

YELLOWHEAD COUNTY

Financial Statements

For The Year Ended December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Yellowhead County

Opinion

We have audited the financial statements of Yellowhead County (the "County"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and 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 the County as at December 31, 2024, and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 8, 2025

YELLOWHEAD COUNTY
Statement of Financial Position
As at December 31, 2024

	<u>2024</u>	<u>2023</u> (Restated) (Note 23)
FINANCIAL ASSETS		
Cash	\$ 103,087,537	\$ 176,773,252
Accounts receivable (Note 2)	14,450,402	13,822,281
Local improvement receivable (Note 3)	1,687,191	1,830,322
Land held for resale	1,074,147	1,139,928
Investments (Note 5)	<u>73,737,227</u>	<u>-</u>
	<u>194,036,504</u>	<u>193,565,783</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	12,632,040	16,352,772
Deposit liabilities	343,227	302,507
Deferred revenue (Note 9)	24,411,134	24,332,566
Employee benefit obligation (Note 10)	759,244	756,308
Long-term debt (Note 12)	1,166,941	1,400,817
Asset retirement obligation (Note 14)	<u>11,600,293</u>	<u>10,903,660</u>
	<u>50,912,879</u>	<u>54,048,630</u>
NET FINANCIAL ASSETS	<u>143,123,625</u>	<u>139,517,153</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	236,416	405,015
Prepaid expenses (Note 4)	597,615	598,512
Tangible capital assets (Schedule 1)	<u>906,225,482</u>	<u>899,653,888</u>
	<u>907,059,513</u>	<u>900,657,415</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$1,050,183,138</u>	<u>\$1,040,174,568</u>
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	1,051,125,213	1,040,174,568
Accumulated remeasurement gains and (losses)	<u>(942,075)</u>	<u>-</u>
	<u>\$1,050,183,138</u>	<u>\$1,040,174,568</u>

ON BEHALF OF THE COUNTY COUNCIL:

Mayor

Chief Administrative Officer

YELLOWHEAD COUNTY
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2024

	Budget 2024 (Note 22)	Actual 2024	Actual 2023 (Restated) (Note 23)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 62,407,591	\$ 62,593,761	\$ 59,716,718
Investment income	7,500,000	8,073,737	7,943,729
Government transfers for operating (Schedule 4)	2,395,859	4,399,810	16,303,284
Sales and user charges	1,741,924	2,114,344	2,056,859
Penalties and costs on taxes	260,861	547,827	369,434
Other	328,977	216,505	866,200
	<u>74,635,212</u>	<u>77,945,984</u>	<u>87,256,224</u>
EXPENSES			
Public works	32,019,805	35,390,738	33,212,791
General administration and economic development	14,240,011	13,809,971	12,831,405
Protective services	12,054,292	11,651,657	9,895,841
Recreation, parks and libraries	6,316,281	6,065,233	6,254,636
Community services	2,567,167	2,778,617	2,246,958
Water and wastewater	3,178,134	2,772,590	2,586,287
Waste management	2,307,819	2,377,378	2,211,103
Legislative	929,872	879,940	868,139
Planning and land	1,306,605	766,177	914,592
Disaster and emergency services	294,845	259,371	15,178,781
	<u>75,214,831</u>	<u>76,751,672</u>	<u>86,200,533</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	<u>(579,619)</u>	<u>1,194,312</u>	<u>1,055,691</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 4)	35,775,492	9,572,659	1,232,432
Contributions to capital from others	37,500	128,000	-
Gain on disposal of tangible capital assets	-	55,674	117,600
	<u>35,812,992</u>	<u>9,756,333</u>	<u>1,350,032</u>
ANNUAL SURPLUS	<u>35,233,373</u>	<u>10,950,645</u>	<u>2,405,723</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	427,696,152	427,696,152	420,128,048
Restatement (Note 23)	<u>612,478,416</u>	<u>612,478,416</u>	<u>617,640,797</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	<u>1,040,174,568</u>	<u>1,040,174,568</u>	<u>1,037,768,845</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$1,075,407,941</u>	<u>\$1,051,125,213</u>	<u>\$1,040,174,568</u>

