

COUNTY OF VERMILION RIVER
Consolidated Financial Statements
Year Ended December 31, 2023

COUNTY OF VERMILION RIVER
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

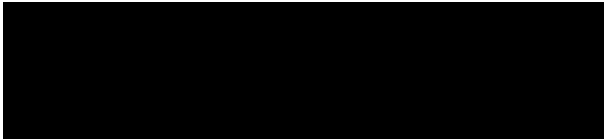
The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian Public Sector Accounting Standards. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the financial statements.

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

Management reports directly to Council on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

Prior to their submission to Council, the financial statements have been reviewed and recommended for approval by management. The financial statements have been audited by the independent firm of Seniuk and Company, Chartered Professional Accountants. Their report to the Council, stating their opinion, basis for opinion, other information, responsibilities of management and those charged with governance for the financial statements, and auditors' responsibilities for the audit of the financial statements, follows.

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Alan Parkin, CAO

Kitscoty, AB
April 09, 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of County of Vermilion River

Opinion

We have audited the consolidated financial statements of County of Vermilion River (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

(continues)

Independent Auditor's Report to the Members of Council of County of Vermillion River *(continued)*

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

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

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

Edmonton, Alberta
April 9, 2024



**Seniuk and Company,
Chartered Professional Accountants**

COUNTY OF VERMILION RIVER
Consolidated Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 6,295,840	\$ 3,481,184
Investments - unrestricted portion (Note 3)	54,852,431	45,591,087
Restricted portion of investments (Note 3)	2,966,437	2,664,890
Property taxes receivable (Note 4)	1,934,476	1,292,920
Grants and receivables from other governments (Note 5)	175,347	2,068,862
Trade and other receivables	4,073,401	4,566,690
Debt charges recoverable (Note 6)	820,855	877,081
	71,118,787	60,542,714
LIABILITIES		
Accounts payable and accrued liabilities	4,136,725	5,062,037
Deposit liabilities	237,973	213,876
Deferred revenue (Note 8)	3,915,045	4,426,315
Long term debt (Note 12)	4,106,184	6,939,018
Reclamation liability (Note 19)	6,846,549	6,759,655
	19,242,476	23,400,901
NET FINANCIAL ASSETS	51,876,311	37,141,813
NON-FINANCIAL ASSETS		
Inventory for consumption (Note 9)	9,614,432	9,436,387
Land inventory (Note 10)	1,992,079	1,992,079
Prepaid expenses	578,470	586,037
Tangible capital assets (Note 7)	242,737,170	245,019,344
	254,922,151	257,033,847
ACCUMULATED SURPLUS	\$306,798,462	\$294,175,660

COMMITMENTS (Note 22)

APPROVED ON BEHALF OF COUNCIL

—  — Reeve
 —  — Deputy Reeve

COUNTY OF VERMILION RIVER
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2023

	Budget (Unaudited) 2023	2023	2022
REVENUES			
Net municipal taxes (Schedule 1)	\$ 30,865,246	\$ 31,905,069	\$ 29,361,776
User fees	1,700,151	1,976,881	1,495,026
Gas	12,530,746	9,871,254	12,346,055
Government transfers for operating (Schedule 2)	4,320,184	3,030,481	956,116
Investment income	523,000	2,846,516	1,072,302
Penalties and costs of taxes	368,500	565,209	573,154
Licenses and permits	133,200	118,273	144,919
Rentals	89,834	130,336	78,449
Sales to other governments	450	24,938	26,419
Sale of land from inventory	-	-	10,510
Other municipal revenues	426,000	297,796	376,861
	50,957,311	50,766,753	46,441,587
EXPENSES			
Administration and legislative	4,323,290	3,046,548	3,394,383
Protective services	2,853,195	2,572,713	2,380,214
Transportation and public works	24,477,076	21,577,490	21,899,479
Waste and water services	5,834,095	1,785,803	1,624,362
Gas services	10,538,279	8,451,822	11,394,066
Planning and development	1,880,396	1,508,006	1,030,128
Community services	1,486,556	1,275,212	1,198,954
Agriculture	1,490,920	1,118,213	1,421,459
	52,883,807	41,335,807	44,343,045
SURPLUS (DEFICIT) FROM OPERATIONS	(1,926,496)	9,430,946	2,098,542
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	4,024,000	2,845,788	4,345,642
Gain on disposal of tangible capital assets	252,172	332,468	472,258
Contributed assets	-	13,600	-
	4,276,172	3,191,856	4,817,900
ANNUAL SURPLUS	2,349,676	12,622,802	6,916,442
ACCUMULATED SURPLUS - BEGINNING OF YEAR	294,175,660	294,175,660	287,259,218
ACCUMULATED SURPLUS - END OF YEAR	\$296,525,336	\$306,798,462	\$294,175,660

