

**STARLAND COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

**STARLAND COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Schedule of Tangible Capital Assets	9
Schedule of Property and Other Taxes	10
Schedule of Government Transfers	10
Schedule of Expenses by Object	11
Schedule of Changes in Accumulated Surplus	12
Schedule of Segmented Disclosure	13
Notes to Financial Statements	14 - 26

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, 2022 and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and the notes and schedules 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, 2022, 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 10.
- 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.

Ascend

HANNA, ALBERTA
APRIL 18, 2023

ASCEND LLP
CHARTERED PROFESSIONAL ACCOUNTANTS



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Starland County (the "County") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the County's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The County Council carries out its responsibilities for review of the financial statements primarily through the Finance and Administration departments. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to council with and without the presence of management. The County Council has approved the financial statements.

The financial statements have been audited by Ascend LLP, independent external auditors appointed by the County. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the County's financial statements.

Christopher Robblee
Chief Administrative Officer

Judy Fazekas
Corporate Services Director

STARLAND COUNTY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (Note 2)	\$ 10,412,021	\$ 8,711,605
Receivables		
Taxes and grants in place of taxes (Note 3)	292,309	1,484,186
Trade and other receivables	170,173	131,477
Receivables from other governments	132,976	98,862
Land inventory held for resale	17,170	17,170
Investments (Note 4)	75,795	9,112
Loan receivable (Note 5)	<u>1,189,498</u>	<u>-</u>
	<u>12,289,942</u>	<u>10,452,412</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	413,058	581,351
Deferred revenue (Note 7)	390,250	988,760
Employee benefit obligations (Note 8)	563,147	660,939
Long-term debt (Note 9)	3,070,492	3,041,510
Gravel pit reclamation payable (Note 11)	<u>317,130</u>	<u>317,130</u>
	<u>4,754,077</u>	<u>5,589,690</u>
NET FINANCIAL ASSETS	<u>7,535,865</u>	<u>4,862,722</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	55,460,230	57,187,716
Inventory for consumption (Note 12)	1,988,588	2,128,869
Gravel reserves (Note 13)	490,653	490,653
Prepaid expenses	<u>184,151</u>	<u>156,791</u>
	<u>58,123,622</u>	<u>59,964,029</u>
ACCUMULATED SURPLUS	<u>\$ 65,659,487</u>	<u>\$ 64,826,751</u>
	CONTAMINATED SITES LIABILITY (SEE NOTE 14) COMMITMENTS (SEE NOTE 21) NON-MONETARY TRANSACTION (SEE NOTE 22) SUBSEQUENT EVENTS (SEE NOTE 24)	

STARLAND COUNTY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
REVENUE			
Net municipal taxes (Schedule 2)	\$ 10,772,514	\$ 10,753,717	\$ 10,303,048
User fees and sale of goods	1,102,750	1,161,221	1,133,619
Government transfers for operating (Schedule 3)	620,396	628,402	429,181
Investment income	29,700	262,755	27,318
Penalties and costs on taxes	15,400	248,381	270,685
Licenses and permits	2,300	2,125	3,823
Insurance proceeds	-	435	-
Gain on disposal of tangible capital assets	19,000	35,238	-
Other	<u>20,000</u>	<u>36,330</u>	<u>35,527</u>
Total Revenue	<u>12,582,060</u>	<u>13,128,604</u>	<u>12,203,201</u>
EXPENSES			
General government			
Council and other legislative	214,800	210,771	153,756
General administrative	3,645,356	2,089,142	3,191,774
Protective services			
Police	91,817	91,817	61,171
Fire	186,300	306,115	269,160
Disaster and emergency measures	10,500	3,570	1,382
Bylaw enforcement	850,389	905,538	860,667
Transportation			
Roads, streets, walks, lighting	5,103,487	7,611,004	6,184,408
Environmental services			
Water supply and distribution	516,425	813,067	773,565
Wastewater treatment and disposal	36,100	60,712	61,141
Waste management	207,154	207,945	204,996
Public health and welfare			
Family and community support	128,500	154,298	159,753
Cemeteries and crematoriums	30,500	17,848	58
Planning and development			
Land use planning, zoning and development	8,300	10,351	4,480
Land, housing and building rentals	50,000	75,501	33,155
Agricultural development			
Agricultural development	639,180	611,575	533,437
Recreation and culture			
Parks and recreation	494,400	473,585	499,269
Libraries, museums, halls	<u>22,253</u>	<u>22,253</u>	<u>22,189</u>
Total Expenses	<u>12,235,461</u>	<u>13,665,092</u>	<u>13,014,361</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	346,599	(536,488)	(811,160)
Government transfers for capital (Schedule 3)	<u>1,356,081</u>	<u>1,369,224</u>	<u>1,720,215</u>
EXCESS OF REVENUE OVER EXPENSES	1,702,680	832,736	909,055
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>64,826,751</u>	<u>64,826,751</u>	<u>63,917,696</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 66,529,431</u>	<u>\$ 65,659,487</u>	<u>\$ 64,826,751</u>

