

Rocky View County
Financial Statements
December 31, 2023



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Independent Auditor's Report

To the Council of Rocky View County

Opinion

We have audited the financial statements of Rocky View County (the County), which comprise the statement of financial position as at December 31, 2023, statement of operations, statement of change in net financial assets, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2023, and its results of operations, its changes in net assets, and its cash flows for the year ended in accordance with 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 *Auditor's 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the County for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on the financial statements on April 25, 2023.

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 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 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.



Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's 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 auditor's 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.

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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 23, 2024

Management's Responsibility for Financial Reporting

Management has prepared the financial statements in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include specific amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen the most appropriate to ensure that the financial statements are presented fairly in all material respects.

The County maintains internal accounting and administrative controls consistent with reasonable cost. Such measures are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Annually, the Financial Services manager presents to the County's Council a report detailing management's response to annual audit findings, variance explanations on financials, significant highlights of the financial statements, and administration recommendations that the financial statements be approved. The external auditors also discuss their findings based on previously presented audit plans with the County's Council. Throughout the year, Finance, through the Governance Committee, will also present financial statements for information purposes. This process ensures that each party properly discharges their responsibilities transparently and that a review of the financial statements and the external auditor's report is completed.

The Reeve and Council consider this information when approving the financial statements for issuance to the ratepayers. The Reeve and Council also appoint the engagement of the external auditors.

BDO Canada LLP has audited the financial statements in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. BDO Canada LLP has full access to the County's Council and management.



Kent Robinson


Executive Director, Corporate Services

ROCKY VIEW COUNTY
Statement of Financial Position
As at December 31, 2023

	2023 \$	2022 \$ (Restated Note 21,22)
FINANCIAL ASSETS		
Cash (Note 3)	37,744,737	11,221,971
Temporary investments (Note 2)	130,005,331	145,352,902
Receivables		
Taxes and grants in place of taxes (Note 4)	4,259,878	4,804,209
Trade and other receivables (Note 4)	14,624,054	15,014,266
Debt charges recoverable (Note 5)	331,921	401,274
	<u>186,965,921</u>	<u>176,794,622</u>
 LIABILITIES		
Accounts payable and accrued liabilities	20,701,344	22,556,241
Deposit liabilities	6,721,652	6,061,650
Deferred revenue (Note 6)	21,202,697	14,821,350
Employee benefit obligations (Note 7)	1,333,972	1,199,726
Asset retirement obligation (Note 16)	3,748,757	3,797,619
Long-term debt (Note 8)	53,798,830	58,455,896
	<u>107,507,252</u>	<u>106,892,482</u>
 NET FINANCIAL ASSETS	<u>79,458,669</u>	<u>69,902,140</u>
 NON- FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	714,317,160	701,428,035
Resource asset	21,161,000	21,161,000
Inventory for consumption	3,165,138	2,380,644
Prepaid expenses	1,623,402	1,476,377
	<u>740,266,700</u>	<u>726,446,056</u>
 ACCUMULATED SURPLUS (Schedule 1, Note 13)	<u>819,725,369</u>	<u>796,348,196</u>

Commitments and contingencies - See Note 10 and 11
The accompanying notes are an integral part of these financial statements


Crystal Kissel
Reeve


Kent Robinson
Executive Director, Corporate Services

ROCKY VIEW COUNTY
Statement of Operations
For the Year Ended December 31, 2023

	Budget \$ (Note 20)	2023 \$	2022 \$ (Note 21,22)
REVENUE			
Net municipal taxes (Schedule 3)	89,072,700	87,623,308	79,550,522
User fees and sales of goods	31,145,600	15,907,243	14,993,413
Cash-In-Lieu of Public Reserve	670,000	2,578,909	4,591,919
Government transfers for operating (Schedule 4)	9,109,900	2,056,884	1,926,231
Investment income	1,800,000	8,091,670	4,328,626
Penalties and cost of taxes	998,500	1,366,587	1,847,708
Development agreements and levies	8,200,000	11,204,147	14,893,815
Licenses and permits	4,440,700	8,906,394	8,248,539
Fines	727,000	1,108,888	996,184
Other	14,259,400	13,246,967	3,875,045
Total Revenue	<u>160,423,800</u>	<u>152,090,997</u>	<u>135,252,002</u>
EXPENSES			
Legislative	917,000	931,612	917,613
Administration	25,569,800	23,497,790	19,256,476
Fire	16,122,700	16,880,635	15,906,172
Disaster services	136,400	130,515	341,610
Bylaw enforcement	11,204,200	10,720,690	10,179,690
Transportation and field services	97,665,600	65,580,991	47,568,660
Water supply and distribution	6,431,500	7,494,642	6,190,502
Wastewater treatment and disposal	10,964,300	11,939,980	9,977,757
Waste management	3,029,800	2,674,223	2,337,693
Family and community support	1,060,500	1,107,943	1,091,569
Cemetery	1,402,400	1,841,474	1,724,470
Planning and development	6,116,800	5,599,148	3,938,695
Recreation, parks and community services	7,942,400	6,003,299	6,099,518
Total Expenses	<u>188,563,400</u>	<u>154,402,942</u>	<u>125,530,425</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	<u>(28,139,600)</u>	<u>(2,311,945)</u>	<u>9,721,577</u>
OTHER			
Contributed assets	-	15,521,843	2,175,435
Government transfers for capital (Schedule 4)	19,652,000	10,167,275	19,336,637
Total Other	<u>19,652,000</u>	<u>25,689,118</u>	<u>21,512,072</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(8,487,600)</u>	<u>23,377,173</u>	<u>31,233,649</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 13)	<u>796,348,196</u>	<u>796,348,196</u>	<u>765,114,547</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>787,860,596</u></u>	<u><u>819,725,369</u></u>	<u><u>796,348,196</u></u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Change in Net Financial Assets
For the Year Ended December 31, 2023

