

**PARKLAND COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

DRAFT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The elected Mayor and Council of Parkland County are composed entirely of individuals who are neither management nor employees of the County. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the County's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.

Jeff Dyck, CPA, CA Acting Chief Administrative Officer

Craig Froehlich, CPA, CA Acting General Manager Corporate Services and CFO

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Parkland County

Opinion

We have audited the accompanying consolidated financial statements of Parkland County (the "County"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2023, and the results of its consolidated operations and its consolidated 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 other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes the County's adoption of *PS3280 – Asset Retirement Obligations* using the modified retroactive approach and have restated prior year comparative figures. Our opinion is not modified with respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal 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 consolidated financial statements, management is responsible for assessing the County'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 County or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities 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 the 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 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 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 auditors' report. However, future events or conditions may cause the County 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants

Edmonton, Alberta

Parkland County
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2023

	<u>2023</u>	<u>2022</u> (Restated) (Note 1)
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 9,305,982	\$ 29,891,715
Accounts receivable <i>(Note 4)</i>	23,625,083	16,199,274
Investments <i>(Note 5)</i>	155,598,984	137,426,996
Land held for resale	<u>1,050,205</u>	<u>1,022,000</u>
	<u>189,580,254</u>	<u>184,539,985</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	12,019,126	10,969,259
Deposit liabilities	2,496,046	3,306,075
Deferred revenue <i>(Note 7)</i>	19,927,890	22,911,212
Long-term debt <i>(Note 8)</i>	39,581,118	39,917,097
Asset retirement obligations <i>(Note 10)</i>	5,802,486	5,918,201
Environmental liabilities <i>(Note 11)</i>	<u>2,865,336</u>	<u>2,989,136</u>
	<u>82,692,002</u>	<u>86,010,980</u>
NET FINANCIAL ASSETS	<u>106,888,252</u>	<u>98,529,005</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 12)</i>	569,899,764	560,007,080
Inventory for consumption <i>(Note 13)</i>	11,229,711	10,762,105
Prepaid expenses	<u>1,988,518</u>	<u>1,620,564</u>
	<u>583,117,993</u>	<u>572,389,749</u>
ACCUMULATED SURPLUS <i>(Note 14)</i>	<u>\$ 690,006,245</u>	<u>\$ 670,918,754</u>
Contractual rights <i>(Note 15)</i>		
Contractual obligations <i>(Note 16)</i>		
Contingent assets and liabilities <i>(Note 17)</i>		

The accompanying notes are an integral part of the consolidated financial statements.

APPROVED ON BEHALF OF COUNCIL:

Parkland County
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual) (Restated) (Note 1)
REVENUES			
Net municipal property taxes <i>(Note 18)</i>	\$ 71,203,300	\$ 70,833,668	\$ 68,591,540
User fees and sales	11,134,459	12,558,442	11,510,670
Penalties	908,500	1,150,198	1,083,416
Investment income	2,050,305	4,639,664	3,870,653
Government transfers for operating <i>(Note 19)</i>	4,226,128	9,959,149	6,961,870
Licenses and permits	1,343,000	1,182,266	1,308,052
Other revenue	<u>544,746</u>	<u>1,029,315</u>	<u>644,671</u>
	<u>91,410,438</u>	<u>101,352,702</u>	<u>93,970,872</u>
EXPENSES			
Salaries, wages, and employee benefits	38,804,184	37,284,273	35,407,422
Contracted and general services	21,339,976	22,801,123	19,386,546
Materials, goods, supplies and utilities	9,036,871	9,441,315	8,631,010
Interest on long term debt	1,418,200	1,137,357	951,940
Bank charges	54,625	62,707	58,458
Transfers to governments, agencies and organizations	16,863,291	7,586,013	7,856,165
Purchases from other governments	4,619,070	5,792,246	4,938,616
Amortization of tangible capital assets	16,967,000	20,938,172	18,581,383
Other expenses - operating	<u>675,404</u>	<u>36,107</u>	<u>170,302</u>
	<u>109,778,621</u>	<u>105,079,313</u>	<u>95,981,842</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>(18,368,183)</u>	<u>(3,726,611)</u>	<u>(2,010,970)</u>
OTHER			
Contributed tangible capital assets	3,954,500	8,957,010	15,805,880
Government transfers for capital <i>(Note 19)</i>	25,912,111	14,053,645	10,565,949
Developer and customer contributions - capital	-	-	4,596,778
Gain (loss) on disposal of tangible capital assets	(173,600)	(268,792)	1,315,275
Other revenue - capital	<u>-</u>	<u>72,239</u>	<u>-</u>
ANNUAL SURPLUS	11,324,828	19,087,491	30,272,912
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>670,918,754</u>	<u>670,918,754</u>	<u>640,645,842</u>
ACCUMULATED SURPLUS, END OF YEAR <i>(NOTE 14)</i>	\$ <u>682,243,582</u>	\$ <u>690,006,245</u>	\$ <u>670,918,754</u>

The accompanying notes are an integral part of the consolidated financial statements.

Parkland County
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual) (Restated) (Note 1)
ANNUAL SURPLUS	\$ <u>11,324,828</u>	\$ <u>19,087,491</u>	\$ <u>30,272,912</u>
Acquisition of tangible capital assets	(42,069,780)	(22,158,778)	(19,494,116)
Contributed tangible capital assets	(3,954,500)	(8,957,010)	(15,805,880)
Proceeds on disposal of tangible capital assets	650,000	16,140	2,587,275
Amortization of tangible capital assets	16,967,000	20,938,172	18,581,383
Loss/(Gain) on disposal of tangible capital assets	<u>173,600</u>	<u>268,792</u>	<u>(1,315,275)</u>
	<u>(28,233,680)</u>	<u>(9,892,684)</u>	<u>(15,446,613)</u>
Net change in inventory for consumption	-	(467,606)	(1,361,899)
Net change in prepaid expenses	<u>-</u>	<u>(367,954)</u>	<u>5,606</u>
	<u>-</u>	<u>(835,560)</u>	<u>(1,356,293)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(16,908,852)	8,359,247	13,470,006
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>98,529,005</u>	<u>98,529,005</u>	<u>85,058,999</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>81,620,153</u></u>	\$ <u><u>106,888,252</u></u>	\$ <u><u>98,529,005</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