YELLOWHEAD COUNTY
Statement of Remeasurement Gains and Losses
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
ACCUMULATED REMEASUREMENT GAINS (LOSSES) - BEGINNING OF YEAR	\$ _____ -	\$ _____ -
Unrealized gains (losses) attributable to:		
Designated at fair value	<u>(942,075)</u>	<u> </u> -
ACCUMULATED REMEASUREMENT GAINS (LOSSES) - END OF YEAR	\$ <u><u>(942,075)</u></u>	\$ <u><u> </u></u> -

YELLOWHEAD COUNTY
Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2024

	Budget 2024 (Note 22)	Actual 2024	Actual 2023 (Restated) (Note 23)
ANNUAL SURPLUS	\$ 35,233,373	\$ 10,950,645	\$ 2,405,723
Acquisition of tangible capital assets	113,161,950)	(29,732,787)	(11,344,740)
Proceeds on disposal of tangible capital assets	-	85,978	138,169
Gain on disposal of tangible capital assets	-	(55,674)	(117,600)
Change in accumulated remeasurement gains (losses)	-	(942,075)	-
Amortization of tangible capital assets	17,838,587	23,130,889	22,344,066
	(95,323,363)	(7,513,669)	11,019,895
Use (acquisition) of inventory	-	168,599	(34,974)
Use (acquisition) of prepaid expenses	-	897	(57,555)
	-	169,496	(92,529)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(60,089,990)	3,606,472	13,333,089
NET FINANCIAL ASSETS, BEGINNING OF YEAR	139,517,153	139,517,153	126,184,064
NET FINANCIAL ASSETS, END OF YEAR	\$ 79,427,163	\$ 143,123,625	\$ 139,517,153

YELLOWHEAD COUNTY
Statement of Cash Flows
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u> (Restated) (Note 23)
OPERATING ACTIVITIES		
Annual surplus	\$ 10,950,645	\$ 2,405,723
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	23,130,889	22,344,066
Amortization of investment premium/discount	(49,922)	-
Gain on disposal of tangible capital assets	<u>(55,674)</u>	<u>(117,600)</u>
	<u>33,975,938</u>	<u>24,632,189</u>
Change in non-cash working capital balances:		
Accounts receivable	(628,121)	(1,237,310)
Local improvement receivable	143,131	155,891
Land held for resale	65,781	14,700
Accounts payable and accrued liabilities	(3,720,730)	11,323,793
Deposit liabilities	40,720	25,500
Deferred revenue	78,568	4,037,038
Employee benefit obligation	2,936	24,107
Asset retirement obligations	696,633	515,996
Inventory for consumption	168,599	(34,974)
Prepaid expenses	<u>897</u>	<u>(57,555)</u>
	<u>(3,151,586)</u>	<u>14,767,186</u>
	<u>30,824,351</u>	<u>39,399,376</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(233,877)</u>	<u>(223,632)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(29,732,787)	(11,344,740)
Proceeds on disposal of tangible capital assets	85,978	138,169
Change in investments	<u>(74,629,380)</u>	<u>-</u>
	<u>104,276,189</u>	<u>(11,206,571)</u>
CHANGE IN CASH FOR THE YEAR	(73,685,715)	27,969,172
CASH, BEGINNING OF YEAR	<u>176,773,252</u>	<u>148,804,080</u>
CASH, END OF YEAR	<u>\$103,087,537</u>	<u>\$176,773,252</u>