The accompanying notes are an integral part of these financial statements

STARLAND COUNTY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
EXCESS OF REVENUE OVER EXPENSES	\$ <u>1,702,680</u>	\$ <u>832,736</u>	\$ <u>909,055</u>
Acquisition of tangible capital assets	(969,500)	(1,194,275)	(1,592,492)
Proceeds on disposal of tangible capital assets	-	112,694	-
Amortization of tangible capital assets	-	2,819,947	2,846,441
(Gain) loss on disposal of tangible capital assets	<u>19,000</u>	<u>(10,880)</u>	<u>2,320</u>
	<u>(988,500)</u>	<u>1,727,486</u>	<u>1,256,269</u>
Change in inventory for consumption	-	140,281	356,310
Change in prepaid expenses	<u>-</u>	<u>(27,360)</u>	<u>(9,253)</u>
	<u>-</u>	<u>112,921</u>	<u>347,057</u>
INCREASE IN NET FINANCIAL ASSETS	714,180	2,673,143	2,512,381
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>4,862,722</u>	<u>4,862,722</u>	<u>2,350,341</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 5,576,902</u>	<u>\$ 7,535,865</u>	<u>\$ 4,862,722</u>

STARLAND COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 832,736	\$ 909,055
Non-cash items included in excess of revenues over expenses:		
Amortization on tangible capital assets	2,819,947	2,846,441
(Gain) loss on disposal of tangible capital assets	<u>(10,880)</u>	<u>2,320</u>
	3,641,803	3,757,816
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes	1,191,877	1,287,973
Trade and other receivables	(38,696)	66,881
Receivables from other governments	(34,114)	688,154
Inventory for consumption	140,281	356,311
Prepaid expenses	(27,360)	(9,253)
Accounts payable and accrued liabilities	(168,293)	352,989
Deferred revenue	(598,510)	358,856
Employee benefit obligations	(97,792)	75,331
Gravel pit reclamation payable	<u>-</u>	<u>(480,860)</u>
	<u>4,009,196</u>	<u>6,454,198</u>
CAPITAL		
Acquisition of tangible capital assets (Note 22)	(941,303)	(1,592,492)
Proceeds on disposal of tangible capital assets	<u>112,694</u>	<u>-</u>
	<u>(828,609)</u>	<u>(1,592,492)</u>
INVESTING		
Purchase of investments	(66,683)	-
Increase in loans receivable	<u>(1,189,498)</u>	<u>-</u>
	<u>(1,256,181)</u>	<u>-</u>
FINANCING		
Proceeds of long-term debt (Note 22)	-	3,100,000
Repayment of long-term debt	<u>(223,990)</u>	<u>(58,490)</u>
	<u>(223,990)</u>	<u>3,041,510</u>
CHANGE IN CASH DURING THE YEAR	1,700,416	7,903,216
CASH, BEGINNING OF YEAR	<u>8,711,605</u>	<u>808,389</u>
CASH, END OF YEAR	<u>\$ 10,412,021</u>	<u>\$ 8,711,605</u>