Parkland County
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u> (Restated) (Note 1)
OPERATING ACTIVITIES		
Annual surplus	\$ 19,087,491	\$ 30,272,912
Non-cash items included in excess of revenue over expenses:		
Loss/(Gain) on disposal of tangible capital assets	268,792	(1,315,275)
Amortization of tangible capital assets	20,938,172	18,581,383
Contributed tangible capital assets	(8,957,010)	(15,805,880)
Change in non-cash working capital balances:		
Accounts receivable	(7,425,809)	11,607,960
Land held for resale	(28,205)	114,000
Accounts payable and accrued liabilities	1,049,867	(2,769,364)
Deposit liabilities	(810,029)	(416,850)
Deferred revenue	(2,983,322)	(9,831,015)
Asset retirement obligations	(115,715)	116,225
Environmental liabilities	(123,800)	(16,388)
Consumable inventories	(467,606)	(1,361,899)
Prepaid expenses	(367,954)	5,606
	<u>20,064,872</u>	<u>29,181,415</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(22,158,778)	(19,494,116)
Proceeds on disposal of tangible capital assets	16,140	2,587,275
	<u>(22,142,638)</u>	<u>(16,906,841)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(74,986,674)	(71,112,589)
Maturity of investments	57,004,904	65,722,472
Amortization of investment premiums/discounts	(190,218)	(19,992)
	<u>(18,171,988)</u>	<u>(5,410,109)</u>
FINANCING ACTIVITIES		
Long-term debt issued	1,985,240	3,997,001
Long-term debt repaid	(2,321,219)	(2,191,870)
	<u>(335,979)</u>	<u>1,805,131</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,585,733)	8,669,596
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>29,891,715</u>	<u>21,222,119</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 3)	<u>\$ 9,305,982</u>	<u>\$ 29,891,715</u>

The accompanying notes are an integral part of the consolidated financial statements.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

Parkland County is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*.

1. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Parkland County (the "County") are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the County are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the government reporting entity. The government reporting entity is comprised of all the organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County.

The County's consolidated financial statements include the proportionate share of assets, liabilities, revenues and expenses for the Tri-Municipal Leisure Facility Corporation (a Part 9 company operating as the TransAlta Tri Leisure Centre).

The financial statements of Parkland County Library Board are fully consolidated in the County's financial statements.

The County is also a member of boards and commissions that are not included in the government reporting entity.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

Property taxes levied also include requisitions for education and seniors housing; organizations that are not part of the government reporting entity.

(b) Basis of Accounting

The County follows the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the specified purpose. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of legal obligation to pay.

(c) Cash and Cash Equivalents

Cash consists of balances held with Canadian financial institutions and cash-in-transit. Cash equivalents consist of term deposits, guaranteed investment certificates (GICs), and other investments that are readily convertible to cash in less than three months and are recorded at cost.

(Continues)

Parkland County
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments

Investments consist of instruments such as term deposits, growth index deposits, notes, bonds, and guaranteed investment certificates. Term deposits, market equity growth index deposits, guaranteed investment certificates, notes, and bonds 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 the value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Inventories for Consumption

Land held for resale is recorded at the lower of cost and net realizable value on a specific item basis.

(f) Employee Benefit Obligations

The costs of multi-employer defined benefit pension plan benefits including LAPP and APEX pensions are the employer's contributions to the plan in the period. Health/vision and dental benefits are administered by Blue Cross on an administrative services only basis. The County is responsible for the employer share of benefit premiums throughout the year as well as any shortfall or surplus at the end of the period. Accumulated sick and vacation days are set up as a liability to the extent to which days are expected to be paid out and/or used by employees.

(g) 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.

(i) *Tangible Capital Assets*

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

	<u>Years</u>
Land improvements	15 - 30
Buildings	5 - 50
Engineered structures	
Roadway systems	10 - 60
Storm	50 - 75
Water system	45 - 75
Wastewater system	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 20

Annual amortization is pro-rated 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.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Non-Financial Assets (Continued)

(ii) Contributions of Tangible Capital Assets

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

(iii) Works of Art and Cultural and Historic Assets

The County owns original artworks that are on permanent display at the County facilities. The artworks were purchased by the County and have significant cultural and historical value in perpetuity. The artworks are not recorded as tangible capital assets in the consolidated financial statements.

(iv) Interest Capitalization

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Consumable Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost and replacement cost with cost determined using the average cost method.

(vi) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

(h) Government Transfers

Government transfers are recognized in the financial statements as revenues 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 made.

A transfer with or without eligibility criteria but with stipulations is recognized in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfers give rise to an obligation that meets the definition of a liability.

(i) Requisition Over-Levies and Under-Levies

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.

(j) Tax Revenue Recognition

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire the tangible capital asset when, at the financial statement date:

- There is a legal obligation for the County to incur retirement costs;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Management's best estimate of the liability includes all costs directly attributable to asset retirement activities based on information available at year end. In some instances, the best estimate of the asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. In other instances, the asset retirement obligation is valued at current estimated cost to settle or otherwise extinguish the liability.

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

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

(l) Liabilities for Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is based on management's estimate of the cost of post remediation including operation, maintenance, and monitoring. The liability is recorded net of any expected recoveries. A liability is applicable to sites that are not in productive use or where an unexpected event has caused contamination in the year.

(m) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for amortization and accrued liabilities, including asset retirement obligations and environmental liabilities. Actual results could differ from those estimates.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

(n) Adoption of Accounting Standards

Effective April 1, 2022, the County adopted PS3450 Financial Instruments standard and corresponding standards of PS2601 Foreign Currency Translation, PS1201 Financial Statement Presentation and PS3041 Portfolio Investments. The County used prospective application to adopt these standards. As a result, 2022 comparatives are not restated. Major changes to the consolidated financial statements include:

- Additional disclosure on financial risk exposure and risk management

The County elects to recognize the exchange gains and losses of accounts payable denominated in a foreign currency directly in the statement of operations.

The County also adopted PS3280 Asset Retirement Obligations standard, using the modified retroactive approach with restatement of prior year comparatives, and recognized the following to align to the new standard:

- Asset retirement obligations, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of the accumulated surplus.