The accompanying notes form an integral part of these financial statements

COUNTY OF VERMILION RIVER
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2023

	Budget		
	2023	2023	2022
ANNUAL SURPLUS	\$ 2,349,676	\$ 12,622,802	\$ 6,916,442
Purchase of tangible capital assets	(13,971,135)	(9,338,849)	(11,915,277)
Proceeds on disposal of tangible capital assets	-	639,651	1,054,097
Amortization of tangible capital assets	1,400,000	11,313,842	11,184,156
Gain on disposal of assets	(252,172)	(332,468)	(472,258)
Decrease (increase) in prepaid assets	-	7,566	(128,485)
Decrease (increase) in inventory for consumption	-	(178,046)	(591,362)
	(12,823,307)	2,111,696	(869,129)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(10,473,631)	14,734,498	6,047,313
NET FINANCIAL ASSETS - BEGINNING OF YEAR	37,141,813	37,141,813	31,094,500
NET FINANCIAL ASSETS - END OF YEAR	\$ 26,668,182	\$ 51,876,311	\$ 37,141,813

The accompanying notes form an integral part of these financial statements

COUNTY OF VERMILION RIVER
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 12,622,802	\$ 6,916,442
Items not affecting cash:		
Amortization of tangible capital assets	11,313,842	11,184,156
Gain on disposal of tangible capital assets	(332,468)	(472,258)
	23,604,176	17,628,340
Changes in non-cash working capital:		
Property taxes receivable	(641,556)	835,788
Grants and receivables from other governments	1,893,513	2,467,917
Trade and other receivables	493,289	(723,487)
Accounts payable and accrued liabilities	(925,312)	93,120
Deferred revenue	(511,270)	(1,850,458)
Deposit liabilities	24,097	(23,556)
Prepaid expenses	7,567	(128,486)
Inventory for consumption	(178,045)	(591,361)
Reclamation liability	86,894	(7,066)
	249,177	72,411
Cash flow from operating activities	23,853,353	17,700,751
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(9,338,849)	(11,915,277)
Proceeds on disposal of tangible capital assets	639,651	1,054,097
Repayment of debt charges recoverable	56,226	54,676
Cash flow used by capital activities	(8,642,972)	(10,806,504)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	(301,547)	(80,440)
Decrease (increase) in investments	(9,261,344)	(1,924,714)
Repayment of long term debt	(2,832,834)	(2,807,298)
Cash flow used by investing activities	(12,395,725)	(4,812,452)
INCREASE IN CASH FLOW	2,814,656	2,081,795
Cash - beginning of year	3,481,184	1,399,390
CASH - END OF YEAR (Note 2)	\$ 6,295,840	\$ 3,481,185

The accompanying notes form an integral part of these financial statements

COUNTY OF VERMILION RIVER
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2023

(Schedule 1)

	Budget (Unaudited) 2023	2023	2022
TAXATION			
Real property tax	\$ 34,028,725	\$ 34,879,300	\$ 32,881,909
Special assessments	2,954,248	2,958,478	2,900,462
	36,982,973	37,837,778	35,782,371
REQUISITIONS			
Alberta school foundation	6,702,144	6,517,098	6,603,520
Seniors' housing requisition	584,417	584,389	182,925
	6,117,727	5,932,709	6,420,595
NET MUNICIPAL TAXES	\$ 30,865,246	\$ 31,905,069	\$ 29,361,776

Note, on January 1, 2022 the City of Lloydminster annexed land estimated at 3,792.3 acres on the east border of the Municipality per order O.C. 002/2022.

