

BIG LAKES COUNTY
Consolidated Financial Statements
For the Year Ended December 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Big Lakes County

We have audited the accompanying consolidated financial statements of Big Lakes County (the County), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

Independent Auditors' Report to the Reeve and Council of Big Lakes County (*continued*)

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

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

Auditors' 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 auditors' 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. 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 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
September 27, 2023

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Reeve and Council of Big Lakes County
High Prairie, Alberta

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

The consolidated 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.

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 consolidated financial statements.

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

David Reynolds
Director of Corporate Services

BIG LAKES COUNTY
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 520,791	\$ 6,817,529
Investments <i>(Note 3)</i>	44,827,799	26,935,855
Receivables <i>(Note 4)</i>	10,868,582	14,692,813
Land held for resale	160,618	214,025
	<u>56,377,790</u>	<u>48,660,222</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5)</i>	4,642,528	4,755,492
Deposits	146,360	137,400
Deferred revenue <i>(Note 6)</i>	5,267,012	2,553,462
Long-term debt <i>(Note 7)</i>	1,528,284	2,065,744
	<u>11,584,184</u>	<u>9,512,098</u>
NET FINANCIAL ASSETS	<u>44,793,606</u>	<u>39,148,124</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 9)</i>	287,995,928	293,790,319
Inventories for consumption <i>(Note 8)</i>	667,017	1,127,977
Prepaid expenses and other assets	272,532	246,293
	<u>288,935,477</u>	<u>295,164,589</u>
ACCUMULATED SURPLUS (NOTE 10)	<u>\$333,729,083</u>	<u>\$334,312,713</u>
Contingencies <i>(Note 13)</i>		

ON BEHALF OF COUNCIL:

Reeve Robert Nygaard



BIG LAKES COUNTY
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 22,611,844	\$ 22,634,993	\$ 23,063,761
User fees and sales of goods	3,199,632	2,759,298	2,653,789
Interest and investment income	303,000	1,014,313	499,757
Government transfers for operating (Schedule 3)	728,423	817,602	2,636,925
Penalties and costs on taxes	207,000	158,486	348,210
Other	27,500	86,607	232,161
Rentals	50,400	54,845	79,987
Fines, licenses and permits	22,750	25,761	23,043
	<u>27,150,549</u>	<u>27,551,905</u>	<u>29,537,633</u>
EXPENSES			
Transportation services	9,638,600	15,109,716	14,683,339
Water and wastewater services	3,021,119	3,985,918	4,423,152
Administration services	3,547,143	3,879,332	923,704
Protective services	1,640,950	1,984,100	1,820,970
Recreation and culture services	2,043,941	1,968,007	1,537,561
Intermunicipal cost sharing (Note 17 (a))	1,865,000	1,805,361	1,055,361
Agriculture and development services	1,153,335	930,927	800,501
Family and Community Support Services	665,834	645,606	578,666
Waste management and disposal services	641,319	544,792	590,834
Council and other legislative services	573,000	514,033	424,172
	<u>24,790,241</u>	<u>31,367,792</u>	<u>26,838,260</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	<u>2,360,308</u>	<u>(3,815,887)</u>	<u>2,699,373</u>
OTHER REVENUE (EXPENSES)			
Gain (loss) on disposal of tangible capital assets	540,984	1,632,349	120,121
Government transfers for capital (Schedule 3)	6,079,921	1,599,908	7,419,029
Contributed tangible capital assets (Note 22)	-	-	428,902
	<u>6,620,905</u>	<u>3,232,257</u>	<u>7,968,052</u>
ANNUAL SURPLUS (DEFICIT)	8,981,213	(583,630)	10,667,425
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>334,312,713</u>	<u>334,312,713</u>	<u>323,645,288</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$343,293,926</u>	<u>\$333,729,083</u>	<u>\$334,312,713</u>