Amounts are measured using information, assumptions, and discount rates where applicable that are current on the effective date. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized as if the provisions of this standard had been in effect to the date as of which this standard is first applied.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Adoption of Accounting Standards (Continued)

The impact on the prior year's financial statements as a result of the adoptions of accounting standards is as follows:

	Previously Reported	2022 Adjustments	Restated
Consolidated Statement of Operations			
Revenues	\$ 126,254,754	\$ -	\$ 126,254,754
Expenses	<u>95,923,937</u>	<u>57,905</u>	<u>95,981,842</u>
Annual Surplus/(Deficit)	\$ <u>30,330,817</u>	\$ <u>(57,905)</u>	\$ <u>30,272,912</u>
Consolidated Statement of Financial Position			
Financial Assets	\$ 184,539,985	\$ -	\$ 184,539,985
Liabilities	<u>82,809,700</u>	<u>3,201,280</u>	<u>86,010,980</u>
Net Financial Assets	101,730,285	(3,201,280)	98,529,005
Non-Financial Assets	<u>571,177,637</u>	<u>1,212,112</u>	<u>572,389,749</u>
Accumulated Surplus	\$ <u>672,907,922</u>	\$ <u>(1,989,168)</u>	\$ <u>670,918,754</u>
Consolidated Statement of Changes in Net Financial Assets			
Annual Surplus/(Deficit)	\$ 30,330,817	\$ (57,905)	\$ 30,272,912
Acquisition of Tangible Capital Assets	(19,494,116)	-	(19,494,116)
Contributed Tangible Capital Assets	(15,805,880)	-	(15,805,880)
Proceeds on Disposals of Tangible Capital Assets	2,587,275	-	2,587,275
Amortization of Tangible Capital Assets	18,523,478	57,905	18,581,383
Loss/(Gain) on Disposal of Tangible Capital Assets	(1,315,275)	-	(1,315,275)
Change in Consumable Inventories	(1,361,899)	-	(1,361,899)
Change in Prepaid Expenses	<u>5,606</u>	<u>-</u>	<u>5,606</u>
Change in Net Financial Assets	13,470,006	-	13,470,006
Net Financial Assets, Beginning of Year	<u>88,260,279</u>	<u>(3,201,280)</u>	<u>85,058,999</u>
Net Financial Assets, End of Year	\$ <u>101,730,285</u>	\$ <u>(3,201,280)</u>	\$ <u>98,529,005</u>

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(o) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost/Carrying value
Accounts receivable	Lower of cost or net recoverable value
Investments	Cost or amortized cost
Inventories for resale	Lower of cost or net realizable value
Accounts payable and other accrued liabilities	Cost/Carrying value

(p) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Public Sector Accounting Standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

Public Sector Accounting Standard	Name	Effective date(fiscal years beginning on or after)
PS3400	Revenue	April 1, 2023
PS3160	Public Private Partnerships	April 1, 2023
PSG-8	Purchased Intangibles	April 1, 2023
PS1202	Financial Presentation	April 1, 2026

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

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. FINANCIAL RISK MANAGEMENT

The County recognizes the importance of managing risks by using policies, procedures, and oversight designed to reduce risks identified to an appropriate threshold. The risks that the County is exposed to through its financial instruments are credit risk, liquidity risk, and market risk. There was no significant change to these risks or its processes for managing these risks from the prior year.

(a) Credit Risk

The County is subject to credit risk arising from its investment portfolio and accounts receivable, which are comprised primarily of interest receivable, government transfers receivable, and taxes receivable.

Credit risk pertaining to the investment portfolio is deemed to be low, as investments are comprised primarily of high-quality fixed income securities such as GICs, investment grade bonds and principal protected notes issued by Canadian chartered banks. Credit risk associated with government transfers receivable and interest receivable is also deemed to be low. Taxes receivable credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

(b) Liquidity Risk

Liquidity risk is the risk that the County will not be able to meet the obligations associated with financial liabilities. The County takes an active approach to address liquidity risk through debt management policy, cash flow forecasting and modelling, credit facilities, and other strategies.

(c) Market Risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument fluctuates based on market factors. Market risk includes currency risk, interest rate risk, and other price risks. The County is not exposed to significant foreign exchange, interest rate, or other price risk.

3. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,549,219	\$ 6,096,899
Cash equivalents	<u>5,756,763</u>	<u>23,794,816</u>
	<u>\$ 9,305,982</u>	<u>\$ 29,891,715</u>

Cash equivalents include investments that have effective interest rates of 5.40% to 5.70% (2022 - 4.65% to 4.75%).

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

4. ACCOUNTS RECEIVABLES

The accounts receivable is made up of the following:

	<u>2023</u>	<u>2022</u>
Accrued interest receivable - investments	\$ 4,912,046	\$ 3,639,793
Government transfers receivable	11,102,697	6,105,103
Local improvements	224,672	340,691
Requisition underlevy	169,022	175,286
Taxes - arrears	1,384,659	1,246,998
Taxes - current	3,089,552	2,648,637
Trade and other	<u>2,755,365</u>	<u>2,052,843</u>
	23,638,013	16,209,351
Less: Allowance for doubtful accounts	<u>(12,930)</u>	<u>(10,077)</u>
	<u>\$ 23,625,083</u>	<u>\$ 16,199,274</u>

5. INVESTMENTS

	<u>2023</u>		<u>2022</u>	
	<u>Carrying Amount</u>	<u>Market Amount</u>	<u>Carrying Amount</u>	<u>Market Amount</u>
Cash invested	\$ -	\$ -	\$ 51,501	\$ 51,501
Other:				
Notes and deposits	94	94	94	94
Bank and callable bonds	95,548,706	88,510,676	90,652,817	80,740,014
Principal protected notes	39,579,000	38,626,590	41,519,400	39,154,529
Memberships/shares	203,184	203,184	203,184	203,184
Guaranteed investment certificate	<u>20,268,000</u>	<u>20,268,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 155,598,984</u>	<u>\$ 147,608,544</u>	<u>\$ 137,426,996</u>	<u>\$ 125,149,322</u>

Investments have effective interest rates of 1.80% to 6.29% (2022 - 1.80% to 5.00%) while Principal Protected Notes have variable interest and are linked to the performance of an equity market index with maturity dates between August 2028 to April 2032 (2022 - May 2028 to April 2032).

Market values are based on quoted market values received on December 31, 2023. The market values fluctuate with changes in market interest rates. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities is made up of the following:

	<u>2023</u>	<u>2022</u>
Trade and other accounts payable	\$ 8,364,614	\$ 7,607,797
Holdbacks payable	679,448	430,471
Wage and benefit obligations	883,850	991,546
Payable to other governments	3,557	5,179
Accrued interest on long-term debt	58,768	59,826
Earned vacation and overtime liability	<u>2,028,889</u>	<u>1,874,440</u>
	<u>\$ 12,019,126</u>	<u>\$ 10,969,259</u>