	Budget \$ (Note 20)	2023 \$	2022 \$ (Note 21,22)
EXCESS OF REVENUE OVER EXPENSES	(8,487,600)	23,377,173	31,233,649
Acquisition of tangible capital assets	(44,145,300)	(25,550,022)	(37,960,300)
Contributed tangible capital assets	-	(15,521,843)	(2,175,435)
Proceeds on disposal of tangible capital assets	-	186,863	2,411,289
Amortization of tangible capital assets	28,689,600	27,936,694	26,798,193
Loss (gain) on sale of tangible capital assets	-	59,183	(656,065)
	(15,455,700)	(12,889,125)	(11,582,318)
Use of (acquisition of) supplies inventories	-	(784,494)	(23,730)
Use of (acquisition of) prepaid assets	-	(147,025)	(90,677)
Use of (acquisition of) resource assets	-	-	(2,413,000)
	-	(931,519)	(2,527,407)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(23,943,300)	9,556,529	17,123,924
NET FINANCIAL ASSET, BEGINNING OF YEAR	69,902,140	69,902,140	52,778,216
NET FINANCIAL ASSETS, END OF YEAR	45,958,840	79,458,669	69,902,140

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023 \$	2022 \$ (Restated Note 21)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenses	23,377,173	31,233,649
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	27,936,694	26,798,193
ARO Accretion Expense	143,287	138,078
Loss (Gain) on disposal of tangible capital assets	59,183	(656,065)
Tangible capital assets received as contributions	(15,521,843)	(2,175,435)
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place of taxes	544,331	187,796
Decrease (Increase) in trade and other receivables	390,212	(7,020,670)
(Increase) in inventory for consumption	(784,494)	(23,730)
(Increase) in prepaid expenses	(147,025)	(90,677)
(Decrease) Increase in accounts payable and accrued liabilities	(1,854,897)	5,505,203
Increase in accounts payable amount applied to capital	2,043,802	614,785
Increase (Decrease) in deposit liabilities	660,002	(1,317,834)
Increase (Decrease) in deferred revenue	6,381,347	(8,026,845)
Increase (Decrease) in employee benefit obligations	134,246	(97,172)
Decrease in ARO	(192,149)	-
Increase (Decrease) in provision for landfill closure and post-closure costs	-	(19,223)
Cash provided by (applied to) operating transactions	43,169,869	45,050,053
CAPITAL		
Accounts payable amount applied to capital	(2,043,802)	(614,785)
Acquisition of tangible capital & resource assets	(25,550,022)	(40,373,300)
Sale of tangible assets	186,863	2,411,289
Cash provided by (applied to) capital transactions	(27,406,961)	(38,576,796)
INVESTING		
Decrease (Increase) in investments	15,347,571	(145,347,904)
FINANCING		
Debt charges recovered	69,353	66,001
Long-term debt repaid	(5,741,872)	(5,690,746)
Long-term debt raised	1,084,806	10,162,090
Cash provided by (applied to) financing transactions	(4,587,713)	4,537,345
CHANGE IN CASH DURING YEAR	26,522,766	(134,337,302)
CASH AT BEGINNING OF YEAR	11,221,971	145,559,273
CASH AT END OF YEAR	37,744,737	11,221,971

Cash - See Note 3

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Changes in Accumulated Operating Surplus
For the Year Ended December 31, 2023
Schedule 1

	Unrestricted	Restricted	Equity in	Equity in Tangible	2023	2022
	Surplus	Reserves Note 16,21,22	Other Assets Note 21,22	Capital Assets Note 16,21,22	\$	\$ Note 21,22
Balance, Beginning of the Year	3,633,423	131,977,977	21,161,000	639,575,793	796,348,196	765,114,547
Annual Surplus	23,377,173	-	-	-	23,377,173	31,233,649
Unrestricted funds designated for future use	(34,859,417)	34,859,417	-	-	-	-
Restricted funds used for operations	22,346,315	(22,346,315)	-	-	-	-
Restricted funds use for tangible capital assets	-	(4,920,351)	-	4,920,351	-	-
Current year funds used for tangible capital assets	(19,544,866)	-	-	19,544,866	-	-
Contributed tangible capital assets	(15,521,843)	-	-	15,521,843	-	-
Disposal of tangible capital assets	246,046	-	-	(246,046)	-	-
Annual amortization expenses	27,936,694	-	-	(27,936,694)	-	-
Asset retirement obligation accretion expense	143,287	-	-	(143,287)	-	-
Long term debt related to tangible capital assets issued	(1,084,806)	-	-	1,084,806	-	-
Long term debt issued	1,084,806	-	-	(1,084,806)	-	-
Reclamation costs for Asset Retirement Obligation repaid	(192,149)	-	-	192,149	-	-
Long term debt related to tangible capital assets repaid	(5,672,519)	-	-	5,672,519	-	-
Change in accumulated operating surplus	(1,741,280)	7,592,751	-	17,525,701	23,377,173	31,233,649
Balance, End of Year	1,892,143	139,570,728	21,161,000	657,101,494	819,725,369	796,348,196

