

**STARLAND COUNTY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**STARLAND COUNTY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the financial statements of Starland County (the "County"), which comprise of the statement of financial position as at December 31, 2021 and the results of its operations and changes in its net financial assets and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Starland County as at December 31, 2021, the results of its operations, changes in net financial assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Starland County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

#### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

*Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in Note 9.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the County is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.



HANNA, ALBERTA  
APRIL 13, 2022

ASCEND LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS



**STARLAND COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 8,711,605	\$ 808,389
Receivables		
Taxes and grants in place of taxes (Note 3)	1,484,185	2,772,158
Trade and other receivables	131,477	198,358
Receivables from other governments	98,862	787,016
Land inventory held for resale	17,170	17,170
Investments (Note 4)	<u>9,112</u>	<u>9,112</u>
	<u>10,452,411</u>	<u>4,592,203</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	581,353	228,364
Deferred revenue (Note 6)	988,760	629,904
Employee benefit obligations (Note 7)	660,939	585,608
Long-term debt (Note 8)	3,041,510	
Gravel pit reclamation payable	<u>317,130</u>	<u>797,990</u>
	<u>5,589,692</u>	<u>2,241,866</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,862,719</u>	<u>2,350,337</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	57,187,716	58,443,985
Inventory for consumption (Note 10)	2,128,868	2,485,179
Gravel reserves (Note 11)	490,653	490,653
Prepaid expenses	<u>156,791</u>	<u>147,538</u>
	<u>59,964,028</u>	<u>61,567,355</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 64,826,747</u>	<u>\$ 63,917,692</u>

**CONTAMINATED SITES LIABILITY (SEE NOTE 12)**  
**COMMITMENTS (SEE NOTE 19)**

**STARLAND COUNTY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	2020
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 10,352,611	\$ 10,303,048	\$ 10,443,602
User fees and sale of goods	778,850	1,133,619	785,091
Government transfers for operating (Schedule 3)	515,180	429,181	1,290,701
Investment income	30,200	27,318	29,360
Penalties and costs on taxes	15,400	270,685	147,772
Licenses and permits	2,250	3,823	1,659
Insurance proceeds			153,127
Gain on disposal of tangible capital assets	15,000		27,630
Other	17,000	35,527	18,218
<b>Total Revenue</b>	<u>11,726,491</u>	<u>12,203,201</u>	<u>12,897,160</u>
<b>EXPENSES</b>			
General government			
Council and other legislative	159,900	153,756	129,340
General administrative	4,033,960	3,191,774	4,277,370
Protective services			
Police	61,000	61,171	
Fire	175,300	269,160	288,273
Disaster and emergency measures	10,500	1,382	4,262
Bylaw enforcement	786,739	860,667	768,164
Transportation			
Roads, streets, walks, lighting	4,838,750	6,184,408	6,182,020
Environmental services			
Water supply and distribution	473,860	773,565	733,506
Wastewater treatment and disposal	38,100	61,141	81,016
Waste management	197,911	204,996	194,416
Public health and welfare			
Family and community support	140,000	159,753	160,487
Cemeteries and crematoriums	30,500	58	6,698
Planning and development			
Land use planning, zoning and development	8,600	4,480	3,998
Land, housing and building rentals	7,000	33,155	3,037
Agricultural development			
Agricultural development	515,300	533,437	431,483
Recreation and culture			
Parks and recreation	423,644	499,269	389,315
Libraries, museums, halls	23,000	22,189	22,189
<b>Total Expenses</b>	<u>11,924,064</u>	<u>13,014,361</u>	<u>13,675,574</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	197,573	(811,160)	(778,414)
Government transfers for capital (Schedule 3)	1,717,939	1,720,215	3,745,616
Other capital revenues			2,500,100
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,520,366	909,055	5,467,302
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>63,917,692</u>	<u>63,917,692</u>	<u>58,450,390</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 65,438,058</u>	<u>\$ 64,826,747</u>	<u>\$ 63,917,692</u>