Consolidated Schedule of Government Transfers

(Schedule 2)

	Budget (Unaudited) 2023	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	\$ 4,320,184	\$ 3,030,481	\$ 956,116
	4,320,184	3,030,481	956,116
TRANSFERS FOR CAPITAL			
Provincial Government	4,024,000	2,845,788	4,344,642
Federal Government	-	-	1,000
	4,024,000	2,845,788	4,345,642
TOTAL GOVERNMENT TRANSFERS	\$ 8,344,184	\$ 5,876,269	\$ 5,301,758

COUNTY OF VERMILION RIVER
Consolidated Schedule of Expenditures by Object
Year Ended December 31, 2023

(Schedule 3)

	Budget (Unaudited) 2023	2023	2022
EXPENSES			
Salaries, wages and benefits	\$ 11,101,326	\$ 11,452,231	\$ 11,203,163
General and professional services	2,436,456	2,006,551	1,922,653
Other governments, boards and agencies	9,041,095	6,271,253	8,433,310
Contracted services, materials and utilities	22,957,274	10,274,436	11,352,203
Finance charges	9,000	11,449	29,478
Amortization	1,400,000	11,313,842	11,184,156
Interest on long term debt	96,937	118,668	144,258
Allowances and bad debts (recoveries)	213,000	(112,622)	73,824
Total Expenditures by Object	\$ 47,255,088	\$ 41,335,808	\$ 44,343,045

The accompanying notes form an integral part of these financial statements

COUNTY OF VERMILION RIVER
Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2023

(Schedule 4)

	Unrestricted Surplus	Operating Reserves	Restricted Reserves	Equity in Tangible Capital Assets	Total 2023	Total 2022
BALANCE, BEGINNING OF YEAR	\$ 2,138,973	\$ 8,565,611	\$ 42,680,123	\$240,790,953	\$294,175,660	\$287,259,218
Excess (deficiency) of revenues over expenses	12,622,802	-	-	-	12,622,802	6,916,442
Net annual reserve fund transfers	(12,055,295)	3,507,009	8,548,286	-	-	-
Principle repayments on long term debt	(2,470,375)	-	-	2,470,375	-	-
Disposal of tangible capital assets net of proceeds	307,182	-	-	(307,182)	-	-
Annual amortization expense	11,313,842	-	-	(11,313,842)	-	-
Current year funds used used to acquire tangible capital assets	(7,019,873)	-	(2,318,976)	9,338,849	-	-
Net change to accumulated surplus	2,698,283	3,507,009	6,229,310	188,200	12,622,802	6,916,442
BALANCE, END OF YEAR	\$ 4,837,256	\$ 12,072,620	\$ 48,909,433	\$240,979,153	\$306,798,462	\$294,175,660

The accompanying notes form an integral part of these financial statements

COUNTY OF VERMILION RIVER
 Consolidated Schedule of Segmented Disclosure
 Year Ended December 31, 2023

(Schedule 5)

