,132,125
Cost of tangible capital assets disposed of	(797,474)	(1,367,595)
Accumulated amortization of tangible capital assets disposed of	576,703	752,242
Amortization of tangible capital assets	(10,148,284)	(9,734,279)
Asset retirement obligations <i>(Note 8)</i>	(897)	(39,000)
Long-term capital debt repayments	950,555	1,139,899
BALANCE, END OF YEAR	\$183,893,459	\$185,787,702

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets net book value	\$188,744,963	\$191,588,864
Asset retirement obligations <i>(Note 8)</i>	(39,897)	(39,000)
Long-term debt used for tangible capital assets	(4,811,607)	(5,762,162)
	\$183,893,459	\$185,787,702

BRAZEAU COUNTY
Schedule of Property and Other Taxes
For the Year Ended December 31, 2024

Schedule 2

	2024 (Budget) (Note 21)	2024 (Actual)	2023 (Actual)
TAXATION			
Real property taxes	\$ 14,121,790	\$ 14,197,133	\$ 13,686,352
Linear property taxes	23,312,143	23,322,702	21,809,238
Government grants in lieu of property taxes	9,209	9,209	9,121
	37,443,142	37,529,044	35,504,711
REQUISITIONS			
Alberta School Foundation Fund	(10,074,287)	(10,016,931)	(9,128,823)
Brazeau Seniors Foundation	(779,332)	(779,332)	(762,515)
Designated industrial property	(203,031)	(203,031)	(188,730)
	(11,056,650)	(10,999,294)	(10,080,068)
OTHER TAXES			
Community aggregate levy	160,000	192,819	235,156
NET MUNICIPAL TAXES	\$ 26,546,492	\$ 26,722,569	\$ 25,659,799

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

Schedule 3

	2024 (Budget) (Note 21)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 658,852	\$ 2,918,530	\$ 9,058,329
Local governments	3,914	20,992	3,914
	662,766	2,939,522	9,062,243
TRANSFERS FOR CAPITAL			
Provincial government	2,329,000	3,122,863	4,341,135
Federal government	15,000	102,390	182,616
	2,344,000	3,225,253	4,523,751
TOTAL GOVERNMENT TRANSFERS	\$ 3,006,766	\$ 6,164,775	\$ 13,585,994

BRAZEAU COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2024

Schedule 4

	General Administration	Recreation and Culture	Protective Services	Public Works and Transportation Services	Utilities	All Other	Total
REVENUE							
Net municipal taxes	\$ 1,407,007	\$ 1,974,958	\$ 1,325,956	\$ 8,717,372	\$ 1,541,050	\$ 11,756,226	\$ 26,722,569
Government transfers	-	241,630	2,052,640	-	-	645,252	2,939,522
Investment income	2,246,085	-	-	-	-	(4,514)	2,241,571
User fees and sales of goods	30,172	94,795	1,776	173,226	241,153	19,717	560,839
Licenses, permits, rentals and fines	-	-	81,675	60,296	-	119,711	261,682
All other	161,558	-	9,637	77,153	-	11,296	259,644
	3,844,822	2,311,383	3,471,684	9,028,047	1,782,203	12,547,688	32,985,827
EXPENSES							
Contract and general services	1,110,733	166,461	1,239,081	991,264	719,538	781,015	5,008,092
Salaries, wages and benefits	2,238,574	373,747	474,854	3,944,625	642,356	2,083,593	9,757,749
Materials, goods and supplies	288,735	25,578	89,409	3,916,991	180,076	166,806	4,667,595
Transfers to other governments	-	1,618,132	856,607	60,655	-	262,634	2,798,028
Other expenses	26,687	-	697,085	5,677	184,719	22,285	936,453
Transfers to boards, agencies and organizations	-	196,471	20,500	-	-	145,086	362,057
Interest on long-term debt	1,431	-	113	108,835	55,514	-	165,893
Bad debts (recovery)	178,662	-	-	-	-	-	178,662
	3,844,822	2,380,389	3,377,649	9,028,047	1,782,203	3,461,419	23,874,529
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	-	(69,006)	94,035	-	-	9,086,269	9,111,298
Amortization of tangible capital assets	860,738	234,707	290,896	7,955,659	707,239	99,045	10,148,284
NET REVENUE (DEFICIT)	\$ (860,738)	\$ (303,713)	\$ (196,861)	\$ (7,955,659)	\$ (707,239)	\$ 8,987,224	\$ (1,036,986)