YELLOWHEAD COUNTY
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2024

Schedule 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2024</u>	<u>2023</u> (Restated) (Note 23)
COST:								
Balance, Beginning of Year	\$ 8,504,153	\$ 15,309,381	\$ 65,421,423	\$ 1,206,237,253	\$ 18,202,686	\$ 13,638,319	\$ 1,327,313,215	\$ 1,316,670,490
Acquisition of tangible capital assets	414,915	481,723	2,885,168	23,042,397	2,156,201	752,383	29,732,787	11,344,740
Contributed tangible capital assets	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	(326,142)	(326,142)	(702,019)
Balance, End of Year	<u>8,919,068</u>	<u>15,791,104</u>	<u>68,306,592</u>	<u>1,229,279,651</u>	<u>20,358,887</u>	<u>14,064,559</u>	<u>1,356,719,861</u>	<u>1,327,313,211</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	8,567,625	13,246,943	388,902,048	9,847,309	7,095,401	427,659,326	405,996,707
Annual amortization	-	522,398	1,391,585	18,756,531	1,500,880	959,494	23,130,889	22,344,066
Accumulated amortization on disposals	-	-	-	-	-	(295,836)	(295,836)	(681,450)
Balance, End of Year	<u>-</u>	<u>9,090,023</u>	<u>14,638,528</u>	<u>407,658,580</u>	<u>11,348,189</u>	<u>7,759,059</u>	<u>450,494,379</u>	<u>427,659,323</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 8,919,068</u>	<u>\$ 6,701,081</u>	<u>\$ 53,668,064</u>	<u>\$ 821,621,071</u>	<u>\$ 9,010,698</u>	<u>\$ 6,305,500</u>	<u>\$ 906,225,482</u>	<u>\$ 899,653,888</u>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 8,504,153</u>	<u>\$ 6,741,756</u>	<u>\$ 52,174,480</u>	<u>\$ 817,335,205</u>	<u>\$ 8,355,377</u>	<u>\$ 6,542,918</u>	<u>\$ 899,653,889</u>	

Cost includes construction in progress of \$26,723,729 (2023 - \$10,344,810). These amounts are not amortized until the asset is complete and in use.

YELLOWHEAD COUNTY
Schedule of Property Taxes
For The Year Ended December 31, 2024

Schedule 2

	<u>2024</u> (Budget) (Note 22)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
TAXATION			
Linear	\$33,581,127	\$33,590,905	\$31,499,244
Non-residential levy	22,438,768	22,624,797	20,674,558
Machinery and equipment	19,226,588	19,222,389	18,798,168
Evergreens Foundation levy	5,784,622	5,784,996	5,660,581
Non-residential	5,380,018	5,377,461	5,233,046
Residential school levy	4,577,378	4,576,061	4,195,119
Residential / farmland	4,219,858	4,217,922	4,161,888
Designated Industrial Property levy	<u>702,713</u>	<u>702,775</u>	<u>652,297</u>
	<u>95,911,072</u>	<u>96,097,306</u>	<u>90,874,901</u>
REQUISITIONS:			
Alberta School Foundation Fund	27,016,146	27,016,146	24,862,699
Evergreens Foundation	5,784,622	5,784,622	5,646,044
Designated Industrial Property	<u>702,713</u>	<u>702,777</u>	<u>649,440</u>
	<u>33,503,481</u>	<u>33,503,545</u>	<u>31,158,183</u>
NET MUNICIPAL TAXES	<u>\$62,407,591</u>	<u>\$62,593,761</u>	<u>\$59,716,718</u>

YELLOWHEAD COUNTY
Schedule of Expenses by Object
For The Year Ended December 31, 2024

Schedule 3

	<u>2024</u> (Budget) (Note 22)	<u>2024</u> (Actual)	<u>2023</u> (Restated) (Note 23)
EXPENSES			
Contracted and general services	\$ 19,819,067	\$ 18,030,890	\$ 28,397,035
Salaries, wages and benefits	16,465,278	15,415,100	14,900,679
Grants	11,451,293	12,416,796	12,107,716
Materials, goods and utilities	6,875,149	5,639,362	6,250,356
Purchases from other governments	1,664,078	1,781,642	1,603,431
Interest on long-term debt	63,383	62,919	73,184
Bank charges and short-term interest	7,000	7,272	7,079
Other expenditures (recovery)	515,000	1,578	991
Accretion expense	515,996	265,224	515,996
Amortization of tangible capital assets	<u>17,838,587</u>	<u>23,130,889</u>	<u>22,344,066</u>
	<u>\$ 75,214,831</u>	<u>\$ 76,751,672</u>	<u>\$ 86,200,533</u>