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023
Schedule 2

	Land	Land Improvements Note 16,21,22	Buildings	Engineered Structures Note 16,21,22	Machinery and Equipment	Vehicles	2023 \$	2022 \$ Note 16,21,22
COST:								
BALANCE, BEGINNING OF YEAR	144,523,613	12,688,618	84,295,083	1,067,127,719	20,957,157	18,270,999	1,347,863,189	1,311,952,305
Acquisition of tangible capital assets	15,414,119	1,796,656	14,950	84,756,901	582,160	1,660,625	104,225,411	31,277,629
Construction-in-progress, net	(9,619,856)	(986,912)	-	(52,383,927)	(113,726)	(49,124)	(63,153,545)	8,858,107
Disposal of tangible capital assets	-	-	(120,176)	(496,410)	(424,271)	(580,659)	(1,621,516)	(4,224,852)
BALANCE, END OF YEAR	150,317,876	13,498,362	84,189,857	1,099,004,283	21,001,320	19,301,841	1,387,313,539	1,347,863,189
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	2,234,432	17,145,622	601,961,387	14,321,213	10,772,500	646,435,154	622,106,589
Annual Amortization		665,485	2,309,815	21,961,031	1,612,072	1,388,292	27,936,694	26,798,193
Accumulated amortization on disposals		-	(75,247)	(328,948)	(421,623)	(549,653)	(1,375,471)	(2,469,628)
BALANCE, END OF YEAR	-	2,899,917	19,380,190	623,593,470	15,511,662	11,611,139	672,996,377	646,435,154
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	150,317,876	10,598,445	64,809,667	475,410,813	5,489,658	7,690,701	714,317,160	701,428,035
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Note 16,21,22)	144,523,613	10,454,186	67,149,461	465,166,332	6,635,944	7,498,499	701,428,035	
	Opening Balance	Additions	Transfer to TCA	Ending Bal	2023 Net Change			
Construction-in-progress	67,115,358	17,319,872	80,473,417	3,961,813	(63,153,545)			

ROCKY VIEW COUNTY
Schedule of Property and Other Taxes
For the Year Ended December 31, 2023
Schedule 3

	Budget \$ (Note 20)	2023 \$	2022 \$
TAXATION			
Real property taxes	132,325,410	130,978,379	119,823,353
Linear property taxes	12,171,343	12,047,441	13,037,350
Government grants in place of property taxes	87,647	86,756	87,288
Special assessments and local improvement taxes	454,200	476,362	511,734
	<u>145,038,600</u>	<u>143,588,938</u>	<u>133,459,725</u>
 REQUISITIONS FROM OTHER AUTHORITIES			
Alberta School Foundation Fund	50,255,900	52,195,833	48,769,493
Calgary Roman Catholic Separate School District	4,502,900	2,562,932	3,990,129
Rocky View Seniors Foundation	1,059,600	1,059,564	1,006,123
Designated Industrial Property Tax	147,500	147,301	143,458
	<u>55,965,900</u>	<u>55,965,630</u>	<u>53,909,203</u>
 NET MUNICIPAL TAXES	<u>89,072,700</u>	<u>87,623,308</u>	<u>79,550,522</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Government Transfers
For the Year Ended December 31, 2023
Schedule 4

	Budget \$ (Note 20)	2023 \$	2022 \$
TRANSFERS FOR OPERATING:			
Provincial Government	9,109,900	2,056,884	1,884,510
Federal Government	-	-	41,721
	<u>9,109,900</u>	<u>2,056,884</u>	<u>1,926,231</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	16,882,800	7,398,104	13,559,105
Federal Government	2,769,200	2,769,171	5,777,532
	<u>19,652,000</u>	<u>10,167,275</u>	<u>19,336,637</u>
TOTAL GOVERNMENT TRANSFERS	<u>28,761,900</u>	<u>12,224,159</u>	<u>21,262,868</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Expenses by Object
For the Year Ended December 31, 2023
Schedule 5

	Budget \$ (Note 20)	2023 \$	2022 \$ (Note 21, 22)
EXPENSES BY OBJECT			
Salaries, wages and benefits	48,767,350	48,684,722	42,460,554
Contracted and general services	90,515,250	58,689,177	37,969,868
Materials, goods and supplies	11,213,000	10,019,885	9,883,227
Interest on long-term debt	2,239,100	3,478,782	2,397,967
Purchased from other Governments	765,300	728,018	798,615
Grants to organizations	3,447,100	2,129,612	2,960,097
Grants to local boards and agencies	2,307,600	1,885,011	1,646,471
Other	619,100	648,571	477,355
Amortization of tangible capital assets	28,689,600	27,936,694	26,798,193
Loss on disposal of tangible capital assets	-	59,183	-
Accretion of asset retirement obligation	-	143,287	138,078
TOTAL EXPENSES	<u>188,563,400</u>	<u>154,402,942</u>	<u>125,530,425</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023
Schedule 6