BRAZEAU COUNTY
Schedule of Segmented Information
For The Year Ended December 31, 2023

Schedule 5

	General Administration	Recreation and Culture	Protective Services	Public Works and Transportation Services	Utilities	All Other	Total
REVENUE							
Net municipal taxes	\$ 1,854,343	\$ 1,849,594	\$ 2,686,465	\$ 7,741,158	\$ 1,441,993	\$ 10,086,246	\$ 25,659,799
Government transfers	-	238,026	8,171,116	-	-	653,101	9,062,243
Investment income	1,673,811	-	-	-	-	-	1,673,811
User fees and sales of goods	13,606	96,774	2,105	183,648	221,762	20,607	538,502
All other	105,791	-	141,613	37,501	-	2,047	286,952
Oil well drilling taxes	-	-	-	-	-	-	-
Licenses, permits, rentals and fines	-	-	95,531	64,755	-	115,604	275,890
	3,647,551	2,184,394	11,096,830	8,027,062	1,663,755	10,877,605	37,497,197
EXPENSES							
Contract and general services	1,146,365	162,855	8,612,315	683,264	692,136	697,301	11,994,236
Salaries, wages and benefits	2,231,672	342,520	454,227	3,987,355	593,676	1,984,020	9,593,470
Materials, goods and supplies	213,924	19,320	656,449	3,607,200	141,851	54,798	4,693,542
Transfers to other governments	-	1,464,533	651,086	64,684	-	254,142	2,434,445
Other expenses (recovery)	23,663	-	701,130	5,757	163,969	26,876	921,395
Transfers to boards, agencies and organizations	-	195,166	21,500	-	-	192,736	409,402
Interest on long-term debt	1,569	-	123	118,802	72,537	-	193,031
Bad debts	30,358	-	-	-	(414)	-	29,944
	3,647,551	2,184,394	11,096,830	8,467,062	1,663,755	3,209,873	30,269,465
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	-	-	-	(440,000)	-	7,667,732	7,227,732
Amortization of tangible capital assets	857,480	234,967	268,019	7,563,784	698,156	111,873	9,734,279
NET REVENUE (DEFICIT)	\$ (857,480)	\$ (234,967)	\$ (268,019)	\$ (8,003,784)	\$ (698,156)	\$ 7,555,859	\$ (2,506,547)

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

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes 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 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) 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, asset retirement obligations and the useful lives of tangible capital assets.

(d) Valuation of financial assets and liabilities

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

Cash	Cost and amortized cost
Accounts receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Asset retirement obligations	Cost or present value
Long-term debt	Amortized cost
Derivatives	Fair value

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Valuation of financial assets and liabilities (cont'd)

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial assets and liabilities that are measured at cost or amortized cost and expensed when measured at fair value.

(e) 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 three months or less at acquisition.

(f) Investments

The County holds derivatives in the form of principal protected notes which are recorded at fair value in the statement of financial position. Unrealized gains and losses from changes in the fair value of derivatives are recognized in the statement of remeasurement gains and losses. Upon settlement, the realized gains and losses are reclassified as revenue or expense in the statement of operations.

(g) 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.

(h) 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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognised tangible capital assets and those not in productive use are expensed.

(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) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i) Tangible Capital Assets

Tangible capital assets are 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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Tangible Capital Assets (cont'd)

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.

ii) 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.

iii) 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.

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2024

2. CASH AND CASH EQUIVALENTS

	2024	2023
Operating accounts	\$ 9,890,549	\$ 10,161,978
Temporary investments	8,688,450	346,124
Savings accounts	10,768,803	10,138,931
	\$ 29,347,802	\$ 20,647,033

Temporary investments consist of 31-90 day notice on amount accounts and Short-term Investment Certificates. The Short-term Investment Certificates bear interest at rates ranging between 4.52% - 4.87% and maturing in January 2025.