7. DEFERRED REVENUE

	<u>2022</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Amount Utilized</u>	<u>2023</u>
Government Transfers					
Capital:					
Municipal Sustainability Initiative	\$ 8,662,131	\$ 4,196,170	\$ 82,516	\$ (5,399,426)	\$ 7,541,391
Canada Community-Building Fund	8,123,777	2,059,325	95,808	(5,445,664)	4,833,246
Other capital grant	371,573	2,560,969	2,780	(2,865,384)	69,938
Operating:					
Municipal Sustainability Initiative	1,901	687,452	3,393	(687,452)	5,294
Family and Community Support Services	5,684	805,296	-	(763,786)	47,194
9-1-1 Grant	667,459	2,007,176	11,710	(1,479,287)	1,207,058
Other operating grant	<u>346,048</u>	<u>7,528,661</u>	<u>5,601</u>	<u>(7,371,795)</u>	<u>508,515</u>
	<u>18,178,573</u>	<u>19,845,049</u>	<u>201,808</u>	<u>(24,012,794)</u>	<u>14,212,636</u>
Other Deferred Revenue					
Offsite levies	3,413,122	173,697	207,174	(33,877)	3,760,116
Other revenue	<u>1,319,517</u>	<u>1,876,483</u>	<u>4,888</u>	<u>(1,245,750)</u>	<u>1,955,138</u>
	<u>4,732,639</u>	<u>2,050,180</u>	<u>212,062</u>	<u>(1,279,627)</u>	<u>5,715,254</u>
	<u>\$ 22,911,212</u>	<u>\$ 21,895,229</u>	<u>\$ 413,870</u>	<u>\$(25,292,421)</u>	<u>\$19,927,890</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

8. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Long term debt - user pay	\$ 37,987,186	\$ 38,982,819
Long term debt - tax supported	<u>1,593,932</u>	<u>934,278</u>
	<u>\$ 39,581,118</u>	<u>\$ 39,917,097</u>

Debenture debt is repayable to Alberta Treasury Board and Finance. The debt is issued on the credit and security of the County at large. It is payable and due over various periods up to the year 2047 with effective interest rates ranging from 2.08% to 4.92% (2022 - 2.08% to 5.75%).

The County entered into an infrastructure loan facility agreement with Servus Credit Union with a maximum of \$16,500,000 for a term of 20 years, bearing interest at 6.70% (2022 - 5.95%) based on the Credit Union's prime rate less 0.5%. The loan can be paid in full prior to maturity and is provided on the faith and credit of the County.

During the year, Parkland County borrowed \$1,325,586 (2022 - \$8,000,000) from Alberta Treasury Board and Finance for development of infrastructure in Acheson. A portion of these debt proceeds was used to repay \$934,278 (2022 - \$4,937,277) of the infrastructure loan facility agreement. These amounts are shown on a net basis.

Principal and interest amounts due on debentures and loans each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,373,860	\$ 1,185,603	\$ 3,559,463
2025	2,366,961	1,072,854	3,439,815
2026	3,751,798	928,593	4,680,391
2027	2,487,071	835,390	3,322,461
2028	2,549,589	772,872	3,322,461
Thereafter	<u>24,457,907</u>	<u>5,918,449</u>	<u>30,376,356</u>
	<u>\$ 37,987,186</u>	<u>\$ 10,713,761</u>	<u>\$ 48,700,947</u>

Total interest on long-term debt which is reported on the consolidated statement of operations and accumulated surplus amounted to \$1,137,357 in 2023 (2022 - \$951,940).

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

9. 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 County be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 152,029,053	\$ 140,956,308
Total debt	<u>(39,581,118)</u>	<u>(39,917,097)</u>
Amount of debt limit unused	<u>\$ 112,447,935</u>	<u>\$ 101,039,211</u>
Service on debt limit	\$ 25,338,176	\$ 23,492,718
Service on debt	<u>(3,559,463)</u>	<u>(3,413,662)</u>
Amount of service on debt limit unused	<u>\$ 21,778,713</u>	<u>\$ 20,079,056</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in *Alberta Regulation 255/2000*) 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.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

10. ASSET RETIREMENT OBLIGATIONS

The County has identified a number of tangible capital assets where asset retirements obligations exist. As at December 31, 2023, the total asset retirement obligations liabilities are as follows:

	<u>2023</u>	<u>2022</u> (Restated)
Asset retirement obligations, beginning of year	\$ 5,918,201	\$ 5,801,976
Asset retirement obligations liabilities incurred	-	-
Asset retirement obligations liabilities settled	(115,715)	(66,117)
Accretion expense	-	-
Revision in estimates	<u>-</u>	<u>182,342</u>
 Asset retirement obligations, end of year	 <u>\$ 5,802,486</u>	 <u>\$ 5,918,201</u>

Included in ARO liabilities, \$2,601,206 (2022 - \$2,716,921) is valued using the present value technique with an undiscounted amount of estimated future cash flows required to settle this obligation of \$2,767,299 (2022 - \$2,919,600). The discount rate used for the present value technique was 3.34% and these obligations are expected to be settled between 2024 and 2043. The total ARO liabilities also include \$3,201,280 (2022 - \$3,201,280) of undiscounted future cash flows valued using the cost escalation technique as the settlement dates related to these liabilities have not been determined.

The above asset retirement obligations relate to buildings, engineered structures, and land improvements.

The County estimated the nature and extent of the hazardous materials in its buildings based on the potential square feet and average costs per square foot to remove and dispose of the hazardous materials. The estimate of these obligations is based on assessments provided by third party and internal experts.

The County estimated the nature and extent of the hazardous materials used to construct engineered structures based on the potential meters and average costs per meter to remove and dispose of the underground infrastructure. The estimate of these obligations is based on assessments provided by third party and internal experts.

Under Provincial legislation, the County is required to provide for closure and post closure care for its landfill sites which are classified as land improvements. Post closure activities include surface and ground water monitoring, leachate control and, visual inspection for a period of 25 years after the landfill has been closed. The County currently has no active landfill sites. The estimate of these obligations is based on assessments provided by third party and internal experts.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

10. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

In addition to the landfill sites with associated liabilities, there were three identified historic landfill sites within Parkland County. Two of the sites will be undergoing a supplementary Phase II environmental site assessment to determine the extent of contamination and costs required to reclaim the sites. The third historical landfill site will be undergoing a Phase II environmental site assessment to confirm contamination concerns. These assessments will ultimately confirm the extent of risk management and reclamation efforts that are required but, as of the financial statement date, the costs are not yet determinable.

Under Provincial legislation, the County is required to reclaim lands used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include revegetation of sites upon closure. The County owns and operates a number of aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the County. The estimate of these obligations is based on assessments provided by third party and internal experts.

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

The County maintains four wastewater lagoons which operate under the Code of Practice (CoP) for Wastewater Systems Using a Wastewater Lagoon and the Environmental Protection and Enhancement Act (EPEA). There is a requirement to return these sites to equivalent land capability at end of life, and as such an obligation exists with respect to retirement of the lagoons. However, these lagoons can have an indefinite useful life with regular maintenance, upkeep, and monitoring over time. Given the significant uncertainty in estimating a liability to be incurred at an indeterminable point in time, and the immaterial present value of such a liability, no asset retirement obligation has been recognized in the financial statements related to the retirement of these lagoons.