	General Government	Emergency Services	I & O Services	Planning & Development	Community Services	Total \$
REVENUE						
Net municipal taxes	87,623,308	-	-	-	-	87,623,308
Government transfers		245,315	10,408,523	-	1,570,321	12,224,159
User fees and sales of goods	330,486	717,745	13,682,785	1,176,227	-	15,907,243
Investment income	8,091,670	-	-	-	-	8,091,670
Contributed assets	-	-	10,102,743	-	5,419,100	15,521,843
Other revenues	4,508,942	1,316,069	23,663,776	8,915,755	7,350	38,411,892
	100,554,406	2,279,129	57,857,827	10,091,982	6,996,771	177,780,115
EXPENSES						
Salaries, wages and benefits	12,649,628	14,954,826	14,080,055	6,411,010	589,203	48,684,722
Contracted and general services	7,107,250	4,423,968	44,893,429	1,514,937	749,593	58,689,177
Materials, goods and supplies	522,682	517,720	8,961,731	13,590	4,162	10,019,885
Transfers to local boards and organizations	639,837	100,000	12,750	-	3,262,036	4,014,623
Long-term debt interest	-	19,400	3,459,382	-	-	3,478,782
Other expenses	250,407	728,018	600,634	-	-	1,579,059
	21,169,804	20,743,932	72,007,981	7,939,537	4,604,994	126,466,248
NET REVENUE, BEFORE AMORTIZATION	79,384,602	(18,464,803)	(14,150,154)	2,152,445	2,391,777	51,313,867
Amortization expenses	660,913	1,223,877	25,816,327	-	235,577	27,936,694
EXCESS (DEFFICIENCY) OF REVENUE OVER EXPENSES	78,723,689	(19,688,680)	(39,966,481)	2,152,445	2,156,200	23,377,173

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Rocky View County (the "County") are the representations of management prepared in conformity with Canadian Public Sector Accounting Standards (PSAS). Significant aspects of the accounting policies adopted by the County are outlined as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances, and changes in the financial position of Rocky View County.

The tax schedule includes requisitions for education, health, social, and external organizations that are not part of Rocky View County.

The financial statements exclude trust assets administered on external parties' behalf. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as incurred and measurable based upon receipt of goods or services and the legal obligation to pay.

Revenue Recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

Tax Revenue

The County recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by bylaw, and the taxable event has occurred. Tax Revenue is initially measured at the administration's best estimate of the amount resulting from the actual taxable event per legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition.

Requisitions operate as a flow-through and are excluded from municipal revenue.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Government Transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized and any eligibility criteria have been met, and reasonable estimates of the amounts can be determined. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or as a result of direct financial return.

Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards (PSAS) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability. Amortization is based on the estimated useful lives of tangible assets. Reclamation, closure, and post-closure liabilities are calculated based on management's best estimates of costs and timing. The valuation of inventory for consumption is subject to estimation uncertainty.

Investments

Investments are comprised of investments in qualifying instruments as defined in the County's Investment Policy #C-201. Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective assets. When there has been a value loss other than a temporary decline, the individual investment is written down to recognize the loss. Investments are externally managed and consist of investments in guaranteed investment certificates with banks, treasury branches and credit unions.

Debt Charges Recoverable

Debt charges consist of amounts that are recoverable from municipal agencies or other local governments concerning outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt.

ROCKY VIEW COUNTY
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Local Improvement Charges

Local improvements are recognized as revenue, and established as a receivable, for the property owners's share of the improvements in the period that the project expenses are incurred. Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of related borrowings. These levies are collectible from property owners for work performed by Rocky View County.

Inventories for Resale

Gravel inventories held for resale are recorded at a lower cost or net realizable value. The cost is determined by the average cost method.

Asset Retirement Obligation:

Asset Retirement Obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets ("TCA") include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the County to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the County is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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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 and the excess of revenues over expenses provide the Change in Net Financial Assets (Debt) for the year.

i) Tangible Capital Assets

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

	YEARS
Land Improvements	15-25
Buildings	10-50
Engineered structures	
Water system	30-75
Wastewater system	30-75
Other engineered structures	5-30
Machinery and equipment (owned and leased)	3-10
Vehicles	8-20

One-half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are amortized once they are available for productive use.

ii) Contributions of Tangible Capital Assets

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

iii) Resource Asset

The water licenses are recorded at cost and have been assessed with an indefinite life. The assets will not be amortized, and impairment will be reviewed when there are indicators of a decline in value.

iv) Leases

Leases are classified as capital or operating leases. Leases that substantially transfer all of the benefits and risks incidental to property ownership are accounted for as capital leases. At the

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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inception of a capital lease, an asset and payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value.

All other leases are accounted for as operating leases, and the related lease payments are charged to expenses as incurred.

v) Inventories

Inventories held for consumption are recorded at a lower cost or net realizable value. The cost is determined by the average cost method for gravel inventory and FIFO for other inventory.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the levy exceeds the requisition, the over-levy is accrued as a liability, and property tax revenue is reduced. The under-levy is accrued as a receivable, and property tax revenue is increased where the actual levy is less than the requisition amount. Requisition tax rates in the subsequent year are adjusted for any over- or under-levies of the prior year.

Pensions

The County participates in two pension plans. The plans are accounted for as defined benefit plans. Contributions for current services are recorded as expenditures in the year they become due.

Funds Held in Trust

The County held \$1,776,004 in a Cemetery Perpetual Care Trust Account as of December 31, 2023 (2022 - \$1,448,336).

The County held \$162,871 in a Tax Recovery Trust account as of December 31, 2023 (2022 - \$154,416).

New Accounting Policies Adopted During the Year:

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Information presented for comparative purposes is restated unless the necessary financial data is not reasonably determinable.