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

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

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 8,981,213	\$ (583,630)	\$ 10,667,425
Purchase of tangible capital assets	(1,274,407)	(3,892,055)	(8,922,415)
Tangible capital assets acquired - contributed (Note 22)	-	-	(428,902)
Proceeds on disposal of tangible capital assets	-	2,332,851	244,825
Amortization of tangible capital assets	-	8,985,944	9,201,812
(Gain) loss on disposal of tangible capital assets	540,984	(1,632,349)	(120,121)
	(733,423)	5,794,391	(24,801)
Acquisition of inventories for consumption	-	460,960	152,322
Acquisition of prepaid expenses	-	(26,239)	(19,600)
	-	434,721	132,722
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	8,247,790	5,645,482	10,775,346
NET FINANCIAL ASSETS, BEGINNING OF YEAR	39,148,124	39,148,124	28,372,778
NET FINANCIAL ASSETS, END OF YEAR	\$ 47,395,914	\$ 44,793,606	\$ 39,148,124

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

BIG LAKES COUNTY
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (583,630)	\$ 10,667,425
Non-cash items included in annual surplus		
Loss (gain) on disposal of tangible capital assets	(1,632,349)	(120,121)
Amortization of tangible capital assets	8,985,944	9,201,812
Contributed tangible capital assets <i>(Note 22)</i>	-	(428,902)
Change in non-cash working capital balances		
Receivables	3,824,231	(6,124,094)
Prepaid expenses	(26,239)	(19,601)
Inventories for consumption	460,960	152,321
Accounts payable and accrued liabilities	(112,964)	2,025,743
Deposit liabilities	8,960	2,814
Deferred revenue	2,713,550	(1,897,937)
Land held for resale	53,407	-
	<u>13,691,870</u>	<u>13,459,460</u>
INVESTING ACTIVITIES		
Disposal of investments	-	9,110,639
Purchase of investments	(17,891,944)	(6,564,541)
	<u>(17,891,944)</u>	<u>2,546,098</u>
FINANCING ACTIVITIES		
Long-term debt issued	-	550,000
Long-term debt repayments	(537,460)	(469,810)
	<u>(537,460)</u>	<u>80,190</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,892,055)	(8,922,415)
Proceeds on disposal of tangible capital assets	2,332,851	244,825
	<u>(1,559,204)</u>	<u>(8,677,590)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(6,296,738)	7,408,160
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>6,817,529</u>	<u>(590,631)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 520,791	\$ 6,817,529

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

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

Schedule 1

	2022	2021
BALANCE, BEGINNING OF YEAR	\$291,724,575	\$291,779,965
Purchase of tangible capital assets	3,892,055	8,922,415
Cost of tangible capital assets disposed of	(1,568,080)	(3,513,649)
Accumulated amortization of tangible capital assets disposed of	867,578	3,388,944
Amortization of tangible capital assets	(8,985,944)	(9,201,812)
Long-term debt issued	-	(550,000)
Contributed tangible capital assets (Note 22)	-	428,902
Long-term debt repayments	537,460	469,810
BALANCE, END OF YEAR	\$286,467,644	\$291,724,575
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets (net book value)	\$287,995,928	\$293,790,319
Capital long-term debt	(1,528,284)	(2,065,744)
	\$286,467,644	\$291,724,575

BIG LAKES COUNTY
Schedule of Net Taxation
For the Year Ended December 31, 2022

Schedule 2

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
TAXATION			
Real taxes	\$ 16,974,502	\$ 15,674,612	\$ 15,877,459
Linear taxes	11,042,427	10,986,596	11,068,203
Government grants in place of taxes	-	1,250,380	1,229,357
Designated industrial taxes	-	88,919	89,209
Local improvement taxes	15,765	-	-
	<u>28,032,694</u>	<u>28,000,507</u>	<u>28,264,228</u>
REQUISITIONS			
Alberta School Foundation Fund	4,856,123	4,811,937	4,671,507
Heart River Housing	475,346	475,032	458,962
Designated industrial property	89,381	78,545	69,998
	<u>5,420,850</u>	<u>5,365,514</u>	<u>5,200,467</u>
NET MUNICIPAL TAXES	<u>\$ 22,611,844</u>	<u>\$ 22,634,993</u>	<u>\$ 23,063,761</u>