11. ENVIRONMENTAL LIABILITIES

Under Provincial legislation, the County is required to remediate lands with contamination in excess of Provincial Environmental Standards. Reclamation requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspections and maintenance. The County Services Building yard contains a salt storage site where contamination is in excess of environmental standards. The costs for remediation have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 3.34%. An amount of \$2,865,336 (2022 - \$2,989,136) has been recorded.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

12. TANGIBLE CAPITAL ASSETS

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>2023</u>
COST:								
Balance, Beginning of Year	\$ 165,806,359	\$ 13,036,565	\$ 69,510,381	\$ 615,112,508	\$ 29,109,828	\$ 19,933,778	\$ 3,687,016	\$ 916,196,435
Additions	42,512	649,514	393,961	15,163,249	1,530,989	715,722	3,662,831	22,158,778
Contributed assets	389,560	1,397,451	-	7,111,401	58,598	-	-	8,957,010
Disposals	-	-	(39,776)	(1,550,882)	(811,828)	-	-	(2,402,486)
Transfers	-	465,817	470,945	651,553	911,768	413,449	(2,913,532)	-
Balance, End of Year	<u>166,238,431</u>	<u>15,549,347</u>	<u>70,335,511</u>	<u>636,487,829</u>	<u>30,799,355</u>	<u>21,062,949</u>	<u>4,436,315</u>	<u>944,909,737</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	4,346,459	15,646,012	315,783,892	12,493,797	7,919,195	-	356,189,355
Amortization	-	954,436	1,561,816	14,452,440	2,663,494	1,305,986	-	20,938,172
Disposals	-	-	(18,363)	(1,404,797)	(694,394)	-	-	(2,117,554)
Balance, End of Year	<u>-</u>	<u>5,300,895</u>	<u>17,189,465</u>	<u>328,831,535</u>	<u>14,462,897</u>	<u>9,225,181</u>	<u>-</u>	<u>375,009,973</u>
NET BOOK VALUE	<u>\$ 166,238,431</u>	<u>\$ 10,248,452</u>	<u>\$ 53,146,046</u>	<u>\$ 307,656,294</u>	<u>\$ 16,336,458</u>	<u>\$ 11,837,768</u>	<u>\$ 4,436,315</u>	<u>\$ 569,899,764</u>

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>2022 (Restated)</u>
COST:								
Balance, Beginning of Year	\$ 163,771,838	\$ 10,248,126	\$ 63,141,547	\$ 581,317,315	\$ 27,424,772	\$ 18,920,879	\$ 18,826,772	\$ 883,651,249
Restatement (Note 1)	<u>-</u>	<u>151,297</u>	<u>432,000</u>	<u>2,749,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,332,577</u>
Balance, Beginning of Year, As Restated	163,771,838	10,399,423	63,573,547	584,066,595	27,424,772	18,920,879	18,826,772	886,983,826
Additions	144,432	2,117,798	406,716	10,954,884	2,782,118	1,224,199	1,863,969	19,494,116
Contributed assets	1,900,462	-	-	13,905,418	-	-	-	15,805,880
Disposals	(10,373)	-	(1,859,530)	(671,854)	(2,137,633)	(1,407,997)	-	(6,087,387)
Transfers	<u>-</u>	<u>519,344</u>	<u>7,389,648</u>	<u>6,857,465</u>	<u>1,040,571</u>	<u>1,196,697</u>	<u>(17,003,725)</u>	<u>-</u>
Balance, End of Year	<u>165,806,359</u>	<u>13,036,565</u>	<u>69,510,381</u>	<u>615,112,508</u>	<u>29,109,828</u>	<u>19,933,778</u>	<u>3,687,016</u>	916,196,435
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	3,654,458	15,698,222	301,893,495	11,223,528	7,891,096	-	340,360,799
Restatement (Note1)	<u>-</u>	<u>100,864</u>	<u>260,520</u>	<u>1,701,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,062,560</u>
Balance, Beginning of Year, As Restated	-	3,755,322	15,958,742	303,594,671	11,223,528	7,891,096	-	342,423,359
Amortization	-	591,137	1,452,749	12,810,231	2,452,252	1,275,014	-	18,581,383
Disposals	<u>-</u>	<u>-</u>	<u>(1,765,479)</u>	<u>(621,010)</u>	<u>(1,181,983)</u>	<u>(1,246,915)</u>	<u>-</u>	<u>(4,815,387)</u>
Balance, End of Year	<u>-</u>	<u>4,346,459</u>	<u>15,646,012</u>	<u>315,783,892</u>	<u>12,493,797</u>	<u>7,919,195</u>	<u>-</u>	356,189,355
NET BOOK VALUE	<u>\$ 165,806,359</u>	<u>\$ 8,690,106</u>	<u>\$ 53,864,369</u>	<u>\$ 299,328,616</u>	<u>\$ 16,616,031</u>	<u>\$ 12,014,583</u>	<u>\$ 3,687,016</u>	<u>\$ 560,007,080</u>

(a) Assets Under Construction

Assets under construction totalling \$4,436,315 (2022 - \$3,687,016) have not been amortized. Amortization of these assets will commence when they are put into service.

(b) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair value at the date of contribution. Contributed tangible capital assets consisting of land, roads, drainage and water/wastewater infrastructure received during the year have a value of \$8,957,010 (2022 - \$15,805,880).

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

13. CONSUMABLE INVENTORIES

The consumable inventories is made up of the following:

	<u>2023</u>	<u>2022</u>
Gravel - pit run	\$ 9,266,166	\$ 8,796,531
Gravel - crushed	1,474,251	1,452,775
Gas, oil and parts	214,994	203,514
Other	<u>274,300</u>	<u>309,285</u>
	<u>\$ 11,229,711</u>	<u>\$ 10,762,105</u>

14. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u> (Restated)
Unrestricted surplus	\$ 3,790,265	\$ 3,953,615
Restricted surplus	161,699,820	152,793,357
Invested in tangible capital assets	<u>524,516,160</u>	<u>514,171,782</u>
	<u>\$ 690,006,245</u>	<u>\$ 670,918,754</u>