Modified Retroactive application: During the year, the County adopted a new accounting policy with respect to future obligations to retire an asset or to restore a site including dismantling, and remediation. The county now accounts for such transactions by initially recognizing and recording as an obligation based on estimated future cash flows discounted at a credit-adjusted risk-free rate. These assets retirement obligations are adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The assets retirement obligations are also accreted to full value over time through periodic charges to statement of operations. This unwinding of the discount is charged to accretion expense in the statement of operations.

The amount of assets retirement obligation initially recognized is capitalized as part of the related asset's carrying value. The straight line method of depreciation is followed to amortize these.

Prior to this, the county did not account for these transactions. The county believes the new policy provides a fair presentation of the results and the financial position of the County.

This adoption of policy has been applied on a modified retroactive basis with restatement of prior period comparative amounts. The December 31, 2022, balance sheets are adjusted in providing comparative figures in the December 31, 2023, financial statements. Previously reported December 31, 2022, operating surplus is impacted by a net decrease of \$304,967 due to the new standard for the increase in ARO Accretion expense of \$138,078 and amortization of ARO Assets of \$166,889. The opening balance of accumulated surplus as at January 1, 2022 is increased by \$235,265 due to adoption of the new standard consisting of the removal of gravel pit and landfill liabilities previously recorded of \$2,348,668, the addition of ARO Liabilities for gravel pits, landfills and lagoons of \$3,659,541 and net book value of ARO Assets of \$1,546,138.

PS 3450 Financial Instruments, provides guidance on the recognition, measurement, presentation, and disclosure of financial instruments including derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the County. Management has reviewed the standard and all the financial statements and determined the County does not have derivative or equity instruments. As a result, there are no additional financial statements required. Refer to Note 14 on the County's financial instrument risk.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: INVESTMENTS

	<u>2023</u>	<u>2022</u>
Grants	\$13,185,537	\$10,562,972
Developer refundable deposits	3,918,285	4,372,970
Developer contributions	152,171	182,278
Other deferred revenue	2,263,331	2,490,933
County reserves and other	<u>110,486,007</u>	<u>127,743,749</u>
Total Investments	<u>\$130,005,331</u>	<u>\$145,352,902</u>

Investments and deposits are held in guaranteed investment certificates with banks, treasury branches, and credit unions. These investments have an effective interest rate of 5.70% to 6.35% (2022 4.46% to 5.74%) and mature in less than one year.

Grants include \$2,658,486 received from Alberta Environment and Sustainable Resource Development, \$3,879,896 from Municipal Sustainability Initiative, and \$6,525,580 from Alberta Community Resilience Program (Note 6).

NOTE 3: CASH

	<u>2023</u>	<u>2022</u>
Cash	\$41,195,368	\$15,366,601
Outstanding Cash Transactions	<u>(3,450,631)</u>	<u>(4,144,630)</u>
Cash	<u>\$37,744,737</u>	<u>\$11,221,971</u>
Grants	\$3,828,186	\$815,514
Developer refundable deposits	1,137,604	337,615
Developer contributions	44,180	14,073
Other deferred revenue	657,118	192,313
County reserves and other	<u>32,077,649</u>	<u>9,862,456</u>
Total Cash	<u>\$37,744,737</u>	<u>\$11,221,971</u>

Grants include \$771,844 Alberta Environment and Sustainable Resource Development, \$1,126,459 from Municipal Sustainability Initiatives and \$1,894,585 Alberta Community Resilience Program and held exclusively for approved projects (Note 6).

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: RECEIVABLES

	<u>2023</u>	<u>2022</u>
Property Taxes		
Current taxes and grants in place of taxes	\$2,853,397	\$3,403,924
Arrears taxes	<u>1,406,481</u>	<u>1,400,285</u>
	<u>\$4,259,878</u>	<u>\$4,804,209</u>
Other		
Trade accounts	\$12,168,990	\$8,074,336
Government Transfers	<u>2,455,064</u>	<u>6,939,930</u>
	<u>\$14,624,054</u>	<u>\$15,014,266</u>
Total	<u>\$18,883,932</u>	<u>\$19,818,475</u>

NOTE 5: DEBT CHARGES RECOVERABLE

	<u>2023</u>	<u>2022</u>
Current debt charges recoverable	\$ 31,900	\$ 69,353
Non-current debt charges recoverable	<u>300,021</u>	<u>331,921</u>
	<u>\$ 331,921</u>	<u>\$ 401,274</u>

The County has secured long-term financing on behalf of several community organizations for joint projects within the County. This debt is recoverable from the organizations at interest rates ranging from 4.758% to 5.250%. The debts mature and will be fully recovered starting in the year 2023 and ending in 2032.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$31,900	\$15,510	\$47,410
2025	33,450	13,960	47,410
2026	35,075	12,335	47,410
2027	36,780	10,630	47,410
2028	38,568	8,842	47,410
Thereafter	<u>156,148</u>	<u>16,791</u>	<u>172,939</u>
	<u>\$ 331,921</u>	<u>\$ 78,068</u>	<u>\$ 409,989</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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<u>NOTE 6: DEFERRED REVENUE</u>	<u>2023</u>	<u>2022</u>
Prepaid property tax	\$1,072,174	\$563,267
Municipal Sustainability Initiative – capital	4,657,459	-
AB Environment & Sustainable Resource Grant	3,430,330	3,343,388
AB Community Resilience Program	8,420,165	7,993,136
Municipal Sustainability Initiative – operating	348,896	-
Other operating grants	156,873	41,962
Developer contributions	196,351	196,351
Other deferred revenue	2,920,449	2,683,246
	<u>\$21,202,697</u>	<u>\$14,821,350</u>

Below is a brief description of the nature and restrictions of the above deferred revenue balances:

Prepaid Property Taxes – Contains tax credit amounts arising from Tax Instalment Payment Plan and overpaid taxes.