YELLOWHEAD COUNTY
Schedule of Government Transfers
For The Year Ended December 31, 2024

Schedule 4

	<u>2024</u> (Budget) (Note 22)	2024 (Actual)	<u>2023</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial	\$ 1,483,110	\$ 2,725,000	\$ 14,856,966
Other Local Governments	<u>912,749</u>	<u>1,674,810</u>	<u>1,446,318</u>
	<u>2,395,859</u>	<u>4,399,810</u>	<u>16,303,284</u>
TRANSFERS FOR CAPITAL			
Provincial	24,114,846	6,461,231	100,938
Federal	<u>11,660,646</u>	<u>3,111,428</u>	<u>1,131,494</u>
	<u>35,775,492</u>	<u>9,572,659</u>	<u>1,232,432</u>
	<u>\$ 38,171,351</u>	<u>\$ 13,972,469</u>	<u>\$ 17,535,716</u>

YELLOWHEAD COUNTY
Schedule of Segmented Information
For The Year Ended December 31, 2024

Schedule 5

	<u>Public Works</u>	<u>Administration and Legislation Services</u>	<u>Protective and Community Services</u>	<u>Water, Wastewater and Waste Services</u>	<u>Community Planning and Land Services</u>	<u>2024</u>	<u>2023</u> (Restated) (Note 23)
REVENUE							
Net municipal taxes	\$ 26,289,379	\$ 12,518,754	\$ 17,526,252	\$ 5,007,501	\$ 1,251,875	\$ 62,593,761	\$ 59,716,718
Government transfers	1,702,519	6,893,632	2,639,904	2,736,415	-	13,972,470	17,535,716
Sales and user charges	276,423	224,325	839,504	718,658	55,434	2,114,344	2,056,859
Other	<u>54,648</u>	<u>8,703,785</u>	<u>257,728</u>	<u>5,581</u>	<u>-</u>	<u>9,021,742</u>	<u>9,296,963</u>
	<u>28,322,969</u>	<u>28,340,496</u>	<u>21,263,388</u>	<u>8,468,155</u>	<u>1,307,309</u>	<u>87,702,317</u>	<u>88,606,256</u>
EXPENSES							
Goods and services	12,823,747	2,750,404	7,004,599	2,793,684	79,459	25,451,893	36,070,324
Salaries and benefits	3,537,703	2,898,192	7,565,234	727,253	686,718	15,415,100	14,900,678
Grants to groups and governments	164,705	7,869,691	3,950,228	432,172	-	12,416,796	12,288,215
Amortization	18,842,519	1,160,239	2,204,291	923,840	-	23,130,889	22,344,066
Accretion expense	3,533	4,113	11,634	245,944	-	265,224	515,996
Other (recovery)	<u>18,531</u>	<u>7,272</u>	<u>18,892</u>	<u>27,075</u>	<u>-</u>	<u>71,770</u>	<u>81,254</u>
	<u>35,390,738</u>	<u>14,689,911</u>	<u>20,754,878</u>	<u>5,149,968</u>	<u>766,177</u>	<u>76,751,672</u>	<u>86,200,533</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(7,067,769)</u>	\$ <u>13,650,585</u>	\$ <u>508,510</u>	\$ <u>3,318,187</u>	\$ <u>541,132</u>	\$ <u>10,950,645</u>	\$ <u>2,405,723</u>

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of Yellowhead County (the "County") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

The County is a local government authority providing municipal services. The County is empowered by bylaws and policies as enacted by Council and is subject to the provisions of the *Municipal Government Act*.

The financial statements reflect the assets, liabilities, revenues and expenses, and surplus/deficit of the entity.