**STARLAND COUNTY**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	2020
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>1,520,366</u>	\$ <u>909,055</u>	\$ <u>5,467,302</u>
Acquisition of tangible capital assets	(1,863,000)	(1,592,492)	(5,185,199)
Proceeds on disposal of tangible capital assets			100,370
Amortization of tangible capital assets		2,846,441	2,757,090
Loss (gain) on disposal of tangible capital assets	<u>15,000</u>	<u>2,320</u>	<u>(21,942)</u>
	<u>(1,878,000)</u>	<u>1,256,269</u>	<u>(2,349,681)</u>
Change in prepaid expenses		(9,253)	23,534
Change in inventory		<u>356,311</u>	<u>359,307</u>
		<u>347,058</u>	<u>382,841</u>
<b>(INCREASE) DECREASE IN NET ASSETS</b>	(357,634)	2,512,382	3,500,462
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>2,350,337</u>	<u>2,350,337</u>	<u>(1,150,125)</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 1,992,703</u>	<u>\$ 4,862,719</u>	<u>\$ 2,350,337</u>

**STARLAND COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
<b>NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 909,055	\$ 5,467,302
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization on tangible capital assets	2,846,441	2,757,090
Loss (gain) on disposal of tangible capital assets	<u>2,320</u>	<u>(21,942)</u>
	3,757,816	8,202,450
Changes in net financial asset (debt) items:		
Decrease (increase) in taxes and grants in place of taxes	1,287,973	(2,618,192)
Decrease in trade and other receivables	66,881	617,202
Decrease (increase) in receivables from other governments	688,154	(145,591)
(Increase) decrease in prepaid expenses	(9,253)	23,534
Decrease in inventory for consumption	356,311	359,307
Increase (decrease) in accounts payable and accrued liabilities	352,989	(1,375,262)
Increase (decrease) in deferred revenue	358,856	(4,629,714)
Increase in employee benefit obligations	75,331	26,457
Decrease in provision for gravel pit reclamation	<u>(480,860)</u>	<u>                    </u>
Cash provided by (applied to) operating transactions	<u>6,454,198</u>	<u>460,191</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,592,492)	(5,185,199)
Proceeds on disposal of tangible capital assets	<u>                    </u>	<u>100,370</u>
Cash provided by (applied to) capital transactions	<u>(1,592,492)</u>	<u>(5,084,829)</u>
<b>FINANCING</b>		
Proceeds of long-term debt	3,100,000	
Repayment of long-term debt	<u>(58,490)</u>	<u>                    </u>
Cash provided by (applied to) financing transactions	<u>3,041,510</u>	<u>                    </u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	7,903,216	(4,624,638)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>808,389</u>	<u>5,433,027</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,711,605</u>	<u>\$ 808,389</u>



**STARLAND COUNTY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2021	2020
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,794,610	\$ 747,163	\$ 14,593,603	\$ 76,382,333	\$ 12,090,489	\$ 4,350,481	\$109,958,679	\$104,858,807
Acquisition of tangible capital assets				664,297	496,956	128,931	1,290,184	5,057,756
Construction-in-progress				302,308			302,308	127,443
Disposal of tangible capital assets				(13,080)			(13,080)	(85,327)
BALANCE, END OF YEAR	<u>1,794,610</u>	<u>747,163</u>	<u>14,593,603</u>	<u>77,335,858</u>	<u>12,587,445</u>	<u>4,479,412</u>	<u>111,538,091</u>	<u>109,958,679</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		318,510	774,711	39,646,204	7,898,758	2,876,511	51,514,694	48,764,505
Annual amortization		27,008	231,301	1,560,892	781,974	245,266	2,846,441	2,757,090
Accumulated amortization on disposals				(10,760)			(10,760)	(6,901)
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,794,610</u>	<u>\$ 401,645</u>	<u>\$ 13,587,591</u>	<u>\$ 36,139,522</u>	<u>\$ 3,906,713</u>	<u>\$ 1,357,635</u>	<u>\$ 57,187,716</u>	<u>\$ 58,443,985</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,794,610</u>	<u>\$ 428,653</u>	<u>\$ 13,818,892</u>	<u>\$ 36,736,129</u>	<u>\$ 4,191,731</u>	<u>\$ 1,473,970</u>	<u>\$ 58,443,985</u>	