STARLAND COUNTY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
COST:								
BALANCE, BEGINNING OF YEAR	\$ 1,794,610	\$ 747,163	\$ 14,593,603	\$ 77,335,858	\$ 12,587,445	\$ 4,479,412	\$111,538,091	\$109,958,679
Acquisition of tangible capital assets	-	-	-	358,558	494,544	252,973	1,106,075	1,290,184
Construction-in-progress	-	-	-	88,200	-	-	88,200	302,308
Disposal of tangible capital assets	(24,915)	-	-	(29,130)	(115,699)	(84,807)	(254,551)	(13,080)
BALANCE, END OF YEAR	<u>1,769,695</u>	<u>747,163</u>	<u>14,593,603</u>	<u>77,753,486</u>	<u>12,966,290</u>	<u>4,647,578</u>	<u>112,477,815</u>	<u>111,538,091</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	345,518	1,006,012	41,196,336	8,680,732	3,121,777	54,350,375	51,514,694
Annual amortization	-	27,008	231,300	1,553,012	769,367	239,260	2,819,947	2,846,441
Disposal of tangible capital assets	-	-	-	(23,688)	(52,641)	(76,408)	(152,737)	(10,760)
BALANCE, END OF YEAR	<u>-</u>	<u>372,526</u>	<u>1,237,312</u>	<u>42,725,660</u>	<u>9,397,458</u>	<u>3,284,629</u>	<u>57,017,585</u>	<u>54,350,375</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,769,695</u>	<u>\$ 374,637</u>	<u>\$ 13,356,291</u>	<u>\$ 35,027,826</u>	<u>\$ 3,568,832</u>	<u>\$ 1,362,949</u>	<u>\$ 55,460,230</u>	<u>\$ 57,187,716</u>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<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>	

Included in tangible capital assets are vehicles under capital lease with a total cost of \$252,972 (2021 - \$0) and accumulated amortization of \$1,659 (2021 - \$0).

STARLAND COUNTY
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 2

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes	\$ 5,897,981	\$ 5,971,676	\$ 5,748,834
Linear property taxes	<u>7,139,392</u>	<u>7,047,540</u>	<u>6,775,490</u>
	<u>13,037,373</u>	<u>13,019,216</u>	<u>12,524,324</u>
REQUISITIONS			
Alberta School Foundation Fund	1,863,767	1,864,407	1,821,041
Drumheller and District Senior's Foundation	<u>401,092</u>	<u>401,092</u>	<u>400,235</u>
NET MUNICIPAL TAXES	<u>\$ 10,772,514</u>	<u>\$ 10,753,717</u>	<u>\$ 10,303,048</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 3

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Provincial government	\$ 593,461	\$ 606,467	\$ 407,246
Federal government	5,000	-	-
Local governments	<u>21,935</u>	<u>21,935</u>	<u>21,935</u>
	<u>620,396</u>	<u>628,402</u>	<u>429,181</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>1,356,081</u>	<u>1,369,224</u>	<u>1,720,215</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,976,477</u>	<u>\$ 1,997,626</u>	<u>\$ 2,149,396</u>

STARLAND COUNTY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 4

	Budget (Unaudited)	2022	2021
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 5,363,673	\$ 5,154,208	\$ 4,979,012
Contracted and general services	2,418,250	2,427,466	1,391,107
Purchases from other governments	125,117	128,016	96,349
Materials, goods, supplies and utilities	2,181,925	2,541,285	1,959,599
Provision for allowances	1,500,000	-	1,355,940
Transfers to individuals and organizations	550,853	548,306	505,709
Bank charges and short-term interest	33,000	2,071	16,335
Interest on capital long-term debt	5,787	6,685	3,658
Interest on operating long-term debt	56,856	56,184	16,834
Amortization of tangible capital assets (Note 1)	-	2,776,513	2,683,188
Loss on disposal of tangible capital assets	-	24,358	2,320
Other expenses	35,000	-	4,310
	<u>\$ 12,270,461</u>	<u>\$ 13,665,092</u>	<u>\$ 13,014,361</u>

STARLAND COUNTY
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 261,141	\$ 7,919,404	\$ 56,646,206	\$ 64,826,751	\$ 63,917,696
Excess of revenues over expenses	832,736	-	-	832,736	909,055
Unrestricted funds designated for future use	269,319	(269,319)	-	-	-
Current year funds used for tangible capital assets	(1,194,275)	-	1,194,275	-	-
Capital long-term debt issued	252,972	-	(252,972)	-	-
Net book value of disposed tangible capital assets	101,814	-	(101,814)	-	-
Annual amortization expense	2,819,947	-	(2,819,947)	-	-
Capital long-term debt repaid	(124,238)	-	124,238	-	-
Change in accumulated surplus	2,958,275	(269,319)	(1,856,220)	832,736	909,055
BALANCE, END OF YEAR	\$ 3,219,416	\$ 7,650,085	\$ 54,789,986	\$ 65,659,487	\$ 64,826,751