The schedule of taxes levied also includes requisitions by education and housing external organizations that are not part of the reporting entity.

(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.

(c) Local Improvements

Construction and borrowing costs associated with local improvement projects are recovered through special levies that are approved by bylaw. These levies are collectible from the affected property owners and are levied over the estimated lifetime of the project. Under the accrual basis of accounting, revenues to be received from the local improvement levies, are recognized in full in the period in which the local improvement project is completed.

(d) Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation and agreement and may only be used in completion of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. These funds and the earnings thereon are accounted for as deferred revenue until related expenses are incurred, the services are performed or the tangible assets are acquired.

(e) Investments

Investments are recorded at amortized cost. Investment premiums or discounts, if any, are amortized over the term of the respective instruments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

The County holds derivatives in the form of principal protected notes which are recorded at fair value in the statement of financial position. Unrealized gains and losses from changes in the fair value of derivatives are recognized in the statement of remeasurement gains and losses. Upon settlement, the realized gains and losses are reclassified as revenue or expense in the statement of operations.

(f) Pension

The County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Government Transfers

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

(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.

Requisitions tax rates in the subsequent year are adjusted to reflect any over-levy or under-levy.

(i) 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 annual surplus, provides the consolidated 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 assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	10 - 50 years
Buildings	5 - 50 years
Engineered structures:	
Road systems	7 - 100 years
Water/wastewater systems	10 - 80 years
Machinery and equipment	5 - 75 years
Vehicles	5 - 25 years

Assets under construction are not amortized until the asset is available for productive use.

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair market value at the date of the certificate of completion or transfer of title and are also recorded as revenue.

iii) Cultural and Historical Tangible Capital Assets

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

iv) Inventories

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method. Inventories largely represent the stockpile of gravel maintained for County purposes.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Land Held for Resale

Inventories of land held for resale are recorded at the lower of cost or net realizable value. Cost includes costs for land acquisitions and improvements required to prepare the land for servicing. Related development costs incurred to provide infrastructure such as water and wastewater services and roads are recorded as tangible capital assets under the respective class.

(k) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. These estimates and assumptions are based on the County's best information and judgement and actual results could differ from these estimates. Such estimates include amortization of tangible capital assets, inventory for consumption and contaminated sites.

(l) Contaminated Sites

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 a site is not in productive use and is management's estimate of the cost of remediation including post remediation costs of operations, maintenance and monitoring.

(m) 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
Accounts receivables	Lower of cost or net recoverable value
Investments	Fair value or amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost

(n) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

YELLOWHEAD COUNTY
Notes to Financial Statements
For The Year Ended December 31, 2024

2. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Taxes and grants in lieu receivable	\$ 5,479,313	\$ 3,957,305
Allowance for uncollectible	<u>(1,485,360)</u>	<u>(1,488,889)</u>
	<u>3,993,953</u>	<u>2,468,416</u>
Trade and other receivables		
Miscellaneous	3,370,432	3,473,950
Utilities	107,306	103,263
Interest receivable	<u>648,069</u>	<u>-</u>
	<u>4,125,807</u>	<u>3,577,213</u>
Allowance for doubtful accounts	<u>(2,917)</u>	<u>(21,270)</u>
	<u>4,122,890</u>	<u>3,555,943</u>
Government receivables		
Grants	5,498,982	7,172,503
Goods and Services Tax rebate	<u>834,577</u>	<u>625,419</u>
	<u>6,333,559</u>	<u>7,797,922</u>
	<u>\$14,450,402</u>	<u>\$13,822,281</u>

All receivables other than taxes and grants in lieu of taxes and grants receivable are current. The age of receivables is as follows:

	<u>2024</u>	<u>2023</u>
Current	\$10,749,665	\$ 9,942,088
1 year	3,572,289	4,176,667
2 years	440,646	414,594
3 years	389,944	350,074
Over 3 years	786,135	449,017
Allowance for doubtful accounts	<u>(1,488,277)</u>	<u>(1,510,159)</u>
	<u>\$14,450,402</u>	<u>\$13,822,281</u>