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

14. ACCUMULATED SURPLUS (CONTINUED)

RESTRICTED SURPLUS

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Benefit premium stabilization	\$ 391,526	\$ 150,000	\$ -	\$ 541,526
Business attraction fund	8,857,065	987,000	300,698	9,543,367
County facilities	11,242,707	447,800	626,854	11,063,653
Developer recoversies	16,164,299	202,816	300,502	16,066,613
Environmental	3,103,786	903,656	37,751	3,969,691
Extreme events	8,867,505	984,123	238,655	9,612,973
Future capital	8,243,848	1,131,377	1,383,087	7,992,138
Future operating	12,022,559	1,463,366	2,698,041	10,787,884
Information technology	3,152,347	-	290,987	2,861,360
Lifecycle plans	19,700,258	5,943,000	2,916,911	22,726,347
Long term sustainability	43,882,155	4,569,899	52,038	48,400,016
Municipal park	1,131,331	198,040	156,798	1,172,573
Recreation facilities	8,689,138	2,529,130	1,844,548	9,373,720
Water and waste water	<u>6,813,223</u>	<u>1,342,677</u>	<u>1,367,583</u>	<u>6,788,317</u>
	<u>152,261,747</u>	<u>20,852,884</u>	<u>12,214,453</u>	<u>160,900,178</u>
TransAlta Tri-Leisure Centre	186,797	-	74,764	112,033
Parkland County Library Board	<u>344,813</u>	<u>342,796</u>	<u>-</u>	<u>687,609</u>
	<u>\$ 152,793,357</u>	<u>\$ 21,195,680</u>	<u>\$ 12,289,217</u>	<u>\$ 161,699,820</u>

INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u> (Restated)
Tangible capital assets (net book value)	\$ 569,899,764	\$ 560,007,080
Capital long-term debt	(39,581,118)	(39,917,097)
Asset retirement obligations	<u>(5,802,486)</u>	<u>(5,918,201)</u>
	<u>\$ 524,516,160</u>	<u>\$ 514,171,782</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

15. CONTRACTUAL RIGHTS

The County has a contractual right to Provincial funds to be allocated to the County in future years. The receipt of these assets will depend on submission and approval of project applications and satisfying subsequent reporting requirements.

The County has a contractual right to future lease revenue from another government organization. This lease revenue is for the use of a County-owned facility. The lease term expires January 31, 2035 with an annual lease payment of \$543,459.

The County has a contractual right to future lease revenue from another government organization. This lease revenue is for the use of a County-owned facility. The lease term expires March 31, 2027 with an annual lease payment of \$12,744.

The County entered into three separate Memorandum of Agreements with Alberta Transportation with the below two agreements related to projects yet to be completed as at December 31, 2023. The outstanding projects state the following, respectively:

- The lesser of \$52,500 or seventy-five percent (75%) of the actual shareable costs for eligible project expenditures will be contributed for bridge culvert replacement.
- The lesser of \$52,500 or seventy-five percent (75%) of the actual shareable costs for eligible project expenditures will be contributed for bridge culvert replacement.

The County entered into two agreements with Prairies Economic Development Canada (formerly Western Economic Diversification Canada). These agreements will provide funding up to \$29,900,000 for eligible project expenditures as detailed in the agreement with \$959,183 spent as at December 31, 2023.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

16. CONTRACTUAL OBLIGATIONS

The County has outstanding commitments of \$19,612,517 (2022 - \$19,650,527). Significant commitments included in this balance are services for aggregate crushing, supply of aggregates, Highway 16A intersection improvements, Mink Lake Road reconstruction, purchase of custom fire apparatus, purchase of maintenance equipment, Village of Wabamun initiatives, and local government cost share agreements.

The County has entered into lease agreements for land. The lease commitments over the next five years and thereafter are as follows:

2024		\$	12,262
2025			12,487
2026			12,717
2027			12,951
2028			12,190
Thereafter			<u>198,616</u>
		\$	<u><u>261,223</u></u>

The County has entered into a License of Occupation for the transit stop area located in Acheson. The annual license fee is \$26,400 and the agreement extends to December 31, 2024.

17. CONTINGENT ASSETS AND LIABILITIES

The County has initiated a number of insurance claims that arose from the normal course of operations. The outcomes of these claims may result in assets in the future and cannot be estimated at this time. These amounts are not recorded in the consolidated financial statements.

The County is a party in various lawsuits and other proceedings as at December 31, 2023. Where the occurrence of future event is considered likely to result in a loss with respect to an existing condition, and the amount of the loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

The County continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. There may be contaminated sites that the County has identified that have the potential to result in remediation obligations. Where the resulting liability, if any, cannot be estimated or the responsibility for the site in question is not determinable, amounts have not been recorded.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

18. NET MUNICIPAL PROPERTY TAXES

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Taxation			
Residential	\$ 48,143,353	\$ 48,104,362	\$ 45,609,985
Non-residential	51,872,809	51,356,061	51,119,571
Government grants in place of property taxes	<u>24,697</u>	<u>24,697</u>	<u>23,571</u>
	<u>100,040,859</u>	<u>99,485,120</u>	<u>96,753,127</u>
Less taxes collected on behalf of:			
Alberta School Foundation Fund	(26,951,230)	(26,652,114)	(25,911,175)
Evergreen Separate School	(2,081,877)	(2,214,637)	(2,277,775)
St. Thomas Aquinas	(7,547)	(7,544)	(9,576)
Senior's Foundation	(1,169,136)	(1,163,356)	(1,083,555)
Designated Industrial Property	<u>(124,169)</u>	<u>(122,484)</u>	<u>(153,394)</u>
	<u>(30,333,959)</u>	<u>(30,160,135)</u>	<u>(29,435,475)</u>
Net Municipal Property Taxes	<u>69,706,900</u>	<u>69,324,985</u>	<u>67,317,652</u>
Other Taxes			
Community aggregate levy	1,096,400	1,109,986	874,181
Special taxes and frontages	<u>400,000</u>	<u>398,697</u>	<u>399,707</u>
Net Municipal Taxes	<u>\$ 71,203,300</u>	<u>\$ 70,833,668</u>	<u>\$ 68,591,540</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

19. GOVERNMENT TRANSFERS

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TRANSFERS FOR OPERATING			
Federal	\$ 317,530	\$ 237,967	\$ 526,926
Provincial	3,555,584	9,320,719	6,080,438
Other local governments	<u>353,014</u>	<u>400,463</u>	<u>354,506</u>
	<u>4,226,128</u>	<u>9,959,149</u>	<u>6,961,870</u>
TRANSFERS FOR CAPITAL			
Federal	7,245,200	959,183	710,519
Provincial	18,624,268	13,037,993	9,847,942
Other local government	<u>42,643</u>	<u>56,469</u>	<u>7,488</u>
	<u>25,912,111</u>	<u>14,053,645</u>	<u>10,565,949</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 30,138,239</u>	<u>\$ 24,012,794</u>	<u>\$ 17,527,819</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

20. SALARY AND BENEFITS DISCLOSURE

Alberta Regulation 313/2000 of the *Municipal Government Act* requires the salaries and benefits for elected municipal officials, the chief administrative officer, and designated officers be disclosed as follows:

	<u>Salary (a)</u>	<u>Benefits (b)</u>	<u>Allowances (c)</u>	<u>2023</u>	<u>2022</u>
Mayor - Former	\$ -	\$ -	\$ -	\$ -	\$ 400
Mayor - Current	116,867	21,968	4,821	143,656	149,155
Councillor - Division 1	76,725	17,871	3,230	97,826	104,451
Councillor - Division 2	75,640	17,763	3,782	97,185	109,329
Councillor - Division 3	77,488	3,708	8,983	90,179	92,191
Councillor - Division 4	73,169	17,484	2,267	92,920	93,656
Councillor - Division 5	81,032	18,405	5,576	105,013	94,631
Councillor - Division 6	<u>76,841</u>	<u>14,251</u>	<u>8,828</u>	<u>99,920</u>	<u>95,197</u>
	<u>\$ 577,762</u>	<u>\$ 111,450</u>	<u>\$ 37,487</u>	<u>\$ 726,699</u>	<u>\$ 739,010</u>
CAO	<u>\$ 225,000</u>	<u>\$ 41,883</u>	<u>\$ 6,510</u>	<u>\$ 273,393</u>	<u>\$ 287,309</u>
Designated Officers (d)	<u>\$ 633,804</u>	<u>\$ 133,020</u>	<u>\$ 1,200</u>	<u>\$ 768,024</u>	<u>\$ 154,384</u>

(a) Salary for Council includes regular base pay and honoraria. The Deputy Mayor also receives an additional amount per month.

Councillors also serve on a number of other Committees/Boards for which they receive remuneration directly from that organization and which are not included in the above salary and benefits disclosure. The list of Committees/Boards that Council members are appointed to at the annual organizational meeting are listed on the County's website for public access.

(b) Benefits include an employer's share of all employee benefits (pension or Registered Retirement Savings Plan, health, vision, dental, life insurance, accidental death and dismemberment, and Workers' Compensation coverage).

(c) Allowances include costs for internet, phone, and mileage to attend Council meetings as well as car allowance and other cash payments.

(d) The County had four designated officers in 2023 and one designated officer disclosed in 2022.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

21. PENSION PLANS

(a) APEX

The APEX supplementary pension plan commenced on January 1, 2006 and provides supplementary pension benefits to a prescribed class of employees (approximately 43 in 2023). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the County at a rate of 2.42% and 2.96% (2022 - 2.61% and 3.85%) respectively of pensionable earnings up to \$175,333 (2022 - \$171,000).

Total current service contributions by the County to APEX in 2023 were \$152,017 (2022 - \$196,085). Total current service contributions by the employees of the County were \$124,303 (2022 - \$132,930).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post retirement benefits is fully funded.

(b) Local Authorities Pension Plan

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is covered by the *Alberta Public Sector Pension Plans Act*. The Plan serves about 301,233 people and 444 employers. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The County is required to make current service contributions to the Plan of 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan Year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the County are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 - 11.80%) on pensionable salary above this amount.

Total current service contributions made by the County to the LAPP in 2023 were \$2,131,122 (2022 - \$2,085,806). Total current service contributions made by the employees of the County to the LAPP in 2023 were \$1,904,369 (2022 - \$1,850,339).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

22. SEGMENTED INFORMATION

The County 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. Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area as follows:

(a) General Government

County Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of County residents in a financially responsible manner. Corporate and Shared Services is responsible for the administration of the municipality as a whole.

(b) Protective Services

Enforcement Services is responsible for enforcing Provincial Acts and Municipal Bylaws. Fire Services is responsible for providing fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishment of fires. The mandate of Emergency Management is to help maintain safe communities and manage risk. The Emergency Communications Centre provides emergency fire dispatch, community peace officer dispatch, and alarm monitoring.

(c) Transportation

The Engineering Services and Public Works are responsible for the planning, development, maintenance and providing for the off roadway systems, storm systems and drainage activities.

(d) Utilities

The Engineering Services, Public Works, and Environment Services provide the engineering and operation of water and wastewater systems, waste management, and other environmental use and protection activities.

(e) Community Services

Community Services provides recreational and cultural services, activities which promote the health and well being of its citizens, and activities related to parks and cemetery maintenance and operation. Connected Communities is a comprehensive plan that will see the County become a community in which broadband technology is fully utilized by residents and businesses.

(f) Development Services

Planning and Development Services manages current and long range planning, development permits, and safety code disciplines. Economic Development actively promotes business growth and development. Agriculture supports farming and rural communities, fosters new rural-based business and works toward diversifying the local economy and business composition. Land Management relates to the development of land for use by the municipality for resale.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

22. SEGMENTED INFORMATION (CONTINUED)

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation and Roadway Services</u>	<u>Utilities</u>	<u>Community Services</u>	<u>Development Services</u>	<u>2023</u>
REVENUE							
Net municipal property taxes	\$ 23,915,236	\$ 7,935,074	\$ 24,829,331	\$ 2,595,739	\$ 5,319,767	\$ 6,238,521	\$ 70,833,668
User fees and sales of goods	120,123	3,176,262	126,256	6,847,996	2,002,897	284,908	12,558,442
Penalties	1,128,930	-	-	21,289	-	(21)	1,150,198
Investment income	4,375,645	-	-	86,747	177,272	-	4,639,664
Government transfers	1,118,104	7,287,211	11,963,940	1,661,370	1,428,717	553,452	24,012,794
Licenses and permits	-	18,871	16,649	-	-	1,146,746	1,182,266
Other revenues	119,521	157,011	241,814	131,369	378,251	73,588	1,101,554
Contributed tangible capital assets	6,860	58,598	2,333,705	183,718	1,397,451	4,976,678	8,957,010
Total Revenues	<u>30,784,419</u>	<u>18,633,027</u>	<u>39,511,695</u>	<u>11,528,228</u>	<u>10,704,355</u>	<u>13,273,872</u>	<u>124,435,596</u>
Budgeted Revenues	<u>32,327,187</u>	<u>12,312,775</u>	<u>46,943,447</u>	<u>12,955,259</u>	<u>9,020,551</u>	<u>7,717,830</u>	<u>121,277,049</u>
EXPENSES							
Salaries, wages and benefits	10,115,511	7,976,466	7,608,122	2,657,766	3,323,019	5,603,389	37,284,273
Contracted and general services	7,909,682	5,216,237	3,964,966	2,749,912	1,608,724	1,351,602	22,801,123
Materials, supplies and utilities	778,555	1,262,228	5,949,059	494,778	795,164	161,531	9,441,315
Interest on long term debt	-	-	906,112	231,245	-	-	1,137,357
Bank charges	62,189	-	-	-	518	-	62,707
Transfers to governments, agencies and organizations	-	2,677,312	7,337	276,511	4,353,079	271,774	7,586,013
Purchases from other governments	-	1,442,915	456,358	3,892,973	-	-	5,792,246
Amortization of tangible capital assets	1,061,638	640,043	4,306,762	2,247,692	1,192,715	11,489,322	20,938,172
Loss on disposal of tangible capital assets	101,243	5,363	-	162,186	-	-	268,792
Other expenses	17,175	-	-	-	18,932	-	36,107
Total Expenses	<u>20,045,993</u>	<u>19,220,564</u>	<u>23,198,716</u>	<u>12,713,063</u>	<u>11,292,151</u>	<u>18,877,618</u>	<u>105,348,105</u>
Budgeted Expenses	<u>23,037,340</u>	<u>12,361,805</u>	<u>24,270,835</u>	<u>11,793,608</u>	<u>12,352,046</u>	<u>26,136,587</u>	<u>109,952,221</u>
Annual Surplus (Deficit)	<u>10,738,426</u>	<u>(587,537)</u>	<u>16,312,979</u>	<u>(1,184,835)</u>	<u>(587,796)</u>	<u>(5,603,746)</u>	<u>19,087,491</u>
Net Budget	<u>\$ 9,289,847</u>	<u>\$ (49,030)</u>	<u>\$ 22,672,612</u>	<u>\$ 1,161,651</u>	<u>\$ (3,331,495)</u>	<u>\$ (18,418,757)</u>	<u>\$ 11,324,828</u>