STARLAND COUNTY
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule 6

	General Government	Protective Services	Transportation	Environmental Services	Public Health and Welfare	Planning and Development	Agricultural Development	Recreation and Culture	Total
REVENUE									
Net municipal taxes	\$ 10,753,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,753,717
User fees and sale of goods	73,404	56,419	198,069	539,188	9,893	76,848	35,791	171,609	1,161,221
Operating government transfers	363,020	-	-	-	109,675	-	155,707	-	628,402
Investment income	261,846	-	-	909	-	-	-	-	262,755
Penalties and costs on taxes	248,381	-	-	-	-	-	-	-	248,381
Licenses and permits	1,775	350	-	-	-	-	-	-	2,125
Insurance proceeds	435	-	-	-	-	-	-	-	435
Gain on disposal of tangible capital assets	-	3,010	4,150	-	-	-	19,000	9,078	35,238
Other revenues	14,997	3,750	14,048	-	3,535	-	-	-	36,330
	<u>11,717,575</u>	<u>63,529</u>	<u>216,267</u>	<u>540,097</u>	<u>123,103</u>	<u>76,848</u>	<u>210,498</u>	<u>180,687</u>	<u>13,128,604</u>
EXPENSES									
Salaries, wages and benefits	1,318,569	682,471	2,467,321	94,079	19,750	3,341	427,591	141,086	5,154,208
Contracted and general services	541,062	204,044	1,407,397	90,650	2,949	80,898	43,947	56,519	2,427,466
Purchases from other governments	2,506	122,437	3,073	-	-	-	-	-	128,016
Materials, goods, supplies and utilities	139,881	137,383	1,643,842	442,359	-	1,613	106,260	69,947	2,541,285
Transfers to individuals and organizations	122,146	9,000	-	108,171	149,447	-	1,839	157,703	548,306
Bank charges and short-term interest	2,071	-	-	-	-	-	-	-	2,071
Interest on capital long-term debt	-	-	6,685	-	-	-	-	-	6,685
Interest on operating long-term debt	56,184	-	-	-	-	-	-	-	56,184
Loss on disposal of tangible capital assets	18,915	-	5,443	-	-	-	-	-	24,358
	<u>2,201,334</u>	<u>1,155,335</u>	<u>5,533,761</u>	<u>735,259</u>	<u>172,146</u>	<u>85,852</u>	<u>579,637</u>	<u>425,255</u>	<u>10,888,579</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION AND OTHER	<u>9,516,241</u>	<u>(1,091,806)</u>	<u>(5,317,494)</u>	<u>(195,162)</u>	<u>(49,043)</u>	<u>(9,004)</u>	<u>(369,139)</u>	<u>(244,568)</u>	<u>2,240,025</u>
Capital government transfers	-	-	1,369,224	-	-	-	-	-	1,369,224
Amortization expense (Note 1)	(98,579)	(151,705)	(2,077,243)	(346,465)	-	-	(31,938)	(70,583)	(2,776,513)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 9,417,662</u>	<u>\$ (1,243,511)</u>	<u>\$ (6,025,513)</u>	<u>\$ (541,627)</u>	<u>\$ (49,043)</u>	<u>\$ (9,004)</u>	<u>\$ (401,077)</u>	<u>\$ (315,151)</u>	<u>\$ 832,736</u>

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 benefit obligations;
- Useful life of tangible capital assets;
- Allowance for doubtful accounts;
- Gravel pit reclamation payable; and
- Accrued liabilities.

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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
Trade and other receivables	Lower of cost or net realizable value
Land inventory held for resale	Lower of cost or net realizable value
Investments	Fair value and amortized cost
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
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) Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

h) 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.

i) 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.

j) Land Inventory 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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) 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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) 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 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 asset is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	10 to 45
Buildings	25 to 50
Engineered 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 \$43,434 (2021 - \$163,253) 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 are also 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, 2022

2. CASH

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.

Included in cash is a tax sales surplus of \$2,696 (2021 - 2,636) not available for general use.

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, \$390,250 (2021 - \$988,760) of the cash on hand is not available for general use by the County (Note 7).

The County has available to it an operating line of credit with ATB Financial, with a maximum authorized limit of \$10,00,000, 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

	<u>2022</u>	<u>2021</u>
Current taxes and grants in place	\$ 535,592	\$ 2,413,330
Arrears taxes	<u>1,484,470</u>	<u>863,337</u>
	2,020,062	3,276,667
Less: allowance for doubtful accounts	<u>(1,727,753)</u>	<u>(1,792,481)</u>
	<u>\$ 292,309</u>	<u>\$ 1,484,186</u>

4. INVESTMENTS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Other institutional and private corporation bonds	<u>\$ 75,795</u>	<u>\$ 307,541</u>	<u>\$ 9,112</u>	<u>\$ 262,850</u>

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 a fair market value of \$231,746 (2021 - \$253,738) as at year end.