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

Schedule 3

	2022 (Budget) (Note 21)	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 571,190	\$ 646,919	\$ 2,479,559
Local governments	157,233	170,683	157,366
	<u>728,423</u>	<u>817,602</u>	<u>2,636,925</u>
TRANSFERS FOR CAPITAL			
Provincial government	4,779,921	562,618	7,003,334
Federal government	1,300,000	1,037,290	415,695
	<u>6,079,921</u>	<u>1,599,908</u>	<u>7,419,029</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 6,808,344</u>	<u>\$ 2,417,510</u>	<u>\$ 10,055,954</u>

Schedule 4

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

	Administration Services	Transportation Services	Protective Services	Utility Services	Recreation and Culture Services	All Other	Total
REVENUE							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,634,993	\$ 22,634,993
User fees and sales of goods	96,902	362,043	226,412	1,953,765	19,345	100,831	2,759,298
Government transfers	31,337	50,000	135,326	-	96,021	504,918	817,602
All other	5,776	79,275	12,918	7,434	3,267	1,231,342	1,340,012
	134,015	491,318	374,656	1,961,199	118,633	24,472,084	27,551,905
EXPENSES							
Materials, goods, and contracted and general services	1,124,976	5,152,494	750,433	1,459,220	99,742	771,809	9,358,674
Salaries, wages, and benefits	1,726,074	2,738,456	529,039	943,182	211,403	1,219,893	7,368,047
Transfers to other governments	-	-	124,556	14,882	1,646,138	1,882,248	3,667,824
Bad debts - provision for allowances	663,676	-	-	-	-	-	663,676
Utilities	42,087	147,036	71,213	285,293	-	1,581	547,210
Repairs and maintenance	26,975	122,590	96,620	194,863	-	5,874	446,922
Insurance	97,352	81,311	52,322	24,261	723	683	256,652
Interest on long-term debt	-	68,487	-	4,356	-	-	72,843
Amortization	198,190	6,799,342	359,919	1,604,652	-	23,841	8,985,944
	3,879,330	15,109,716	1,984,102	4,530,709	1,958,006	3,905,929	31,367,792
NET REVENUE (DEFICIT)	\$ (3,745,315)	\$ (14,618,398)	\$ (1,609,446)	\$ (2,569,510)	\$ (1,839,373)	\$ 20,566,155	\$ (3,815,887)

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

Schedule 5

BIG LAKES COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2021

	Administration Services	Transportation Services	Protective Services	Utility Services	Recreation and Culture Services	All Other	Total
REVENUE							
Taxation	\$ 2,855,459	\$ 4,710,719	\$ 1,218,735	\$ 1,053,650	\$ -	\$ 13,225,198	\$ 23,063,761
User fees and sales of goods	177,419	394,183	106,806	1,817,760	21,588	136,034	2,653,790
Government transfers	21,355	1,818,843	92,776	-	105,871	598,080	2,636,925
All other	6,260	67,426	207,907	7,813	1,761	891,990	1,183,157
	<u>3,060,493</u>	<u>6,991,171</u>	<u>1,626,224</u>	<u>2,879,223</u>	<u>129,220</u>	<u>14,851,302</u>	<u>29,537,633</u>
EXPENSES							
Materials, goods, and contracted and general services	1,020,304	4,499,370	704,067	1,975,659	81,412	603,968	8,884,780
Salaries, wages, and benefits	1,795,542	2,721,661	457,564	932,485	201,229	1,130,166	7,238,647
Transfers to other governments	-	-	148,727	20,606	1,254,271	1,090,361	2,513,965
Utilities	40,116	135,084	60,814	244,263	-	1,136	481,413
Repairs and maintenance	34,102	169,608	69,210	173,693	-	8,558	455,171
Insurance	81,206	80,251	53,406	24,796	648	670	240,977
Interest on long-term debt	-	70,563	-	4,267	-	-	74,830
Bad debts - provision (recovery) for allowances	(2,253,335)	-	-	-	-	-	(2,253,335)
Amortization	205,769	7,006,803	327,181	1,638,218	-	23,841	9,201,812
	<u>923,704</u>	<u>14,683,340</u>	<u>1,820,969</u>	<u>5,013,987</u>	<u>1,537,560</u>	<u>2,858,700</u>	<u>26,838,260</u>
NET REVENUE (DEFICIT)	\$ 2,136,789	\$ (7,692,169)	\$ (194,745)	\$ (2,134,764)	\$ (1,408,340)	\$ 11,992,602	\$ 2,699,373