3. ACCOUNTS RECEIVABLE

	2024	2023
Receivables from other governments	\$ 1,750,875	\$ 6,987,879
Trade and other	583,010	581,967
Taxes and grants in place of taxes	675,569	568,799
	\$ 3,009,454	\$ 8,138,645
Taxes and grants in place of taxes consist of the following:		
Current taxes	267,451	207,692
Tax arrears	802,123	578,523
	1,069,574	786,215
Less: Allowance for doubtful taxes	(394,005)	(217,416)
	\$ 675,569	\$ 568,799

Taxes are considered past due when the property owner has not made a payment by the outlined due date. The table that follows presents the carrying value of tax arrears at year-end that are past due but not included in the allowance for doubtful taxes because they are fully secured by the value of the property and collection efforts are reasonably expected to result in repayment.

	One year	Two years	Three years and greater	2024 Total
Tax arrears	\$ 87,694	\$ 34,582	\$ 285,842	\$ 408,118
	One year	Two years	Three years and greater	2023 Total
Tax arrears	\$ 84,255	\$ 51,441	\$ 225,411	\$ 361,107

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2024

4. INVESTMENTS

	2024		2023	
	Carrying Value	Market Value	Carrying Value	Market Value
Corporate bonds - amortized cost	\$ 14,540,138	\$ 14,145,710	\$ 16,351,950	\$ 15,832,271
Principal-protected notes (b)	9,561,745	9,561,745	5,763,544	5,763,544
Principle at risk notes (b)	-	-	864,700	864,700
	\$ 24,101,883	\$ 23,707,455	\$ 22,980,194	\$ 22,460,515

Corporate bonds have coupon interest rates between 1.61% to 6.034% (2023 - 1.610% - 6.034%) with maturity dates from June 2025 to August 2034.

Derivative investments have maturity dates from June 2025 to December 2034 and are carried at fair market value in which the measurements are derived from:

- a) Level 1 - Quoted prices in active markets for identical assets.
- b) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade and other accounts payable	\$ 3,387,750	\$ 2,907,167
Accrued vacation pay	425,716	394,805
Post-employment benefits (Note 1 (i))	159,667	159,635
Accrued interest on long-term debt	29,715	35,596
	\$ 4,002,848	\$ 3,497,203

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.

	2023	Additions	Revenue Recognized	2024
Alberta Municipal Water/Wastewater Partnership	\$ 905,255	\$ 32,282	\$ (17,053)	\$ 920,484
Canada Community-Building Fund	1,010,087	496,018	(944,560)	561,545
Municipal Sustainability Initiative	843,531	21,068	(516,644)	347,955
Local Government Fiscal Framework	-	1,753,682	(1,613,857)	139,825
Strategic Transportation Infrastructure Program	122,163	3,844	(30,749)	95,258
Other	57,945	103,221	(98,666)	62,500
Northern and Regional Economic Development Program	-	50,256	-	50,256
Rural Economic Development	-	45,000	-	45,000
Government of Canada	102,390	-	(102,390)	-
Brazeau Slowpitch Society	7,611	-	(7,611)	-
	\$ 3,048,982	\$ 2,505,371	\$ (3,331,530)	\$ 2,222,823

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.

8. ASSET RETIREMENT OBLIGATIONS

Gravel sites

The County has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site\ reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the County to reclaim the work site when the asset retirement activity occurs. The obligations are measured at the current cost due to the uncertainty about when the retirement and reclamation activities are expected to occur.

Buildings

The County has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from buildings under its control. Regulations require the County to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the County to remove the materials when the asset retirement activities occur.

	2024	2023
Balance, beginning of year	\$ 479,000	\$ 479,000
Net Change for the year:		
Annual accretion	11,017	-
Balance, end of year	\$ 490,017	\$ 479,000

Asset retirement obligations are composed of the following:

	2024	2023
Gravel sites	\$ 450,120	\$ 440,000
Buildings	39,897	39,000
	\$ 490,017	\$ 479,000

The obligations of \$490,017 (2023 - \$479,000) are measured at the current cost due to the uncertainty about when the retirement and reclamation activities are expected to occur.