Starland County advanced funds to Starland Seed Cleaning Plant Limited with semi-annual instalments of principal plus interest. In lieu of interest, Starland Seed Cleaning Plant Limited issues preferred Class C investment shares in equivalent value to the total interest paid for the corresponding year of the term, and calculated at an exchange rate of \$1.00 per share. As at year end, the County subscribed for 66,417 preferred Class C investment shares.

5. LOAN RECEIVABLE

Loan receivable from Starland Seed Cleaning Plan Limited, bearing interest at 2.30%, repayable in semi-annual instalments of principal payments and interest via issuance of shares (Note 4) for the first eight years of the term, secured, due September 2041.

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payables	\$ 229,090	\$ 195,052
Accrued liabilities	127,923	268,794
Due to other governments	56,045	117,505
	\$ 413,058	\$ 581,351

7. DEFERRED REVENUE

	2022	2021
Canada Community-Building Fund	\$ 390,250	\$ 260,556
Alberta Municipal Sustainability Initiative	-	704,269
Family and Community Support Services	-	21,935
Unearned revenues and donations	-	2,000
	\$ 390,250	\$ 988,760

Canada Community-Building Fund

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

8. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Vested sick leave payable	\$ 563,147	\$ 660,939

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, 2022

9. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Tax supported debentures - capital	\$ 423,536	\$ 541,510
Tax supported debentures - operating	2,400,248	2,500,000
Capital lease obligations	246,708	-
	<u>\$ 3,070,492</u>	<u>\$ 3,041,510</u>

The current portion of the long-term debt amounts to \$276,585 (2021 - \$217,726).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 276,585	\$ 76,788	\$ 353,373
2024	371,417	67,829	439,246
2025	240,861	55,364	296,225
2026	184,048	50,296	234,344
2027	131,742	46,030	177,772
Thereafter	1,865,839	348,738	2,214,577
	<u>\$ 3,070,492</u>	<u>\$ 645,045</u>	<u>\$ 3,715,537</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.

Capital lease obligation, repayable in blended monthly instalments of \$1,321, bearing interest at 9.69%, and matures in November 2027. The capital lease obligation is secured by a vehicle with a net book value of \$66,918.

Capital lease obligation, repayable in blended monthly instalments of \$1,636, bearing interest at 8.26%, and matures in October 2024. The capital lease obligation is secured by a vehicle with a net book value of \$62,503.

Capital lease obligation, repayable in blended monthly instalments of \$1,563, bearing interest at 6.98%, and matures in December 2024. The capital lease obligation is secured by a vehicle with a net book value of \$60,946.

Capital lease obligation, repayable in blended monthly instalments of \$1,563, bearing interest at 6.98%, and matures in December 2024. The capital lease obligation is secured by a vehicle with a net book value of \$60,946.

Interest on long-term debt amounted to \$62,869 (2021 - \$20,492).

The County's total cash payments for interest in 2022 were \$46,497 (2021 - \$3,390).

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

10. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for Starland County be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 19,640,049	\$ 18,304,802
Total debt	<u>3,070,492</u>	<u>3,041,510</u>
Amount of debt limit unused	<u>\$ 16,569,557</u>	<u>\$ 15,263,292</u>
Service on debt limit	\$ 3,273,342	\$ 3,050,800
Service on debt	<u>353,373</u>	<u>280,368</u>
Amount of debt servicing limit unused	<u>\$ 2,919,969</u>	<u>\$ 2,770,432</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the service on debt 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.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long-term debt in the 12 months subsequent to year end less amounts that are recoverable.

11. GRAVEL PIT RECLAMATION PAYABLE

The gravel pit reclamation payable represents anticipated costs for reclamation of gravel pits owned and operated by the County. Reclamation is required to be completed upon closure of the gravel pit but may also be completed to reclaim partial areas while the pit is still in operation.

12. INVENTORY FOR CONSUMPTION

	<u>2022</u>	<u>2021</u>
Transportation - gravel	\$ 1,337,690	\$ 1,349,774
Transportation - repairs	277,385	341,164
Transportation - fuel	63,410	78,471
Transportation - other	155,012	167,538
Water - parts and supplies	98,911	123,391
Sewer - parts and supplies	20,506	21,010
Agriculture - chemicals and other products	<u>35,674</u>	<u>47,521</u>
	<u>\$ 1,988,588</u>	<u>\$ 2,128,869</u>

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

13. GRAVEL RESERVES

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

14. CONTAMINATED SITES LIABILITY

During the year, the County did not identify any financial liability as a result of contaminated sites.