**STARLAND COUNTY**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Schedule 2**

	Budget (Unaudited)	2021	2020
<b>TAXATION</b>			
Real property taxes	\$ 5,088,816	\$ 5,748,834	\$ 5,911,482
Linear property taxes	<u>7,485,071</u>	<u>6,775,490</u>	<u>7,089,863</u>
	<u>12,573,887</u>	<u>12,524,324</u>	<u>13,001,345</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,821,041	1,821,041	2,131,927
Drumheller and District Senior's Foundation	<u>400,235</u>	<u>400,235</u>	<u>425,816</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 10,352,611</u>	<u>\$ 10,303,048</u>	<u>\$ 10,443,602</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Schedule 3**

	Budget (Unaudited)	2021	2020
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 478,245	\$ 407,246	\$ 1,247,766
Federal government	15,000		21,000
Local governments	<u>21,935</u>	<u>21,935</u>	<u>21,935</u>
	<u>515,180</u>	<u>429,181</u>	<u>1,290,701</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>1,717,939</u>	<u>1,720,215</u>	<u>3,745,616</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 2,233,119</u>	<u>\$ 2,149,396</u>	<u>\$ 5,036,317</u>

**STARLAND COUNTY**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 4**

	Budget (Unaudited)	2021	2020
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 5,053,004	\$ 4,979,012	\$ 4,455,369
Contracted and general services	2,143,000	1,391,107	1,915,778
Purchases from other governments	94,300	96,349	29,843
Materials, goods, supplies and utilities	1,932,160	1,959,599	1,371,178
Provision for allowances	2,000,000	1,355,940	2,515,756
Transfers to individuals and organizations	545,100	505,709	456,234
Bank charges and short term interest	151,500	16,335	2,076
Interest on capital long-term debt	5,000	3,658	
Interest on operating long-term debt		16,834	
Amortization of tangible capital assets (Note 1)		2,683,188	2,757,090
Loss on disposal of tangible capital assets		2,320	5,688
Other expenses		4,310	166,562
	<u>\$ 11,924,064</u>	<u>\$ 13,014,361</u>	<u>\$ 13,675,574</u>

**STARLAND COUNTY**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 5**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
<b>BALANCE, BEGINNING OF YEAR</b>	\$ <u>189,303</u>	\$ <u>5,284,404</u>	\$ <u>58,443,985</u>	\$ <u>63,917,692</u>	\$ <u>58,450,390</u>
Excess of revenues over expenses	909,055			909,055	5,467,302
Unrestricted funds designated for future use	(2,635,000)	2,635,000			
Current year funds used for tangible capital assets	(992,492)		992,492		
Net book value of disposed tangible capital assets	2,320		(2,320)		
Annual amortization expense (Note 1)	2,846,441		(2,846,441)		
Capital long-term debt repaid	<u>(58,490)</u>		<u>58,490</u>		
Change in accumulated surplus	<u>71,834</u>	<u>2,635,000</u>	<u>(1,797,779)</u>	<u>909,055</u>	<u>5,467,302</u>
<b>BALANCE, END OF YEAR</b>	<b>\$ <u>261,137</u></b>	<b>\$ <u>7,919,404</u></b>	<b>\$ <u>56,646,206</u></b>	<b>\$ <u>64,826,747</u></b>	<b>\$ <u>63,917,692</u></b>