Municipal Sustainability Initiative – Capital – Government of Alberta grant to fund municipal capital projects.

AB Environment & Sustainable Resource Grant – Government of Alberta grant to fund Bragg Creek Flood Mitigation project.

AB Community Resilience Program – Government of Alberta grant to fund Cooperative Stormwater Management Initiative.

Municipal Sustainability Initiative – Operating – Government of Alberta grant to fund municipal operating projects.

Other operating grants – Various Grants to fund operating projects or initiatives.

Developer contributions – Developer contributions for shared municipal operating and capital projects.

Other deferred revenue – Cemetery Deposits, donations, insurance, and other project related payments.

NOTE 7: EMPLOYEE BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
Vacation	<u>\$1,333,972</u>	<u>\$1,199,726</u>

The vacation liability comprises the vacation that employees have earned and are deferred to future years.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Operating debt, maturing between 2023 and 2032, bearing interest at rates between 4.758% and 5.250%	\$ 331,921	\$ 401,274
Capital debt, maturing between 2024 and 2050, bearing interest at rates between 1.288% and 6.70%	\$ 53,466,909	\$ 58,054,622
	<u>\$ 53,798,830</u>	<u>\$ 58,455,896</u>
Funding for future payments from:		
General Tax	\$ 2,025,602	\$ 2,210,736
Emergency Services Tax	601,078	752,584
Local Improvement Tax	6,672,968	5,810,231
Special Levies	40,499,182	45,665,675
User Fees	4,000,000	4,016,670
	<u>\$ 53,798,830</u>	<u>\$ 58,455,896</u>

Principal and interest repayments are as follows:

	<u>Capital</u>	<u>Interest</u>	<u>Operating</u>	<u>Interest</u>	<u>Total</u>
2024	\$4,593,523	\$3,150,082	\$31,900	\$15,510	\$7,791,015
2025	4,491,791	2,864,916	33,450	13,960	7,404,117
2026	3,153,345	2,583,030	35,075	12,335	5,783,785
2027	3,166,770	2,390,556	36,780	10,630	5,604,736
2028	3,180,624	2,197,723	38,568	8,842	5,425,757
Remainder	<u>34,880,856</u>	<u>14,097,102</u>	<u>156,148</u>	<u>16,791</u>	<u>49,150,897</u>
Total	<u>\$ 53,466,909</u>	<u>\$ 27,283,409</u>	<u>\$ 331,921</u>	<u>\$ 78,068</u>	<u>\$ 81,160,307</u>

Of the \$331,921 in principal payments to be made in future years on operating debt, all will be paid from tax levies and local improvement tax.

Of the \$53,466,909 in principal payments to be made in future years on capital debt, all will be paid from user fees, special levies, local improvement tax, and tax levies.

Interest expense on long-term debt amounted to \$3,478,782 (2022 - \$2,397,967). The County's total cash payments for interest were \$3,744,563 (2022 - \$2,393,358).

ROCKY VIEW COUNTY
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The County has a \$5,000,000 (2022 - \$5,000,000) unsecured operating line of credit with ATB Financial. When utilized, this line of credit bears interest at $\frac{1}{4}$ % below the prime lending rate established by ATB Financial. \$1,000,000 of this \$5,000,000 can be utilized for Letters of Credit. One letter of credit in the amount of \$27,500 is set to expire in 2025, and puts the overall line of credit at an available balance of \$4,972,500.

This letter was issued to the Receiver General of Canada on behalf of Fisheries and Oceans Canada to monitor flood mitigation structures built in segments along Bragg Creek and the Elbow River.

NOTE 9: PENSION PLANS

Local Authorities Pension Plan (LAPP)

Employees of the County participate in the Local Authorities Pension Plan ("LAPP" or the "Plan"), which the Public Sector Pension Plans Act covers. This plan is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County must make current service contributions to the Plan of 8.45% of pensionable earnings up to the year's maximum under the Canada Pension Plan ("CPP") and 12.23% of pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.23% on pensionable earnings above this amount.

Total employer contributions by Rocky View County to the LAPP in 2023 were \$2,392,481 (2022 - \$2,219,665). Total contributions by the employees of Rocky View County to the LAPP in 2023 were \$2,146,345 (2022 - \$1,938,159).

On December 31, 2022, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$12,671 million (2021 - \$11,922 million surplus).

APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act, commenced in 2008 and provides supplementary pension plan benefits. The plan supplements the Local Authorities Pension Plan.

The Chief Administrative Officer and Executive Directors of the County can participate in the APEX Supplementary Pension Plan. Employer and Employee contributions and investment earnings of the APEX fund finance APEX. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County makes current service contributions to the plan of 2.96% of pensionable earnings up to the APEX maximum earnings of \$175,333. Eligible employees of the County can

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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make current service contributions of 2.42% of earnings up to the APEX maximum earnings of \$175,333. Total employer contributions by Rocky View County to APEX in 2023 amounted to \$10,348 (2022 - \$10,888). Total contributions by employees of the County to APEX amounted to \$8,460 for the 2023 year (2022 - \$7,381).