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2024

9. CREDIT FACILITY

The County has a demand revolving operating credit facility to a maximum of \$2,000,000 bearing interest at prime less 0.75% per annum. The credit facility was not drawn upon as of December 31, 2024 or 2023.

10. LONG-TERM DEBT

	2024	2023
Alberta Capital Financing Authority debentures bearing interest at fixed rates ranging from 2.30% to 5.75% per annum maturing between 2023 and 2034.	\$ 5,642,556	\$ 6,576,555
Obligation under capital leases for solar panels, bearing interest and a rate of 1.57%, maturing 2032.	148,434	164,990
	\$ 5,790,990	\$ 6,741,545

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	421,001	70,038	491,039
2029	432,092	58,816	490,908
Thereafter	1,931,641	119,909	2,051,550
	\$ 5,790,990	\$ 608,656	\$ 6,399,646

Interest on long-term debt amounted to \$165,893 (2023 - \$193,031).

The County's total cash payments for interest in 2024 were \$171,753 (2023 - \$199,424).

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2024

11. TANGIBLE CAPITAL ASSETS

	2024	2023
	Net Book Value	
Engineered Structures		
Roadways	\$ 126,914,958	\$ 125,663,768
Wastewater systems	16,433,540	16,789,331
Water systems	12,499,786	12,789,567
Storm systems	983,506	1,000,330
	156,831,790	156,242,996
Buildings	12,088,251	13,028,699
Land	6,540,610	6,533,051
Land improvements	5,278,764	4,588,156
Machinery and equipment	4,447,844	5,202,725
Vehicles	2,376,742	2,718,869
Construction in progress	1,180,962	3,274,368
	\$ 188,744,963	\$ 191,588,864

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering Structures					
Roadways	\$ 377,515,103	\$ 2,999,160	\$ (215,502)	\$ 5,149,760	\$ 385,448,521
Wastewater systems	21,666,999	22,737	-	-	21,689,736
Water systems	16,046,337	-	-	-	16,046,337
Storm systems	1,263,612	-	-	-	1,263,612
	416,492,051	3,021,897	(215,502)	5,149,760	424,448,206
Machinery and equipment	17,185,248	143,000	(106,864)	44,089	17,265,473
Vehicles	6,999,326	67,696	(209,892)	-	6,857,130
Buildings	25,058,623	-	-	-	25,058,623
Land	6,533,051	7,559	-	-	6,540,610
Land improvements	8,660,493	830,085	(98,647)	187,905	9,579,836
Construction in progress	3,274,368	3,454,917	(166,569)	(5,381,754)	1,180,962
	\$ 484,203,160	\$ 7,525,154	\$ (797,474)	\$ -	\$ 490,930,840

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered Structures					
Roadways	\$ 251,851,335	\$ 6,865,405	\$ (183,177)	\$ -	\$ 258,533,563
Wastewater systems	4,877,668	378,528	-	-	5,256,196
Water systems	3,256,770	289,781	-	-	3,546,551
Storm systems	263,282	16,824	-	-	280,106
	260,249,055	7,550,538	(183,177)	-	267,616,416
Machinery, equipment, and furnishings	11,982,523	930,557	(95,451)	-	12,817,629
Vehicles	4,280,457	399,359	(199,428)	-	4,480,388
Buildings	12,029,924	940,448	-	-	12,970,372
Land improvements	4,072,337	327,382	(98,647)	-	4,301,072
	\$ 292,614,296	\$ 10,148,284	\$ (576,703)	\$ -	\$ 302,185,877

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2024

12. INVENTORIES FOR CONSUMPTION

	2024	2023
Sand and gravel	\$ 3,948,101	\$ 4,746,025
Parts, chemicals, and other	282,373	388,585
	\$ 4,230,474	\$ 5,134,610

13. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 31,275,903	\$ 25,377,201
Restricted surplus		
Operating restricted surplus (Note 14)	1,032,218	920,194
Capital restricted surplus (Note 14)	20,149,518	21,835,122
Equity in tangible capital assets (Schedule 1)	183,893,459	185,787,702
Change in accumulated remeasurements gains (losses)	93,201	276,057
	\$ 236,444,299	\$ 234,196,276