**STARLAND COUNTY**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Agricultural Development	Recreation and Culture	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 10,303,048	\$	\$	\$	\$	\$	\$	\$	\$ 10,303,048
User fees and sales of goods	105,783	43,587	144,700	492,881	9,250	77,914	39,356	220,148	1,133,619
Government transfers	135,599				109,675		183,907		429,181
Investment Income	27,318								27,318
Penalties	270,685								270,685
Licenses and permits	3,563	260							3,823
Other revenues	<u>                    </u>	<u>7,250</u>	<u>8,277</u>	<u>                    </u>	<u>                    </u>	<u>20,000</u>	<u>                    </u>	<u>                    </u>	<u>35,527</u>
	<u>10,845,996</u>	<u>51,097</u>	<u>152,977</u>	<u>492,881</u>	<u>118,925</u>	<u>97,914</u>	<u>223,263</u>	<u>220,148</u>	<u>12,203,201</u>
<b>EXPENSES</b>									
Salaries and wages	1,198,949	719,094	2,392,009	101,009	21,331	3,075	358,423	185,122	4,979,012
Contract and general services	446,379	120,773	675,707	65,378	8,823	2,731	23,366	47,950	1,391,107
Purchases from other governments	1,900	92,886	1,563						96,349
Goods and supplies	114,020	108,456	1,121,468	427,975		31,829	100,180	55,671	1,959,599
Provision for allowance	1,355,940								1,355,940
Transfers to organizations	110,334	9,000		99,879	129,657		500	156,339	505,709
Bank charges and interest	16,335								16,335
Interest on capital long-term			3,658						3,658
Interest on operating long-term							16,834		16,834
Loss on disposal of tangible capital assets			2,320						2,320
Other expenses	<u>4,310</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>4,310</u>
	<u>3,248,167</u>	<u>1,050,209</u>	<u>4,196,725</u>	<u>694,241</u>	<u>159,811</u>	<u>37,635</u>	<u>499,303</u>	<u>445,082</u>	<u>10,331,173</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION AND OTHER</b>									
	<u>7,597,829</u>	<u>(999,112)</u>	<u>(4,043,748)</u>	<u>(201,360)</u>	<u>(40,886)</u>	<u>60,279</u>	<u>(276,040)</u>	<u>(224,934)</u>	<u>1,872,028</u>
Government transfers for capital			1,474,631	245,584					1,720,215
Amortization expense	<u>(97,363)</u>	<u>(142,171)</u>	<u>(1,987,683)</u>	<u>(345,461)</u>	<u>                    </u>	<u>                    </u>	<u>(34,134)</u>	<u>(76,376)</u>	<u>(2,683,188)</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>									
	<u>\$ 7,500,466</u>	<u>\$ (1,141,283)</u>	<u>\$ (4,556,800)</u>	<u>\$ (301,237)</u>	<u>\$ (40,886)</u>	<u>\$ 60,279</u>	<u>\$ (310,174)</u>	<u>\$ (301,310)</u>	<u>\$ 909,055</u>

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Starland County (the "County") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are as follows:

**a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change 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 County and are, therefore, accountable to the County council for the administration of their financial affairs and resources.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

**b) Basis of Accounting**

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

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**c) Use of Estimates**

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

Significant financial statement areas requiring the use of management estimates include:

- Employee benefits obligations;
- Useful life of tangible capital assets;
- Gravel pit reclamation payable; and
- Accrued liabilities.

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**d) Valuation of Financial Assets and Liabilities**

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Land inventory held for resale	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Deferred revenue	Cost
Employee benefit obligations	Cost
Bank indebtedness and long-term debt	Amortized cost
Gravel pit reclamation payable	Amortized cost

**e) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

**f) Investments**

Investments are recorded at amortized cost.

**g) Long-term debt**

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

**h) 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.

**i) Land Inventories 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 such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**j) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**k) Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the County is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**l) Revenue Recognition**

Revenue from transactions with no performance obligation is recognized at realizable value when the County has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

**m) Government Transfers**

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

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

**n) Contributions**

Contributions received from third parties are recognized as revenue when the related expenditures have been incurred.



**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**o) Non-Financial Assets**

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

**i. Tangible Capital Assets**

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

	<b>YEARS</b>
Land improvements	10 to 45
Buildings	25 to 50
Engineering structures	
Water system	45 to 75
Wastewater system	45 to 75
Other engineered structures	5 to 75
Machinery and equipment	5 to 40
Vehicles	10 to 40

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned. In the year of disposition of a tangible capital asset, annual amortization is based on the number of months owned. Assets under construction are not amortized until the asset is available for productive use.

The County accounts for amortization that relates to self-construction of tangible capital assets within the segmented expense to which it applies. During the year, the County included \$163,252 (2020 - \$0) within its segmented disclosure.