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

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Big Lakes County (the "County") are the representations of the County's management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These consolidated financial statements include the assets, liabilities, revenue and expenses and changes in net financial assets of the County. This entity is comprised of all the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources. These consolidated financial statements include the financial results of Big Lakes County Library Board.

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

(b) Basis of Accounting

The County follows the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

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

(c) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(d) Investments

Investments are recorded at amortized cost. 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.

(e) Inventories for Consumption

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(f) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under their respective function. The cost of land is written off against equity in land held for resale as it is sold.

(CONT'D)

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Loans Receivable

Loans receivable are recorded at cost. Interest revenue is recognized as revenue in the year it is earned.

(h) Tangible Capital Assets

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

Buildings	20 - 50 years
Engineered structures	
Paved roadways	
Top	20 years
Base	80 years
Gravel roadways	
Top	15 years
Base	30 years
Concrete	25 years
Bridges	12 - 58 years
Wastewater systems	50 & 75 years
Water systems	50 & 75 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 30 years

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

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

(i) Tax Revenue

Property taxes are recognized in the year in which they are levied.

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

(j) Requisition Over-levies and Under-levies

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

If the actual levy exceeds the requisition, the 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.

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

(CONT'D)

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the County is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(l) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The County has used estimates to determine an allowance for doubtful accounts, accrued liabilities, the useful lives of tangible capital assets and liabilities for remediation on contaminated sites.

(m) New Accounting Standards not yet Adopted

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

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

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Operating bank accounts	517,686	6,814,424
Cash on hand	3,105	3,105
	<u>\$ 520,791</u>	<u>\$ 6,817,529</u>

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

3. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Guaranteed Investment Certificates	\$ 32,113,219	\$ 10,382,642
Government and corporate bonds	12,714,519	4,134,615
Investment savings account	-	12,418,537
Other	61	61
	<u>\$ 44,827,799</u>	<u>\$ 26,935,855</u>

Guaranteed Investment Certificates bear interest at rates ranging from 0.95% to 5.25% per annum maturing at dates between July 2023 - November 2027.

Government and corporate bonds bear interest at rates ranging from 2.13% to 3.71% per annum, maturing at dated between March 2023 - July 2027. The market value of the government and corporate bonds at December 31, 2022 was \$12,575,754 (2021 - \$4,212,157).

Included in cash and cash equivalents are restricted amounts aggregating \$5,267,012 (2021 - \$2,553,462) to be used for specific capital and other projects, as detailed in *Note 6*.

4. RECEIVABLES

	<u>2022</u>	<u>2021</u>
Taxes and grants in place of taxes	\$ 7,354,820	\$ 8,161,513
Trade and other	4,947,627	6,136,711
Goods and Services Tax	479,356	321,387
Utilities	162,154	148,577
	<u>12,943,957</u>	<u>14,768,188</u>
Less: Allowance for doubtful accounts	<u>(2,075,375)</u>	<u>(75,375)</u>
	<u>\$ 10,868,582</u>	<u>\$ 14,692,813</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade and other accounts payable	\$ 4,201,947	\$ 4,300,989
Earned vacation liability	434,354	448,276
Accrued interest on long-term debt	6,227	6,227
	<u>\$ 4,642,528</u>	<u>\$ 4,755,492</u>