	Administration & Legislative	Protective Services	Transportation & Public Works	Planning & Development	Community Services	Agriculture	Waste & Water Services	Gas Services	Total
REVENUE									
Net municipal taxes	\$ 28,292,947	\$ 1,141,704	\$ -	\$ 584,389	\$ 1,186,152	\$ -	\$ 699,877	\$ -	\$ 31,905,069
Government transfers	-	88,018	2,093,834	126,080	307,649	414,900	-	-	3,030,481
User fees and sales of goods	14,533	545,686	750,387	-	-	6,893	659,382	-	1,976,881
Penalties and costs on taxes	531,914	-	-	-	-	-	12,149	21,146	565,209
Licenses, permits and fines	-	6,256	-	112,016	-	-	-	-	118,272
Interest income	2,150,331	-	16,643	114,815	24,282	-	-	540,445	2,846,516
Rentals	-	11,550	-	118,786	-	-	-	-	130,336
Sales to other governments	24,297	-	-	641	-	-	-	-	24,938
Other revenues	75	50	41,852	81,745	-	-	-	174,064	297,796
Sale of goods and services	-	-	-	-	-	-	-	9,871,252	9,871,252
	31,014,097	1,793,264	2,902,726	1,198,472	1,518,093	421,793	1,371,408	10,606,907	50,766,750
EXPENSES									
General and professional services	995,145	109,256	404,416	156,355	60,201	74,373	20,271	186,532	2,006,549
Salaries and wages	1,783,471	606,048	5,942,891	499,158	10,465	495,518	318,799	1,795,878	11,452,228
Contracted services, materials and utilities	147,970	1,294,628	6,166,338	215,917	-	497,573	445,634	1,506,375	10,274,435
Boards and agencies	-	285,495	8,506	592,250	1,164,983	3,031	766,116	3,450,874	6,271,255
Amortization	219,290	277,288	9,041,083	-	-	47,719	226,812	1,501,649	11,313,841
Finance charges	4,327	-	-	-	-	-	-	7,124	11,451
Allowances and bad debts (recoveries)	(127,883)	-	3,703	-	-	-	8,169	3,389	(112,622)
Interest on Long-Term Debt	24,228	-	10,550	44,325	39,564	-	-	-	118,667
	3,046,548	2,572,715	21,577,487	1,508,005	1,275,213	1,118,214	1,785,801	8,451,821	41,335,804
Excess (deficiency) of revenue over expenses before other	27,967,549	(779,451)	(18,674,761)	(369,533)	242,870	(696,421)	(414,393)	2,155,086	9,430,946
OTHER									
Government transfers for capital	143,679	-	2,702,109	-	-	-	-	-	2,845,788
Gain (loss) on disposal of capital assets	332,468	-	-	-	-	-	-	-	332,468
Contributed assets	-	-	13,600	-	-	-	-	-	13,600
	476,147	-	2,715,709	-	-	-	-	-	3,191,856
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 28,443,696	\$ (779,451)	\$ (15,959,052)	\$ (369,533)	\$ 242,870	\$ (696,421)	\$ (414,393)	\$ 2,155,086	\$ 12,622,802

The accompanying notes form an integral part of these financial statements

COUNTY OF VERMILION RIVER
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2023

(Schedule 6)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2023				
Cost				
Land	\$ 7,167,229	\$ -	\$ (20,001)	\$ 7,147,228
Land improvements	90,251	-	-	90,251
Engineered structures	594,035,459	5,780,190	-	599,815,649
Buildings	8,972,675	-	-	8,972,675
Machinery and equipment	31,920,914	2,191,630	(503,527)	33,609,017
Motor vehicles	10,005,722	945,934	(646,032)	10,305,624
Work in progress	373,387	421,097	(143,976)	650,508
	652,565,637	9,338,851	(1,313,536)	660,590,952
Accumulated Amortization				
Land improvements - acc amort	(40,467)	(3,753)	-	(44,220)
Engineered structures - acc amort	(379,950,350)	(7,660,700)	-	(387,611,050)
Buildings - acc amort	(3,701,302)	(186,230)	-	(3,887,532)
Equipment - acc amort	(17,896,513)	(2,883,807)	407,762	(20,372,558)
Motor vehicles - acc amort	(5,957,661)	(579,352)	598,591	(5,938,422)
	(407,546,293)	(11,313,842)	1,006,353	(417,853,782)
Net Book Value	\$ 245,019,344	\$ (1,974,991)	\$ (307,183)	\$ 242,737,170

(continues)

COUNTY OF VERMILION RIVER
Consolidated Schedule of Tangible Capital Assets (continued)
Year Ended December 31, 2023

(Schedule 6)