**ii. Contributions of Tangible Capital Assets**

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

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**v. Cultural and Historical Tangible Capital Assets**

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

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Cash	\$ 8,708,969	\$ 805,767
Temporary investments	2,636	2,622
	\$ 8,711,605	\$ 808,389

The County earns interest on its account deposits at rates between prime rate less 1.9% and prime rate less 1.55%. All deposits are highly liquid and redeemable within 90 days or less.

The County received certain Alberta Government grants that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$988,760 (2020 - \$308,264) of the cash and temporary investments are not available for general use by the County.

The County has available to it an operating line of credit with ATB Financial, having an authorized limit of \$10,000,000, which bears interest at prime rate. As of year-end, no amount was drawn on this line of credit.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	\$ <u>2021</u>	<u>2020</u>
Current taxes and grants in place receivables	\$ 2,413,330	\$ 3,048,006
Arrears taxes	863,336	776,419
	3,276,666	3,824,425
Less: allowance for doubtful accounts	(1,792,481)	(1,052,267)
	\$ 1,484,185	\$ 2,772,158

**4. INVESTMENTS**

	2021		2020	
	Cost	Market Value	Cost	Market Value
Other institutional and private corporation bonds	\$ 9,112	\$ 262,850	\$ 9,112	\$ 215,872

Starland County received 3,653 common shares in Sun Life Financial Inc. (formerly Clarica) as part of the demutualization of the life insurance held on a number of their employees. These shares have a cost base of zero and at year-end has a fair market value of \$253,738 (2020 - \$206,760).

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2021</b>	<b>2020</b>
Trade accounts payable	\$ 225,054	\$ 180,103
Accrued liabilities	238,794	11,367
Due to other governments	117,505	36,894
	<b>\$ 581,353</b>	<b>\$ 228,364</b>

**6. DEFERRED REVENUE**

	<b>2021</b>	<b>2020</b>
Alberta Municipal Sustainability Initiative	\$ 704,269	\$ 321,640
Canada Community-Building Fund	260,556	265,945
Family and Community Support Services	21,935	7,319
Unearned revenues and donations	2,000	2,000
Municipal Stimulus Program		33,000
	<b>\$ 988,760</b>	<b>\$ 629,904</b>

**Alberta Municipal Sustainability Initiative**

Provincial government funding was received in the current and prior years to undertake certain eligible infrastructure expenditures within Starland County that have not yet been expended.

**Canada Community-Building Fund**

Federal and Provincial government funding was received in the current year to undertake certain eligible infrastructure expenditures within Starland County that has not yet been expended.

**Family and Community Support Services**

Certain provincial government funding was received to undertake certain social programs and related expenditures with in the County which have not yet been expended.

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<b>2021</b>	<b>2020</b>
Vested sick leave payable	\$ 660,939	\$ 585,608

The vested sick leave liability is comprised of paid sick days that employees have not used and are being deferred to future years.

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**8. LONG TERM DEBT**

	<u>2021</u>	<u>2020</u>
Tax supported debentures - capital	\$ 541,510	\$
Tax supported debentures - operating	<u>2,500,000</u>	<u>                    </u>
	<u>\$ 3,041,510</u>	<u>\$</u>

The current portion of the long-term debt amounts to \$217,726 (2020 - \$0)

2022	\$ 217,726	\$ 62,642	\$ 280,368
2023	221,367	59,001	280,368
2024	225,077	55,291	280,368
2025	228,856	51,512	280,368
2026	170,827	47,661	218,488
Thereafter	<u>1,977,657</u>	<u>371,452</u>	<u>2,349,109</u>
	<u>\$ 3,041,510</u>	<u>\$ 647,559</u>	<u>\$ 3,689,069</u>

Debenture debt is repayable to the Province of Alberta, bears interest at rates of 1.13% and 2.297% and matures in June 2026 and September 2041.

Debenture debt is issued on the credit and security of the County at large.

Interest on long-term debt amounted to \$20,492 (2020 - \$0).

The County's total cash payments for interest in 2021 were \$3,390 (2020 - \$0).