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

NOTE 10: COMMITMENTS & CONTINGENCIES

No provision has been made on the statement of financial position for the various lawsuits and legal claims filed against the County, as the extent of the lawsuits and legal claims are not determinable at December 31, 2023. The amount of any future settlement would be accounted for in the year the losses are determined.

Commitments relating to policing and operating leases are listed below:

2024	\$4,176,777
2025	\$4,177,277

In addition to the above the County has entered into agreements for the following major projects:

<u>Project Name</u>	<u>Year of Commitment</u>	<u>Project Type</u>	<u>Amount</u>
Bragg Creek Flood Mitigation	2024	Capital	\$519,109
Fleet Purchases	2024	Capital	872,279
Range Rd 43 & Cochrane Lake	2024	Capital	1,124,071
Dwight McLellan Trail Traffic Lights	2024	Operating	500,000
Glenmore Tr & Garden Road	2024	Operating	582,638
Dwight McLellan Trail Stormwater	2024	Operating	1,285,840

NOTE 11: RECIPROCAL INSURANCE EXCHANGE MEMBERSHIPS

The County was a member of the Genesis Reciprocal Insurance Exchange and the Jubilee Reciprocal Insurance Exchange as of December 31, 2023. Under the membership terms, the County could become liable for its proportionate share of any claim losses above the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12: DEBT LIMITS

Section 276 (2) of the Municipal Government Act and related provincial regulations require that the 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	\$ 228,136,496	\$ 202,878,003
Total debt	<u>(53,798,830)</u>	<u>(58,455,896)</u>
Total amount of debt limit unused	<u>\$ 174,337,666</u>	<u>\$ 144,422,107</u>
Debt Servicing Limit	\$ 38,022,749	\$ 33,813,001
Debt Servicing	<u>(7,791,015)</u>	<u>(8,109,308)</u>
Amount of Debt Servicing Limit unused	<u>\$ 30,231,734</u>	<u>\$ 25,703,693</u>

The debt limit is calculated at 1.5 times the 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 limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines Alberta Municipal Affairs uses to identify municipalities that could be at financial risk if a 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.

NOTE 13: ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$8,710,823	\$10,721,110
Capital deficit	<u>(6,818,675)</u>	<u>(7,087,687)</u>
	<u>\$1,892,148</u>	<u>\$3,633,423</u>
Restricted surplus		
Reserve funds		
General operating	\$4,075,015	\$3,680,090
Roads	5,795,590	5,257,517
Offsite levies	36,616,392	39,986,655
Tax stabilization	56,647,075	50,526,789
Utility	1,813,710	1,018,973
Public	19,547,078	17,303,956
Equipment	4,602,276	4,422,730
Recreation – Springbank	8,918,597	8,329,744
Voluntary recreation	1,554,995	1,451,526
Total Reserve funds	<u>\$139,570,728</u>	<u>\$131,977,980</u>
Equity in water license	21,161,000	21,161,000
Equity in tangible capital assets (Note 18)	<u>657,101,493</u>	<u>639,575,793</u>
	<u>\$819,725,369</u>	<u>\$796,348,196</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 14: FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, employee benefit obligations, deposits liabilities, and long-term debt. The nature of these instruments and the County's operations expose the County to credit and liquidity risks. The County manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. There have been no changes from the previous year's policies, procedures and methods to measure risks.

A. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates might have an effect on the cashflows associated with some financial assets and liabilities. The County is exposed to interest rate risk on its bank indebtedness and temporary investments. As at December 31, 2023 the County had investments bearing interest at 5.70% to 6.35% (2022 - 4.46% to 5.74%) and long-term debt bearing interest at 1.288% to 6.70% (2022 – 1.288% to 6.45%). The County actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation.

B. Credit risk

The County is subject to credit risk with respect to taxes and grants in place of taxes, accounts receivable, and debt charges recoverable. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. Management believes that the risk of default and the risk of concentration of credit risk is minimized by the fact that there is a large number and diversity of taxpayers and receivables comprise amounts receivable from the Government of Alberta for grants, property taxes, and trade receivables, which are subject to normal trade credit risk which is not significant as the County manages and analyzes the outstanding accounts receivable balances.

C. Liquidity risk

Liquidity risk is the risk that the County will not be able to meet its financial obligations as they come due. The County has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements of the County on an ongoing basis. The County ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows and its holdings of cash and cash equivalents. The following table sets out the contractual maturities (representing contractual cash flows) of financial liabilities:

	<u>0-90 days</u>	<u>Over 90 days</u>
Accounts payable and accruals	\$20,701,344	\$ -
Deposit liability	-	6,721,652
Long-term debt	206,463	53,592,367
	<u>\$20,907,807</u>	<u>\$60,314,019</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15: SALARY AND BENEFIT DISCLOSURE

Salaries and benefits for elected Municipal Officials, the Chief Administrative Officer, and the Designated Officers, as required by Alberta Regulation 313/2000, are disclosed as follows:

	No. of Persons	Salary	Benefits & Allowances	2023 Total	2022 No. of Persons	2022 Total
Councillors:						
Division 1	1	\$92,611	\$15,017	\$107,628	1	\$127,210
Division 2	1	90,921	9,636	100,557	1	120,786
Division 3	1	122,966	14,339	137,305	1	137,893
Division 4	1	89,586	13,796	103,382	1	125,785
Division 5	1	89,586	9,914	99,500	1	94,714
Division 6	1	92,750	13,887	106,637	1	98,735
Division 7	1	89,586	9,966	99,552	1	94,714
CAO	3	412,933	35,957	448,890	2	306,729
Designated Officers	2	289,604	54,367	343,971	2	322,364

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and other direct cash remuneration.
- (2) Elected Officials: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, travel allowance and general expense allowance.
- (3) Chief Administrative Officer/Designated Officers: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), employment insurance, extended health care, dental coverage, vision coverage, group life insurance, accidental disability, and dismemberment insurance, local authorities pension plan (LAPP), and APEX Supplementary Pension Plan.