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2022				
Cost				
Land	\$ 7,174,729	\$ -	\$ (7,500)	\$ 7,167,229
Land improvements	90,251	-	-	90,251
Engineered structures	585,120,978	9,607,239	(692,758)	594,035,459
Buildings	8,972,675	-	-	8,972,675
Machinery and equipment	32,706,789	1,647,976	(2,433,851)	31,920,914
Motor vehicles	9,818,923	598,825	(412,026)	10,005,722
Work in progress	433,629	61,236	(121,478)	373,387
	644,317,974	11,915,276	(3,667,613)	652,565,637
Accumulated Amortization				
Land improvements - acc amort	(36,714)	(3,753)	-	(40,467)
Engineered structures - acc amort	(373,111,109)	(7,465,632)	626,391	(379,950,350)
Buildings - acc amort	(3,512,186)	(189,116)	-	(3,701,302)
Equipment - acc amort	(17,023,957)	(2,931,800)	2,059,244	(17,896,513)
Motor vehicles - acc amort	(5,763,946)	(593,853)	400,138	(5,957,661)
	(399,447,912)	(11,184,154)	3,085,773	(407,546,293)
Net Book Value	\$ 244,870,062	\$ 731,122	\$ (581,840)	\$ 245,019,344

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Vermilion River (the Municipality) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources, including Family and Community Support Services.

The schedule of property taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period 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 purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality Council in accordance with legislation and the Municipality Council approved policies to raise the tax revenue required to meet the Municipality's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

(continues)

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, has been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Segment disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes.

Segments include:

- a) Administration and legislative includes municipal administration and council governance.
- b) Protective Services includes policing, traffic safety, bylaw enforcement, emergency disaster planning and fire rescue.
- c) Transportation and public works includes Hamlet and Multi-lot maintenance, municipal roadways, equipment and facility maintenance.
- d) Waste and water services include water, sewage and garbage services.
- e) Gas services includes sourcing and providing gas and related services.
- f) Planning and Development includes related services for the betterment of the municipality.
- g) Community Services includes parks and recreation, seniors housing, community and family services.
- h) Agriculture includes pest control, ALUS program and vegetation management.

Cash and Short Term Investments

Cash and cash equivalents consist of cash on deposit and short term investments mature within 90 days from the date of purchase, are capable of reasonably prompt liquidation and may be used to manage the Municipality's cash position throughout the year.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(continues)

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include:

- Estimated accrued receivables.
- Collectibility of accounts receivables.
- Gravel inventory is valued using calculations which have some estimation involved.
- Useful lives for tangible capital assets.
- Assessment of impairment of long term assets.
- Estimated accrued payables.
- The reclamation liability is an estimated cost to bring the gravel pit sites back to their original condition prior to mining. Pursuant to the Environmental Protection and Enhancement Act, the County is required to fund the future reclamation of gravel pits. Closure activities include the final top soil cover, landscaping, and visual inspection. The requirement is being provided for based on the estimated costs and length of time until the site is expected to be inactive. The reclamation liability is an estimated cost to bring the gravel pit site back to its original condition.

Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Debt Charges Recoverable

Debt recoverable consists of long term debt amounts borrowed that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at a value equivalent to the offsetting outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

(continues)

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Requisition Over-levy and Under-levy

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventory for consumption

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Land inventory

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period that the project expenditures are completed.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

(continues)

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contaminated Sites Liability

Contaminated sites are the result of a chemical, organic or radioactive material or live organism in amounts that exceed an environmental standard being introduced into soil, water or sediment. The

Municipality recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Municipality is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Municipality's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Municipality's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Municipality will measure the liability using present value techniques. This liability is reported in in the Statement of Financial Position.

Asset Retirement Obligations

Asset retirement obligations are a result of obligations associated with the retirement of tangible capital assets controlled by the municipality. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Non-Financial Assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

(continues)

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible Capital Assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less accumulated amortization of the tangible capital assets, is amortized on a straight-line basis at the following rates:

Land improvements	15 - 25 years
Engineered structures	10 - 75 years
Buildings	25 - 50 years
Machinery and equipment	5 - 25 years
Motor vehicles	5 - 25 years

Amortization is not charged in the year of acquisition. The Municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of Long Lived Assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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.