**9. DEBT LIMITS**

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

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 18,304,802	\$ 19,454,850
Total debt	<u>3,041,510</u>	<u>                    </u>
Amount of debit limit unused	<u>\$ 15,263,292</u>	<u>\$ 19,454,850</u>
Debt servicing limit	\$ 3,050,800	\$ 3,242,475
Debt servicing	<u>280,368</u>	<u>                    </u>
Amount of debt servicing limit unused	<u>\$ 2,770,432</u>	<u>\$ 3,242,475</u>

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.

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**10. INVENTORY FOR CONSUMPTION**

	<u>2021</u>	<u>2020</u>
Transportation - gravel	\$ 1,349,774	\$ 1,774,105
Transportation - repairs	341,164	316,468
Transportation - fuel	78,471	43,193
Transportation - other	167,538	141,012
Water - parts and supplies	123,391	115,942
Sewer - parts and supplies	21,009	25,297
Agriculture - chemicals and other products	<u>47,521</u>	<u>69,162</u>
	<u>\$ 2,128,868</u>	<u>\$ 2,485,179</u>

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**11. GRAVEL RESERVES**

Gravel reserves consist of estimated expenditures relating to gravel to be developed on certain land acquired.

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**12. CONTAMINATED SITES LIABILITY**

During the year, the County did not identify any financial liabilities (2020 - \$0) as a result of contaminated sites.

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**13. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2021</u>	<u>2020</u>
Tangible capital assets	\$ 111,538,091	\$ 109,958,679
Accumulated amortization	(54,350,375)	(51,514,694)
Capital long-term debt (Note 8)	<u>(541,510)</u>	<u>                    </u>
	<u>\$ 56,646,206</u>	<u>\$ 58,443,985</u>

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**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**14. ACCUMULATED SURPLUS**

	<b>2021</b>	<b>2020</b>
Unrestricted surplus	\$ 261,137	\$ 189,303
Internally restricted surplus:		
Operating:		
Administrative	2,367	2,367
Fire	39,512	39,512
Roads, streets, walks and lighting	600	600
Operating contingencies	2,164,307	2,164,307
Capital:		
Administrative	75,000	75,000
Fire	817,921	782,921
Roads, streets, walks and lighting	1,639,697	1,639,697
Wastewater	30,000	30,000
General contingencies	3,150,000	550,000
Equity in tangible capital assets (Note 13)	<u>56,646,206</u>	<u>58,443,985</u>
	<u>\$ 64,826,747</u>	<u>\$ 63,917,692</u>

**15. SEGMENTED DISCLOSURE**

Starland County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents 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 the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

General government includes council and other legislative and general administrative. Protective services includes police, fire, disaster and emergency measures, and bylaw enforcement. Transportation includes roads, streets, walks and lighting. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management. Public health and welfare includes family and community support and cemeteries and crematoriums. Planning and development includes land use planning, zoning and development and land, housing and building rentals. Agricultural development includes agricultural development. Recreation and culture includes parks and recreation and libraries, museums and halls.

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**16. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u><b>Budget Amount</b></u>
<b>Revenue</b>	
Operating budget	\$ 12,411,491
Capital budget	2,367,939
Less:	
Transfer to other funds	(735,000)
Proceeds on debt issue	<u>(600,000)</u>
Total revenues	<u>13,444,430</u>
<b>Expenses</b>	
Operating budget	12,219,064
Capital budget	2,363,000
Less:	
Transfer to other funds	(735,000)
Capital expenses	(1,863,000)
Debt principal payments	<u>(60,000)</u>
Total expenses	<u>11,924,064</u>
<b>Excess of revenue over expenses</b>	\$ <u><u>1,520,366</u></u>

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**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**17. SALARY AND BENEFITS**

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:

	<b>2021</b>			<b>2020</b>
	<u>Salary</u>	<u>Benefits and allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Division 1	\$ 26,653	\$ 1,661	\$ 28,314	\$ 24,297
Division 2	32,200	2,556	34,756	33,492
Division 3	20,055	1,405	21,460	20,050
Division 4	28,445	2,404	30,849	28,487
Division 5	21,095	1,287	22,382	18,347
Chief Administrative Officer	196,738	33,209	229,947	217,784
Designated Officers (5 Positions)	627,998	87,275	715,273	729,902