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

22. SEGMENTED INFORMATION (CONTINUED)

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation and Roadway Services</u>	<u>Utilities</u>	<u>Community Services</u>	<u>Development Services</u>	<u>2022</u>
REVENUE							
Net municipal property taxes	\$ 24,845,460	\$ 6,581,855	\$ 21,302,257	\$ 3,936,436	\$ 5,278,744	\$ 6,646,788	\$ 68,591,540
User fees and sales of goods	284,874	2,756,633	369,738	6,107,824	1,827,928	163,673	11,510,670
Penalties	1,067,334	-	-	16,082	-	-	1,083,416
Investment income	3,326,345	-	59,279	165,032	319,997	-	3,870,653
Government transfers	2,015,650	1,649,816	8,584,301	2,601,107	2,091,323	585,622	17,527,819
Licenses and permits	-	16,151	10,481	-	-	1,281,420	1,308,052
Other revenues	29,644	1,130	207,233	167,148	239,516	-	644,671
Developer and customer contributions - capital	4,596,778	-	-	-	-	-	4,596,778
Contributed tangible capital assets	1,328,207	-	9,383,411	4,243,349	-	850,913	15,805,880
Gain/(loss) on disposal of tangible capital assets	1,391,009	(17,609)	30,333	-	(37,614)	(50,844)	1,315,275
Total Revenues	<u>38,885,301</u>	<u>10,987,976</u>	<u>39,947,033</u>	<u>17,236,978</u>	<u>9,719,894</u>	<u>9,477,572</u>	<u>126,254,754</u>
EXPENSES							
Salaries, wages and benefits	9,982,703	6,540,100	8,022,153	2,837,736	2,939,620	5,085,110	35,407,422
Contracted and general services	8,723,437	1,308,929	3,946,379	3,113,841	1,408,727	885,233	19,386,546
Materials, supplies and utilities	819,201	398,626	6,006,958	433,157	887,744	85,324	8,631,010
Interest on long term debt	-	-	750,204	201,736	-	-	951,940
Bank charges	55,021	-	-	-	3,437	-	58,458
Transfers to governments, agencies and organizations	67,883	1,762,906	4,063	2,029,570	3,784,469	207,274	7,856,165
Purchases from other governments	-	1,144,646	303,662	3,490,308	-	-	4,938,616
Amortization of tangible capital assets	867,606	599,587	4,054,151	2,285,368	876,319	9,898,352	18,581,383
Other expenses	11,658	-	-	-	158,644	-	170,302
Total Expenses	<u>20,527,509</u>	<u>11,754,794</u>	<u>23,087,570</u>	<u>14,391,716</u>	<u>10,058,960</u>	<u>16,161,293</u>	<u>95,981,842</u>
Annual Surplus (Deficit)	<u>\$ 18,357,792</u>	<u>\$ (766,818)</u>	<u>\$ 16,859,463</u>	<u>\$ 2,845,262</u>	<u>\$ (339,066)</u>	<u>\$ (6,683,721)</u>	<u>\$ 30,272,912</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

23. TRANSALTA TRI LEISURE CENTRE (TLC)

The County, the Town of Stony Plain, and the City of Spruce Grove have jointly developed, constructed, and are now operating the Transalta Tri Leisure Centre (the "TLC"). The Building is jointly owned by the County, the Town of Stony Plain, and the City of Spruce Grove. The County's proportionate ownership of the TLC is 33.5% (2022 - 33.5%).

The Tri-Municipal Leisure Facility Corporation (the "Corporation") operates and manages the TLC. The County, the Town of Stony Plain, and the City of Spruce Grove provide annual contributions to support the operations of the TLC, with the County's share being 23.4% (2022 - 25.5%).

The County's proportionate ownership share (33.5%) of the financial position and operations of the Corporation is as follows:

	<u>2023</u>	<u>2022</u>
FINANCIAL POSITION		
Financial Assets	\$ 592,866	509,704
Liabilities	<u>(446,749)</u>	<u>(307,752)</u>
Net Financial Assets	146,117	201,952
Non-Financial Assets	<u>629,531</u>	<u>585,147</u>
Accumulated Surplus	<u>\$ 775,648</u>	<u>\$ 787,099</u>
OPERATIONS		
Revenue	\$ 3,078,069	\$ 2,649,076
Expenses	<u>(3,089,520)</u>	<u>(2,699,111)</u>
Annual Deficit	<u>\$ (11,451)</u>	<u>\$ (50,035)</u>

Accumulated surplus consists of restricted and unrestricted amounts and invested tangible capital asset as follows:

	<u>2023</u>	<u>2022</u>
Restricted surplus	\$ 112,033	\$ 186,797
Invested in tangible capital assets	570,073	529,974
Unrestricted surplus	<u>93,542</u>	<u>70,328</u>
	<u>\$ 775,648</u>	<u>\$ 787,099</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

24. RELATED PARTIES DISCLOSURE

Related parties include the County's key management personnel and their close family members who are defined as follows:

- Key management personnel encompass the Council, Chief Administrative Officer (CAO), and general managers.
- Close family members are defined as an individual's spouse or adult interdependent partner, the individual's children, the parent(s) of the individual, and the parent(s) of the individual's spouse or interdependent partner.

Transactions with related parties are considered to be in the normal course of operations.

25. BUDGET INFORMATION

The County budget information presented in these consolidated financial statements is based on the budget approved by Council on April 11, 2023. Amortization was included in the budget but was removed for the calculation of the taxation requirement.

26. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and management on April 23, 2024.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the consolidated financial statements presentation adopted for the current year.