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

Employee pensions

The Municipality participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan as the plan is administered independently from the Municipality.

2. CASH AND TEMPORARY INVESTMENTS

	2023	2022
Cash and temporary investments	\$ 6,295,840	\$ 3,481,184

Temporary investments are short term deposits with original maturities of three months or less.

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

3. INVESTMENTS

	2023 Cost	2023 Market value	2022 Cost	2022 Market value
Guaranteed investment certificates	\$ 56,554,740	\$ 56,554,740	\$ 42,000,000	\$ 42,000,000
Government bonds	-	-	6,004,850	6,004,850
Fixed income investment	1,005,000	878,069	-	-
Other Investments	259,129	259,129	252,146	252,146
	\$ 57,818,869	\$ 57,691,938	\$ 48,256,996	\$ 48,256,996

Guaranteed investment certificates have effective interest rates of 5.58% to 6.55% (2022 - 4.45% to 5.89%) with maturity dates in 2024. Government bonds had effective interest rates in (2022 - 4.25% to 5.89%) that matured in 2023. Fixed income investments have no set interest rates and mature in 2032. Other investments include Gas Alberta Inc. and Credit Union shares and equity in United Farmers of Alberta and Rural Municipalities of Alberta.

Included in investments is the restricted portion of investments of \$2,966,437 (2022 - \$2,664,890). Restricted amounts are related to municipal grants and are held exclusively for future approved projects. (Note 8)

4. PROPERTY TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

Taxes receivable are comprised of:

	2023	2022
Current property taxes and grants in place of taxes	\$ 1,569,303	\$ 1,125,757
Arrears property taxes and grants in place of taxes	1,314,515	1,260,449
Sub-total	2,883,818	2,386,206
Allowance for doubtful accounts	(949,342)	(1,093,286)
	\$ 1,934,476	\$ 1,292,920

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2023	2022
Municipal Sustainability Initiative - Capital grant receivable	\$ -	\$ 1,805,977
Strategic Transportation Infrastructure Program - grant receivable	-	167,196
Local government receivable	-	56,061
Subtotal	-	2,029,234
Goods and services tax refundable (payable)	175,347	39,628
	\$ 175,347	\$ 2,068,862

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

6. DEBT CHARGES RECOVERABLE

The Municipality has assisted the Vermilion and District Housing Foundation in expansions and upgrades. The following amounts are outstanding:

	2023	2022
Vermilion Valley Lodge Debenture - 2015 debt charges recoverable bearing interest at 2.831% per annum, repayable in annual blended total payment of \$32,255. The debt charges recoverable matures on December 15, 2035.	\$ 652,475	\$ 697,555
Vermilion Valley Lodge Debenture - Addition 2016 debt charges recoverable bearing interest at 2.753% per annum, repayable in annual blended total payment of \$8,006. The debt charges recoverable matures on June 15, 2036.	168,380	179,526
	\$ 820,855	\$ 877,081

Principal repayment terms are approximately:

2024	\$ 57,820
2025	59,460
2026	61,146
2027	62,879
2028	64,662
Thereafter	514,888
	\$ 820,855

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 7,147,228	\$ -	\$ 7,147,228	\$ 7,167,229
Land improvements	90,251	44,220	46,031	49,784
Engineered structures	599,815,649	387,611,050	212,204,599	214,085,109
Buildings	8,972,675	3,887,532	5,085,143	5,271,373
Machinery and equipment	33,609,017	20,372,558	13,236,459	14,024,401
Motor vehicles	10,305,624	5,938,422	4,367,202	4,048,061
Work in progress	650,508	-	650,508	373,387
	\$660,590,952	\$417,853,782	\$242,737,170	\$245,019,344

For additional information see the Schedule of Tangible Capital Assets. (Schedule 6)

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

8. DEFERRED REVENUE

Deferred revenue is comprised of:

	2023	2022
Municipal Sustainability Initiative - Capital	\$ -	\$ 1,030,875
Canada Community-Building Fund	-	96,624
Alberta Community Partnership (ACP) Program	175,345	879,524
Alberta Transportation	2,457,728	1,574,832
Wetlands restoration	42,170	43,523
Other grants	1,118,640	734,218
Subtotal	3,793,883	4,359,596
Prepaid property taxes	94,667	55,095
Requisition over-levy	26,495	11,624
	\$ 3,915,045	\$ 4,426,315

Municipal Sustainability Initiative - Capital

Funding from the Provincial Government was allocated to the Municipality in the current year from the Municipal Sustainability Initiative - Capital Grant. The grant funding is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in the next few years. Unexpended funds related to the advance less amounts receivable from the Provincial Government are supported by restricted cash held exclusively for these projects (refer to Note 2.).

Canada Community-Building Fund

Funding from the Provincial Government was allocated to the Municipality in the current year from the Canada Community-Building Fund and is restricted to eligible capital projects as approved under the funding agreement. Funds from this grant are being deferred for a future project. Unexpended funds related to the advance are supported by restricted cash held exclusively for this project (refer to Note 2.).

Alberta Community Partnership (ACP) Program

Funding from the Provincial Government was allocated to the Municipality from the Alberta Community Partnership (ACP) Program. The program funding is restricted to community objectives. Unexpended funds, related to the advance from the Provincial Government, are supported by restricted cash and held exclusively for these projects (refer to Note 2.).

9. INVENTORY FOR CONSUMPTION

Inventory for consumption is comprised of:

	2023	2022
Gravel inventory	\$ 7,871,168	\$ 7,611,714
Shop inventory	1,743,264	1,824,673
	\$ 9,614,432	\$ 9,436,387

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

10. LAND INVENTORY

Land inventory includes land that the County intends to sell in the future. It is presented as a non-financial asset as it does not meet the criteria of a tangible capital asset or a financial asset held for sale.

11. BANK INDEBTEDNESS

The Municipality has a revolving line of credit with a maximum limit of \$200,000. Interest accrues monthly on the outstanding balance at a rate of prime less 0.50%. The line of credit arrangement is reviewed periodically by the credit union with the most recent review date being October 31, 2019. As at December 31, 2023, the prime rate was 7.2% (2022 - 6.45%).

As at December 31, 2023 the County had not drawn any funds (2022 - \$ nil) on the line of credit.

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

12. LONG TERM DEBT

	2023	2022
Dewberry Debenture 2016 loan bearing interest at 2.351% per annum, repayable in semi-annual blended payments of \$55,649. The loan matures on June 15, 2031.	\$ 761,197	\$ 852,978
Vermilion Iceplant Debenture 2021 loan bearing interest at 1.12% per annum, repayable in semi-annual blended payments of \$46,398. The loan matures on September 15, 2026.	273,010	361,999
Vermilion Valley Lodge 2015 Debenture loan bearing interest at 2.831% per annum, repayable in semi-annual blended payments of \$32,255. The loan matures on December 15, 2035.	652,475	697,555
Vermilion Valley Lodge 2016 Debenture loan bearing interest at 2.753% per annum, repayable in semi-annual blended payments of \$8,006. The loan matures on June 15, 2036.	168,380	179,526
HWY 16 / RR14 Debenture - 2019 loan bearing interest at 2.464% per annum, repayable in semi-annual blended payments of \$66,811. The loan matures on September 16, 2039.	1,758,016	1,846,678
RR 64A, 55, 20 Debenture loan bearing interest at 0.627% per annum, repayable in semi-annual blended payments of \$1,196,460. The loan matured on December 15, 2023.	-	2,381,713
Debenture - Marwayne loan bearing interest at 3.488% per annum, repayable in semi-annual blended payments of \$40,939. The loan matures on September 15, 2025.	156,858	231,311
Debenture - PV School Expansion loan bearing interest at 2.676% per annum, repayable in semi-annual blended payments of \$30,517. The loan matures on December 15, 2029.	336,248	387,258
	\$ 4,106,184	\$ 6,939,018