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

6. DEFERRED REVENUE

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

	2021	Additions	Revenue Recognized	2022
Municipal Sustainability Initiative	\$ -	\$ 3,397,956	\$ (184,446)	\$ 3,213,510
Canada Community-Building Fund	585,249	726,291	-	1,311,540
Minister of Fisheries and Oceans	1,583,977	-	(1,037,290)	546,687
Other	262,961	276,912	(418,986)	120,887
Watershed Resiliency and Restoration Program	93,775	-	(46,887)	46,888
Alberta Community Partnership	27,500	-	-	27,500
	<u>\$ 2,553,462</u>	<u>\$ 4,401,159</u>	<u>\$ (1,687,609)</u>	<u>\$ 5,267,012</u>

7. LONG-TERM DEBT

	2022	2021
Government of Alberta debentures	<u>\$ 1,528,284</u>	<u>\$ 2,065,744</u>

Debenture debt is issued on the credit and security of the County at large, bears interest at rates ranging from 2.85% to 6.00% per annum and matures in years 2023 through 2031.

The County's cash payments for interest in 2022 were \$74,266 (2021 - \$76,896).

Principal and interest payments are due as follows:

	Principal	Interest	Total
2023	\$ 559,041	\$ 51,262	\$ 610,303
2024	547,320	28,800	576,120
2025	59,108	12,312	71,420
2026	61,011	10,410	71,421
2027	62,980	8,440	71,420
Thereafter	238,824	15,567	254,391
	<u>\$ 1,528,284</u>	<u>\$ 126,791</u>	<u>\$ 1,655,075</u>

8. INVENTORIES FOR CONSUMPTION

	2022	2021
Gravel	\$ 428,779	\$ 897,732
Material and supplies	<u>238,238</u>	<u>230,245</u>
	<u>\$ 667,017</u>	<u>\$ 1,127,977</u>

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

9. TANGIBLE CAPITAL ASSETS

	2022 Net Book Value	2021 Net Book Value
Engineered structures		
Roadways and bridges	\$ 202,034,237	\$ 206,186,343
Water systems	35,524,591	36,381,709
Wastewater systems	15,425,248	15,902,128
Airport	3,493,968	3,708,827
Drainage systems	3,207,973	3,393,345
	259,686,017	265,572,352
Buildings	11,804,262	12,123,284
Machinery and equipment	5,033,786	5,733,587
Land	4,305,805	4,742,056
Vehicles	3,209,475	2,414,139
Land improvements	1,183,482	1,271,516
Construction in progress	2,773,101	1,933,385
	\$ 287,995,928	\$ 293,790,319

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways and bridges	\$ 318,122,665	\$ 98,105	-	\$ 960,722	\$ 319,181,492
Water systems	49,950,321	-	-	-	49,950,321
Wastewater systems	23,654,334	-	-	-	23,654,334
Airports	7,864,790	-	-	-	7,864,790
Drainage systems	7,319,078	-	-	-	7,319,078
	406,911,188	98,105	-	960,722	407,970,015
Buildings	19,018,761	133,181	-	-	19,151,942
Machinery and equipment	12,450,762	385,513	(289,235)	-	12,547,040
Vehicles	6,111,388	1,365,263	(833,039)	100,000	6,743,612
Land	4,742,056	9,555	(445,806)	-	4,305,805
Land improvements	2,529,325	-	-	-	2,529,325
Construction in progress	1,933,385	1,900,438	-	(1,060,722)	2,773,101
	\$ 453,696,865	\$ 3,892,055	\$ (1,568,080)	\$ -	\$ 456,020,840

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways and bridges	\$ 111,936,322	\$ 5,210,933	-	-	\$ 117,147,255
Water systems	13,568,612	857,118	-	-	14,425,730
Wastewater systems	7,752,206	476,880	-	-	8,229,086
Airports	4,155,963	214,859	-	-	4,370,822
Drainage systems	3,925,733	185,372	-	-	4,111,105
	141,338,836	6,945,162	-	-	148,283,998
Buildings	6,895,477	452,203	-	-	7,347,680
Machinery and equipment	6,717,175	1,080,151	(284,072)	-	7,513,254
Vehicles	3,697,249	420,394	(583,506)	-	3,534,137
Land improvements	1,257,809	88,034	-	-	1,345,843
	\$ 159,906,546	\$ 8,985,944	\$ (867,578)	\$ -	\$ 168,024,912