NOTE 16: ASSET RETIREMENT OBLIGATION

Landfill

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on

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estimates and assumptions with respect to events extending over a 11-14 years period using the best information available to management. Future events may result in significant changes to the estimated total expense and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The landfills are closed and now in the post closure phase. The County is responsible for landfill sites that have been capped and closed with no further useful life and capacity. No performance bonds have been paid on the sites, and no assets have been specifically allocated to these sites. The estimated total liability is based on the sum of discounted future cash flows of post-closure activities for the remainder period for post-closure care between 11 years and 14 years (2022 – between 12 years and 15 years) using the discount rate of 3.77% (2022 - 3.77%). The total estimated ARO is \$470,952 (2022- \$453,828)

Lagoons

The County has a license to operate lagoons. The county is legally required to decommission and reclaim these lagoons at the end of their useful life. In accordance with PS 3280, Asset Retirement Obligations, the County estimated the ARO using the undiscounted future expenditures expected to be incurred within 1- 24 years period. The County applied the discount rate of 3.77% to estimate the present value of the associated AROs. The total estimated ARO is \$1,124,386 (2022 - \$ 1,083,506).

Gravel Pits

The operates various pits which have an estimated useful life of 1 to 54 years. The County is legally required to reclaim these pits at the end of their useful life. The County estimated the ARO for these pits using the undiscounted future expenditures expected to be incurred within 1- 54 years period. The County applied the discount rate of 3.77% to estimate the present value of the associated AROs. The total estimated ARO is \$2,153,419 (2022 - \$ 2,260,285).

Asset Retirement Obligation	2023	2022
Balance, beginning of the year	\$3,797,619	\$3,659,541
Liabilities settled	(192,149)	-
Accretion expense	143,287	138,078
Estimated total liability	3,748,757	3,797,619

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NOTE 17: CONTAMINATED SITES LIABILITY

Due to recent salt leaks at the Cochrane Gravel Pit as a result of day-to-day operations a 3rd party consultant was called in the first quarter of 2024 to inspect the sites and has established that there is potential for a contaminated site liability. The County has not recorded a provision because the layer that was contaminated has the potential to become inventory, there will be further discussions between the County and Alberta Environment to determine if the salt soil can be turned into inventory or if there is an environmental requirement from the Province to clean up the salt leak.

NOTE 18: EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	\$1,387,313,538	\$1,347,863,188
Accumulated amortization (Schedule 2)	(672,996,378)	(646,435,154)
Asset Retirement Obligation (Note 16)	(3,748,757)	(3,797,619)
Long term debt (Note 8)	(53,798,830)	(58,455,896)
Debt charges recoverable (Note 5)	331,921	401,274
	<u>657,101,494</u>	<u>639,575,793</u>

NOTE 19: SEGMENTED DISCLOSURE

The County conducts its business through a number of reportable segments. The operating segments are established by management and facilitate the achievement of long-term objectives and aid in resource allocation decisions. For each reported segment, revenues and expenses represent both amounts directly attributable to the segment and amounts that are allocated reasonably. The accounting policies in these segments are consistent with those followed in preparing the financial statements.

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

General Government includes Council, Other legislative, and General administration.

Emergency Services include Fire, Bylaw, Police, and traffic enforcement.

Infrastructure & Operations Services include Roads, Capital projects & Engineering services, Asset management, Fleet, Cemetery, Water, Stormwater, Wastewater, and Waste & recycling.

Planning & Development includes Planning services, Building services, Economic Development, and Development compliance.

Community Services include Recreation & Community support and Family and Community Support Services (FCSS).

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NOTE 20: BUDGET

The budget figures presented in these financial statements are based on the budget approved by council on April 25, 2023, and subsequent budget adjustments are not included.

The schedule below reconciles the approved budget to the budget figures reported in these financial statements:

	<u>2023</u>
Budgeted Deficit reported in financial statements	\$(28,139,600)
Capital Revenue Funding Operation	(10,268,100)
Principal payments on long-term debt	(5,663,900)
Amortization expense	28,689,600
Net transfer from reserve	15,382,000
Approved budget surplus for the year	<u>-</u>

NOTE 21: COMPARATIVE FIGURES

Certain prior year corresponding figures have been restated to conform to the current year's presentation.

NOTE 22: PRIOR PERIOD ADJUSTMENT

During the 2022 year end a correction between the distribution of the cost of acquisition of a water system between water licenses and water system assets was identified. As a result, the comparative figures have been restated. The effect of this prior period adjustment is a decrease in the net book value of tangible capital assets of \$373,000.00 and equity in tangible capital assets of \$368,798 and an offsetting increase in the Water License Asset and Equity in Water License of \$373,000.00. This change results in a reduction of the amortization expense in 2022 of \$4,202.

NOTE 23: APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.