Principal repayment terms are approximately:

2024	\$ 462,077
2025	476,324
2026	400,279
2027	318,173
2028	841,179
Thereafter	1,608,152
	<u>\$ 4,106,184</u>

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

13. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00 for the County of Vermilion River, be disclosed as follows:

	2023	2022
Total debt limit	\$ 76,150,130	\$ 69,662,381
Total debt	(4,106,184)	(6,939,018)
Amount of debt limit unused	72,043,946	62,723,363
Debt servicing limit	12,691,688	11,610,397
Debt servicing	(561,149)	(2,954,068)
Amount of debt servicing limit unused	\$ 12,130,539	\$ 8,656,329

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

14. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2023	2022
Tangible capital assets (Note 7.)	\$ 660,590,952	\$ 652,565,638
Accumulated amortization (Note 7.)	(417,853,782)	(407,546,293)
Long term debt (Note 12.)	(1,758,016)	(4,228,391)
	\$ 240,979,154	\$ 240,790,954

15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Municipality is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount. Employees of the Municipality are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current service contributions by the Municipality to the LAPP in 2023 were \$767,242 (2022 - \$738,801). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2023 were \$687,737 (2022 - \$670,253).

The LAPP reported a surplus for the overall plan as at December 31, 2022, of \$4,961,337. Information as at December 31, 2023, was not available at the time of preparing these financial statements.

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

16. SEGMENTED DISCLOSURE

The County of Vermilion River provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 4).

17. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

			2023	2022
	Salary (1)	Benefits & allowances (2)	Total	Total
Former Reeve - Division 3	\$ 54,357	\$ 15,344	\$ 69,701	\$ 79,166
Reeve - Division 1	11,970	2,800	14,770	-
Councilor - Division 1	48,112	14,349	62,461	66,115
Councilor - Division 2	58,224	16,975	75,199	67,816
Councilor - Division 3	9,511	2,164	11,675	-
Councilor - Division 4	55,374	11,297	66,671	64,797
Councilor - Division 5	58,539	17,004	75,543	67,411
Councilor - Division 6	59,771	13,015	72,786	69,315
Councilor - Division 7	62,392	17,353	79,745	71,545
CAO - Current	186,871	33,155	220,026	50,833
CAO - Interim	-	-	-	5,504
CAO - Former	-	-	-	179,272
Designated Officers (2.75 positions)	359,820	71,497	431,317	405,113
	\$ 964,941	\$ 214,953	\$ 1,179,894	\$ 1,126,887

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

18. FINANCIAL INSTRUMENTS

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides may experience financial difficulty and be unable to fulfil their obligations. The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade, and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its receipt of funds from its taxpayers and other related sources, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

19. CONTAMINATED SITES LIABILITY

Accrued liabilities have been estimated for the cost of to reclaim certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The Municipality owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the Municipality. The initial costs have been reduced by the reclamation work performed as follows:

	2023	2022
Gravel reclamation liability total costs	\$ 8,287,238	\$ 8,188,525
Less: Net change to reclamation liabilities	(1,440,689)	(1,428,870)
Gravel reclamation liability ending balance	\$ 6,846,549	\$ 6,759,655

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 to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

20. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2023 (2022 – Nil) as a result of this standard.

COUNTY OF VERMILION RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

21. CONTINGENT LIABILITY

A claim for total damages of \$12,400,000 was lodged during the year against the Municipality and six other defendants in respect to damages incurred to a wastewater facility. The Municipality has disclaimed liability and is defending the action. Legal advice obtained indicates that it is unlikely that any will arise. Council are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

22. COMMITMENTS

The Municipality has entered into various contracts related to the purchase of gravel, maintenance and capital projects. The commitments over the next five years and thereafter are as follows:

Contractual obligation repayment schedule:

2024	\$	555,173
2025		321,520
2026		321,520
2027		150,000
2028		150,000
		<u>1,498,213</u>
	\$	<u>1,498,213</u>

23. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

24. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

25. BUDGET AMOUNTS

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