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

10. ACCUMULATED SURPLUS

	2022	2021
Unrestricted surplus	\$ 19,266,545	\$ 14,824,853
Restricted surplus		
Operating reserves (Note 11)	8,036,096	8,047,756
Capital reserves (Note 11)	19,958,798	19,715,529
Equity in tangible capital assets (Schedule 1)	286,467,644	291,724,575
	\$333,729,083	\$334,312,713

11. RESTRICTED SURPLUS

	2022	2021
Operating Reserves		
Working capital	\$ 5,521,374	\$ 5,543,854
Resurfacing	645,786	645,786
Community facilities	384,142	384,142
Recreation	309,479	269,915
Contingency	293,913	293,913
Medical equipment	258,500	258,500
Winter maintenance control	104,387	104,387
Family and Community Support Services	100,516	95,038
Community Enhancement Fund	100,000	100,000
Enhanced policing	82,000	82,000
Culture	62,913	99,135
Emergency services	50,000	50,000
Water offsite levies	39,400	39,400
Cemeteries	26,700	26,700
Sewer offsite levies	25,400	25,400
Spruce Point Park Marina	19,586	19,586
Planning and development	12,000	10,000
	\$ 8,036,096	\$ 8,047,756
Capital Reserves		
Transportation	\$ 6,149,564	\$ 7,220,278
Equipment replacement	4,641,193	4,420,175
Gravel source and pit reclamation	2,821,858	2,821,858
Fire facility	1,656,046	1,580,847
Fire equipment	1,241,964	1,464,064
Hamlet upgrades	1,120,386	-
Water	500,699	521,527
High Prairie airport reserve	396,510	321,540
Computer equipment	343,031	293,031
Recreation and cultural	255,710	255,710
Waste transfer stations	239,684	239,684
Building	220,003	258,779
Economic Development	118,241	118,241
Big Meadow Water Co-op	78,917	78,917
Sewer	72,732	78,539
Spruce Point Marina berth fees	59,921	-
ASB equipment	36,796	36,796
Other	5,543	5,543
	\$ 19,958,798	\$ 19,715,529

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

12. CREDIT FACILITY

The County has access to a revolving line of credit with a limit of \$6,000,000, bearing interest at prime rate. At December 31, 2022, the balance owing was \$NIL (2021 - \$NIL).

13. CONTINGENCIES

In June 1994, the County entered into an agreement with Alberta Transportation to take over the responsibilities related to the transportation function of the former Improvement District. Under this agreement, the County has assumed a contingent liability estimated at \$324,953, related to gravel pits and stock pile reclamation. This contingency has not been accrued in these financial statements; however, should the liability be realized, the County has established a reserve to fund these costs.

14. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits and Allowances	2022	2021
Councillors:				
Ward 9	\$ 26,105	\$ 15,000	41,105	\$ 41,780
Ward 3	24,000	16,200	40,200	52,875
Ward 6	24,750	15,000	39,750	30,300
Ward 5	18,750	19,800	38,550	33,350
Ward 2	22,500	15,000	37,500	36,300
Ward 4	20,500	15,000	35,500	34,050
Ward 7	18,250	15,000	33,250	34,050
Ward 8	17,750	15,000	32,750	34,300
Ward 1	5,250	15,000	20,250	36,050
	\$ 177,855	\$ 141,000	\$ 318,855	\$ 333,055
Designated officers (11) (2021 - 7)	\$ 1,370,508	\$ 270,929	\$ 1,641,437	\$ 995,208
Chief Administrative Officers (2)	\$ 242,233	\$ 46,049	\$ 288,282	\$ 230,542

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

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, retiring allowance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, and professional membership and tuition.

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

15. LOCAL AUTHORITIES PENSION PLAN

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

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

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

Total current service contributions by the County to the LAPP in 2022 were \$510,250 (2021 - \$552,747). Total current service contributions by the employees of the County to the LAPP in 2022 were \$456,805 (2021 - \$500,883).

At December 31, 2021 the Plan disclosed an actuarial surplus of \$11.922 billion (2020 - \$4.961 billion).