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 1)	\$ 112,477,815	\$ 111,538,091
Accumulated amortization (Schedule 1)	(57,017,585)	(54,350,375)
Capital long-term debt (Note 9)	<u>(670,244)</u>	<u>(541,510)</u>
	<u>\$ 54,789,986</u>	<u>\$ 56,646,206</u>

16. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 3,219,416	\$ 261,141
Internally restricted surplus:		
Operating:		
Administrative	-	2,367
Fire	-	39,512
Roads, streets, walks and lighting	-	600
Operating contingencies	2,164,307	2,164,307
Capital:		
Administrative	77,367	75,000
Fire	588,115	817,921
Roads, streets, walks and lighting	1,640,296	1,639,697
Wastewater	30,000	30,000
General contingencies	3,150,000	3,150,000
Equity in tangible capital assets (Note 15)	<u>54,789,986</u>	<u>56,646,206</u>
	<u>\$ 65,659,487</u>	<u>\$ 64,826,751</u>

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

17. SEGMENTED DISCLOSURE

Starland County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. 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.

18. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2022 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>Budget Amount</u>
Revenue	
Operating budget	\$ 13,063,060
Capital budget	2,110,081
Less:	
Transfer to other funds	<u>(735,000)</u>
Total revenues	<u>14,438,141</u>
Expenses	
Operating budget	12,235,461
Capital budget	2,839,500
Less:	
Transfer to other funds	(1,370,000)
Capital expenses	<u>(969,500)</u>
Total expenses	<u>12,735,461</u>
Excess of revenue over expenses	\$ <u>1,702,680</u>

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

19. 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:

	<u>2022</u>			<u>2021</u>	
	<u>Salary</u>	<u>Benefits and allowances</u>	<u>Total</u>	<u>Total</u>	
Councillors:					
Division 1	\$ 33,005	\$ 2,670	\$ 35,675	\$	28,314
Division 2	43,772	3,231	47,003		34,756
Division 3	24,056	1,666	25,722		21,460
Division 4	39,360	3,032	42,392		30,849
Division 5	22,045	1,385	23,430		22,382
Chief Administrative Officer	225,668	32,621	258,289		229,947
Designated Officers (5 Positions)	648,950	84,735	733,685		715,273

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).

20. 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 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.

Total current service contributions by the County to the LAPP in 2022 were \$282,432 (2021 - \$271,871). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2021 were \$253,914 (2021 - \$246,983).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.92 billion. This amount is not specifically allocated to the participating government organizations. The 2022 actuarial balance was not available at the date these financial statements were released.

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

21. 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 \$22,253 (2021 - \$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 (2021 - \$85,656). 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 40.72% (2021 - 42.23%) of an annual budget of net expenditures of the housing foundation. The requisition for the current year was \$401,092 (2021 - \$400,235).

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 (the "Company"), 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 shareholder. The requisition for the year was \$41,478 (2021 - \$40,270). The County has the right to cease being a shareholder by giving 600 days notice.

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

On June 13, 2021, the County Council passed a bylaw to borrow \$2,500,000 and in September 2021 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. During the year, the County advanced \$1,189,498 (2021 - \$0) funding to the Starland Seed Cleaning Plant Ltd.

STARLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

22. NON-MONETARY TRANSACTION

During the year, the County had a non-monetary transaction that resulted in an increase to tangible capital assets and long-term debt in the amount of \$252,972.

23. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash, receivables, land inventory held for resale, investments, loan receivable, accounts payable and accrued liabilities, employee benefit obligations, long-term debt, and gravel pit reclamation payable. It is management's opinion that the County is not exposed to significant market risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place of taxes 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.

24. SUBSEQUENT EVENTS

Subsequent to year end, the County entered into a financing agreement to rebuild certain machinery and equipment at estimated total cost of \$1,145,000. To finance the machinery and equipment rebuilds, the County applied and was conditionally approved for a revolving line of credit through Caterpillar Financial Commercial Account Corporation in the amount of \$1,250,000, for a period not to exceed three years.

25. BUDGET AMOUNTS

The 2022 budget for the County was approved by Council on May 25, 2022, 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.

26. CORRESPONDING FIGURES

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

27. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