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees include pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, automobile allowances and tuition.
3. Designated officers of Starland County include the Agricultural Fieldman (employee), Assessor (contracted service provider), Subdivision Authority Secretary (employee), Development Officer (employee), SDAB Secretary (employee)

**18. 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 by investment earnings of the LAPP Fund.

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

The County is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2021 were \$271,871 (2020 - \$270,089). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2021 were \$246,983 (2020 - \$245,346).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion. This amount is not specifically allocated to the participating government organizations. The 2021 actuarial balance was not available at the date these financial statements were released.



**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**19.COMMITMENTS**

The County is committed under an agreement dated January 1, 1984 with the Marigold Library System to funding certain library initiatives annually based on a per capita formula. During the year, the County provided funding of \$22,189 (2020 - \$22,189). It is the understanding of the County, that it can withdraw from the agreement at anytime by giving a one-year notice period.

The County is committed under an agreement dated July 18, 1979 with the Drumheller & District Solid Waste Management Association to contribute annually, based on an annual budget of expenditures for the management, operation and maintenance of the solid waste management facilities. The requisition for the current year was \$85,656 (2020 - \$85,491). The agreement allows for the County to terminate the agreement by giving notice in writing to all of the other participating municipalities of its intention to withdraw from the agreement at least one year in advance of the effective withdrawal date.

Under an agreement dated May 26, 1959 between the county and Drumheller and District Seniors Foundation and under a Ministerial Order from the Government of Alberta, Department of Seniors, the County is committed to contributing annually 42.23% of an annual budget of net expenditures of the housing foundation. The requisition for the current year was \$400,235 (2020 - \$425,816).

On December 16, 2004, the County along with the Village of Morrin and the Village of Munson formed the Starland Regional Water Authority, each having an equal operational interest. The authority formed was an intra-municipal agreement committing to the operation of a water distribution system, the tangible capital assets of which are owned by each municipal participant of the water authority. The County's proportionate financial interest in the assets, liabilities, equity, revenues and expenses have not been consolidated in these financial statements.

On January 24, 2007, the County became a shareholder of Palliser Regional Municipal Services Company Limited, a Part IX company under The Companies Act of Alberta. The company provides municipal planning services to its members. This investment commits the County to funding the annual operational and special needs of the company. Annually the County is requisitioned as a shareholder determined by the Board, in the ordinary course of business, and based on the population and the tax assessment as determined by the County who is a the shareholder. The requisition for the current year was \$40,270 (2020 - \$39,097). The County has the right to cease being a shareholder by giving 600 days notice.

On August 27, 2018, the County committed funds to the Delia School Enhancement Fund for the purposes of constructing a community hub as part of the new Delia school. The County has committed to pay a future instalment of \$50,000 in January 2022.

On June 10, 2020, the County committed funds to the Prairie Land Regional School Division for the construction of a new school in Morrin. The County has committed to pay a future instalment of \$50,000 in January 2022, as well as a \$100,000 instalment in January 2023.

On June 13, 2021, the County Council passed a bylaw to borrow \$2,500,000 and in September the funds were advanced to the County from the Province of Alberta. The County has a separate agreement to lend the Starland Seed Cleaning Plant Ltd. \$2,500,000 for the purposes of constructing a new seed cleaning plant. The County will not charge the Starland Seed Cleaning Plant Ltd. interest on the loan for a period of eight years. In lieu of interest, the County will receive redeemable shares in the Starland Seed Cleaning Plant Ltd. After the initial 8 years, the County will charge the Starland Seed Cleaning Plant Ltd. interest equal to the interest that the County is paying on the outstanding debenture. As of year-end, the County has not advanced any funds to the Starland Seed Cleaning Plant Ltd.

**STARLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**20.FINANCIAL INSTRUMENTS**

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

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

The County considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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**21.BUDGET AMOUNTS**

The 2021 budget for the County was approved by Council on May 26, 2021, and has been reported in the financial statement for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

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**22.CORRESPONDING FIGURES**

Certain corresponding figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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**23.APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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