14. RESTRICTED SURPLUS

	2024	2023
OPERATING RESTRICTED SURPLUS		
General operating	\$ 1,032,218	\$ 920,194
CAPITAL RESTRICTED SURPLUS		
Deferred capital projects	\$ 4,842,843	\$ 4,639,513
Major facility capital investment	4,186,083	4,393,224
Engineering structures	2,012,631	3,154,825
Equipment replacement	1,243,819	1,660,007
Roads	1,161,364	1,437,421
Deferred projects	1,068,092	1,012,175
Fire equipment	997,646	1,028,215
Sewer capital replacement	784,690	663,680
Buildings	783,028	698,048
Recreation facilities (Willey West)	582,141	723,212
Cultural facilities	457,947	426,247
Water capital replacement	452,953	387,473
Committed funds	298,841	298,841
Utility servicing	292,910	261,121
Off-site levies	272,100	242,570
Parks-cash in lieu	214,279	359,944
Alternate land use services	209,908	187,128
Alternate energy program	147,365	150,535
Alberta water and wastewater	74,737	66,626
Land surplus	47,009	41,907
Economic development	16,430	-
Cemetery - perpetual care fund	2,702	2,410
	\$ 20,149,518	\$ 21,835,122

15. 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, 2024. 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.

16. FINANCIAL INSTRUMENTS

The County is exposed to the following risks in respect of its financial instruments at December 31, 2024.

Credit risk

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, 2024 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.

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities.

Interest rate risk

Interest rate risk is the risk that the County's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. The County is exposed to interest rate risk on its cash and cash equivalents, investments and long-term debt. Interest rate risk on the County's long-term debt is managed through fixed rate debentures with the Province of Alberta (*Note 10*).

Liquidity risk

Liquidity risk is the risk that the County will encounter difficulty in meeting obligations associated with its financial liabilities. The County maintains cash balances to ensure that funds are available to meet current and forecasted financial requirements. Management continues to monitor the County's liquidity position on a regular basis.

17. 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).

18. 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:

			2024	2023
	Remuneration	Benefits and Allowances	Total	Total
Reeve and Councillors				
B. Guyon (Reeve)	\$ 78,851	\$ 25,025	\$ 103,876	\$ 96,668
D. Wiltse	52,309	21,176	73,485	65,729
K. Westerlund	49,673	20,805	70,478	65,632
D. Ekstrom	48,992	20,685	69,677	59,146
C. Brooks	43,637	14,687	58,324	52,096
A. Heinrich	44,293	4,724	49,017	46,629
G. Gunderson	50,191	20,178	70,369	37,921
R. Swap	-	-	-	3,153
	\$ 367,946	\$ 127,280	\$ 495,226	\$ 426,974
Chief Administrative Officer (1)	\$ 137,526	\$ 35,483	\$ 173,009	\$ 213,039
Designated Officers (6)	\$ 807,338	\$ 184,672	\$ 992,010	\$ 923,352

- 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.

19. 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 11.65% 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 10.65% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2024 were \$269,523 (2023 - \$240,737). Total current service contributions by the employees of the County to the LAPP in 2024 were \$239,891 (2023 - \$214,331).

At December 31, 2023 the Plan disclosed an actuarial surplus of \$15.06 billion (2022 \$12.67 billion).

BRAZEAU COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2024

20. 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:

	2024	2023
Total debt limit	\$ 49,478,741	\$ 56,245,796
Total debt	(5,790,990)	(6,741,545)
Amount of debt limit unused	\$ 43,687,751	\$ 49,504,251
Service on debt limit	\$ 8,246,457	\$ 9,374,299
Service on debt	(1,122,183)	(1,122,317)
Amount of debt servicing limit unused	\$ 7,124,274	\$ 8,251,982

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.

21. BUDGET FIGURES

The budget figures presented in these financial statements are based on the budget approved by Council on April 5, 2024.

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

Annual surplus (deficit)	\$ 5,539,954
Deduct:	
Purchase of tangible capital assets	(13,107,424)
Add back:	
Transfers from operating reserves	457,762
Transfers from capital reserves	10,192,428
Proceeds on sale of tangible capital assets	64,000
	\$ 3,146,720

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.