16. DEBT LIMITS

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

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 41,327,858	\$ 44,306,450
Total debt (<i>Note 7</i>)	(1,528,284)	(2,065,744)
Amount of debt limit unused	\$ 39,799,574	\$ 42,240,706
Service on debt limit	\$ 6,887,976	\$ 7,384,408
Service on debt (<i>Note 7</i>)	(610,303)	(610,304)
Amount of service on debt limit unused	\$ 6,277,673	\$ 6,774,104

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

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

17. CONTRACTUAL OBLIGATIONS

(a) Town of Swan Hills Viability Intermunicipal Funding Agreement

Under the terms of this agreement the County is required to provide conditional and unconditional grants to the Town of Swan Hills for 20 years with extensions as mutually agreed upon ending on December 31, 2034. The agreement will be open for review on the fifth and every proceeding five year anniversary or as mutually agreed by the parties.

In the years 2017 to 2034, the County has agreed to pay the Town of Swan Hills \$950,000 annually for operating expenditures as determined by the Town of Swan Hills. Additionally, starting in 2017, the County agrees to pay an annual capital grant to the Town of Swan Hills based on the following formula: the County's the total linear assessment for that year shall be compared with the 2016 total linear assessment for the County, and the percentage increase or decrease, as the case may be, shall be the percentage increase or decrease of this capital grant with the base amount of \$1,000,000 for that year. It is estimated the 2023 capital grant will be approximately \$800,000.

(b) Town of High Prairie Intermunicipal Collaboration Framework Agreement

Under the terms of this agreement the County is committed to pay 50% of the net operating costs of the High Prairie Municipal Library Board, High Prairie and District Fire Department, High Prairie and District Recreation Board, High Prairie and District Municipal Airport, and Gilwood Transfer Station; 20% of the reclamation costs and annual monitoring costs of the High Prairie Landfill Site; and 50% of the annual High Prairie recycling contract.

Furthermore, the County has committed financial support to the Town of High Prairie annually for capital projects that are mutually beneficial based on the following formula: the County's the total linear assessment for that year shall be compared with the 2016 total linear assessment for the County, and the percentage increase or decrease, as the case may be, shall be the percentage increase or decrease of this capital grant with the base amount of \$1,000,000 for that year. It is estimated the 2023 capital grant will be approximately \$800,000.

(c) Heart River Housing Loan

The County has agreed in principle to a 10-year loan in an amount up to \$7 million to Heart River Housing at an interest rate equal to Government of Alberta debenture going rate in connection to a lodge expansion project.

18. FINANCIAL INSTRUMENTS

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

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

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

19. FUNDS HELD IN TRUST

As trust assets are not owned by the County, the trusts have been excluded from the financial statements. A summary of trust funds held by the County is as follows:

	<u>2022</u>	<u>2021</u>
Tax sale surplus	<u>\$ 36,964</u>	<u>\$ 36,112</u>

20. SEGMENTED INFORMATION

The County provides a wide range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 4).

21. BUDGET FIGURES

The 2022 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 30, 2021. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2022</u> <u>(Budget)</u>	<u>2022</u> <u>(Actual)</u>
Annual surplus (deficit)	\$ 8,981,213	\$ (583,630)
Add back (deduct):		
Amortization expense	-	8,985,945
Transfers from (to) capital reserves	7,138,121	(243,269)
Transfers from (to) operating reserves	(129,970)	11,660
Debenture proceeds	75,000	-
Purchase of tangible capital assets	(1,274,407)	(3,892,055)
Principal debt repayments	(559,838)	(489,197)
	<u>\$ 14,230,119</u>	<u>\$ 3,789,454</u>

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2022

22. CONTRIBUTED TANGIBLE CAPITAL ASSETS

White Sands Estates development has been completed and the County now has ownership of the infrastructure completed by the developer. The County has recorded the contributed tangible capital assets at their estimated fair values as follows:

Sewermains	\$	203,509
Watermains		123,450
Roads		<u>101,944</u>
	\$	<u>428,903</u>

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.