3. LOCAL IMPROVEMENT RECEIVABLE

	<u>2024</u>	<u>2023</u>
Local improvement bylaw 05.11, expiring 2034	\$ 579,314	\$ 639,974
Local improvement bylaw 04.13, expiring 2037	366,755	394,967
Local improvement bylaw 05.18, expiring 2042	286,522	298,137
Local improvement bylaw 02.12, expiring 2031	196,463	224,529
Local improvement bylaw 02.21, expiring 2046	188,031	196,235
Local improvement bylaw 06.11, expiring 2035	<u>70,106</u>	<u>76,480</u>
	<u>\$ 1,687,191</u>	<u>\$ 1,830,322</u>

4. PREPAID EXPENSES

	<u>2024</u>	<u>2023</u>
Prepaid insurance	\$ 427,067	\$ 451,743
Prepaid deposits	146,145	145,169
Prepaid contracted services	<u>24,403</u>	<u>1,600</u>
	<u>\$ 597,615</u>	<u>\$ 598,512</u>

YELLOWHEAD COUNTY
Notes to Financial Statements
For The Year Ended December 31, 2024

5. INVESTMENTS

	<u>2024</u>		<u>2023</u>	
	<u>Carrying value</u>	<u>Market value</u>	<u>Carrying value</u>	<u>Market value</u>
Fixed income securities - amortized cost	\$ 37,176,002	\$ 37,030,584	\$ -	\$ -
Derivatives - principal protected notes (b)	<u>36,561,225</u>	<u>36,561,225</u>	<u>-</u>	<u>-</u>
	<u>\$73,737,227</u>	<u>\$ 73,591,809</u>	<u>\$ -</u>	<u>\$ -</u>

The fixed income securities have effective interest rates ranging from 4.240% to 5.679% (2023 - NIL) with maturity dates from October 22, 2025 to October 22, 2034 (2023 - NIL).

Derivative investments are carried at fair market value in which the measurements are derived from:

- a) Level 1 - Quoted prices in active markets for identical assets.
- b) Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Unrealized gains (losses) on derivative investments carried at fair value of \$(942,075) (2023 - \$NIL) have been recognized in the statement of remeasurement gains and losses

6. CULTURAL ASSETS

The County owns numerous pieces of artwork that were purchased in 2006 and are on display at the Edson Administration facility. The artworks are not recorded as tangible capital assets in the financial statements and are not amortized.

7. BANK INDEBTEDNESS

The bank indebtedness is payable on demand with interest payable monthly at prime minus 0.25%. The County has an authorized bank indebtedness limit of \$3,000,000 at December 31, 2024. No amounts were drawn upon as of December 31, 2024 (2023 - \$NIL).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade	\$ 8,939,155	\$13,956,797
Due to West Yellowhead Regional Waste Management Authority (Note 11)	3,287,744	1,405,817
Construction holdbacks	402,712	987,265
Accrued debenture debt interest	<u>2,429</u>	<u>2,893</u>
	<u>\$12,632,040</u>	<u>\$16,352,772</u>

YELLOWHEAD COUNTY
Notes to Financial Statements
For The Year Ended December 31, 2024

9. DEFERRED REVENUE

Deferred revenue consists of the following amounts which have been restricted by third parties for a specific purpose. These amounts are recognized as revenue in the period in which they are used for the purpose specified.

	<u>2024</u>	<u>2023</u>
Province of Alberta Municipal Sustainability grant	\$18,151,020	\$18,032,295
Province of Alberta bridge funding	2,884,479	2,747,123
Canada Community Building Fund grant	1,732,483	1,023,900
Province of Alberta AMWWP funding	<u>1,643,152</u>	<u>2,529,248</u>
	<u>\$24,411,134</u>	<u>\$24,332,566</u>

10. EMPLOYEE BENEFIT OBLIGATION

	<u>2024</u>	<u>2023</u>
Vacation pay outstanding	\$ <u>759,244</u>	\$ <u>756,308</u>

11. DUE TO WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

The amount Due to West Yellowhead Regional Waste Management Authority is non-interest bearing and there are no specified terms of repayment. Given there are no specified terms of repayment, the fair value of this balance is not-determinable. The County holds all cash funds for the Authority in trust and acts as an administrator and is responsible for all accounting functions.

12. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Debenture debt held by the Province of Alberta, supported by a general tax levy, repayable in semi-annual installments of \$84,069 including interest at 4.365%; due December 15, 2026.	\$ 318,698	\$ 468,018
Debenture debt held by the Province of Alberta, supported by a special levy, repayable in semi-annual installments of \$34,303 including interest at 5.240%; due December 15, 2033.	487,309	528,744
Debenture debt held by the Province of Alberta, supported by a general tax levy, repayable in semi-annual installments of \$30,258 including interest at 4.422%; due December 15, 2031.	<u>360,934</u>	<u>404,055</u>
Issued to finance capital assets	<u>\$ 1,166,941</u>	<u>\$ 1,400,817</u>

Principal and interest repayments due in each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 244,593	\$ 52,667	\$ 297,260
2026	255,804	41,456	297,260
2027	97,558	31,565	129,123
2028	102,326	26,797	129,123
2029	107,327	21,796	129,123
Thereafter	<u>359,333</u>	<u>36,125</u>	<u>395,458</u>
	<u>\$ 1,166,941</u>	<u>\$ 210,406</u>	<u>\$ 1,377,348</u>

YELLOWHEAD COUNTY
Notes to Financial Statements
For The Year Ended December 31, 2024

13. DEBT LIMITS

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

	<u>2024</u>	<u>2023</u>
Total debt limit	\$116,918,976	\$130,884,336
Total debt	<u>1,166,941</u>	<u>1,400,817</u>
Unused debt limit	<u>115,752,035</u>	<u>129,483,519</u>
Percentage of debt limit used	1.00 %	1.07 %
Service on debt limit	\$ 19,486,496	\$ 21,814,056
Service on debt	<u>297,260</u>	<u>297,260</u>
Unused service on debt limit	<u>\$ 19,189,236</u>	<u>\$ 21,516,796</u>
Percentage of debt servicing limit used	1.53 %	1.36 %

14. ASSET RETIREMENT OBLIGATIONS

The County has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the County to remove the materials when the asset retirement activities occur.

The County has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the County to reclaim the work site when the asset retirement activity occurs.

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 10,903,660	\$ 10,387,664
Remeasurement	431,409	-
Accretion expense	<u>265,224</u>	<u>515,996</u>
	<u>\$ 11,600,293</u>	<u>\$ 10,903,660</u>

Asset retirement obligations were calculated using the estimated total undiscounted cash flows of \$13,946,509 (2023 - \$13,946,509) with discount rates ranging from 4.365% to 4.995% (2023 - 4.825% to 5.075%) and an annual inflation rate of 3.500% (2023 - 3.500%). The retirement and reclamation activities are expected to be settled between 2028 and 2063.

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets (Schedule 1)	\$1,356,719,861	\$1,327,313,211
Accumulated amortization (Schedule 1)	(450,494,379)	(427,659,323)
Long-term debt (Note 12)	(1,166,941)	(1,400,817)
Asset retirement obligations (Note 14)	(11,600,293)	(10,903,660)
Local improvements receivable (Note 3)	<u>1,687,191</u>	<u>1,830,322</u>
	<u>\$895,145,439</u>	<u>\$889,179,733</u>

YELLOWHEAD COUNTY
Notes to Financial Statements
For The Year Ended December 31, 2024

16. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2024</u>	<u>2023</u>
UNRESTRICTED SURPLUS	\$ 18,073,463	\$ 21,241,296
ACCUMULATED REMEASUREMENT GAINS (LOSSES)	<u>(942,075)</u>	<u>-</u>
RESTRICTED SURPLUS		
Infrastructure	46,572,008	47,204,363
Tax rate stabilization	19,869,063	14,859,826
Facility replacement	19,001,585	17,615,608
Water	17,649,176	15,484,171
Sewer	12,166,432	13,025,511
Equipment replacement	9,849,298	7,840,531
Land	7,324,155	7,376,744
Capital deficit replacement	4,490,446	5,336,009
Human resources	664,178	664,678
Community services	243,942	268,007
Requisitions	<u>76,028</u>	<u>78,091</u>
	<u>137,906,311</u>	<u>129,753,539</u>
EQUITY IN TANGIBLE CAPITAL ASSETS (Note 15)	<u>895,145,439</u>	<u>889,179,733</u>
	<u>\$1,050,183,138</u>	<u>\$1,040,174,568</u>

17. FINANCIAL INSTRUMENTS

The County's financial instruments consists of cash, receivables, accounts payable and accrued liabilities and long term debt. It is the opinion of management that the County is not exposed to significant currency, liquidity, market or other price risk arising from these financial instruments. Unless otherwise noted the fair value of these financial instruments approximates their carrying value.

Credit risk

The County is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of customers minimizes the County's credit risk.

Interest rate risk

Interest rate risk is the risk that the County's annual surplus will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk on the County's long term debt is managed through fixed rate debentures with the Province of Alberta (Note 12).

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

18. SEGMENTED INFORMATION

The County provides a range of services to its residents. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in *Note 1*. For additional information see the Schedule of Segment Disclosure (*Schedule 5*).

19. SALARIES AND BENEFITS DISCLOSURE

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

	<u>Honorarium</u>	<u>Benefits and allowances</u>	<u>2024 Total</u>	<u>2023 Total</u>
Mayor	\$ 102,296	\$ 17,127	\$ 119,423	\$ 114,545
Councillors				
Evansburg	69,412	14,291	83,703	80,551
Wildwood	69,412	14,291	83,703	80,551
Niton / Carrot Creek	68,512	14,231	82,743	79,600
Shining Bank / Peers	68,512	11,118	79,630	76,571
Wolf Creek / Pinedale	67,514	6,316	73,830	67,242
Edson Area	70,605	14,515	85,120	79,490
Edson West	67,912	11,223	79,135	78,070
Hinton / Cadomin / Robb	69,014	6,356	75,370	70,546
	<u>Salary</u>	<u>Benefits and allowances</u>		
Chief Administrative Officer	\$ 316,204	\$ 13,997	\$ 330,201	\$ 334,161

Municipal official amounts include honorariums for meetings and benefits. Benefits include the employer's share of Canada Pension Plan, RSP benefits, health and dental benefits and insurance benefits

The Chief Administrative Officer salary includes regular base pay. Benefits and allowances includes the employer's share of all payroll source deductions and employee benefits, including coverage for medical plans, life insurance, auto allowance and professional memberships.

20. LOCAL AUTHORITIES PENSION PLAN

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

The County is required to make current service contributions to the Plan of 8.45% (2023 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% (2023 - 12.23%) for the excess. Employees of the County are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2024 were \$883,170 (2023 - \$855,979). Total current and past service contributions made by the employees of the County to the LAPP in 2024 were \$803,362 (2023 - \$790,537).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion (2022 - \$12.67 billion).

The County participates in the APEX Supplementary Pension Plan ("APEX"). APEX participation is optional and is offered to management employees who participate in LAPP. Total contributions made by the County to APEX in 2024 were \$35,514 (2023 - \$40,975). Total contributions made by the employees in 2024 were \$29,035 (2023 - \$34,916).

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

22. BUDGET

The budget figures are provided for information purposes only, and have not been audited. The 2024 budget, which was adopted by Council on May 14, 2024, reflects all municipal activities including capital projects and restricted surplus for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2024</u> (Budget)
Annual surplus (per statement of operations and accumulated surplus)	\$ 35,233,373
Amortization	17,838,587
Acquisition of tangible capital assets	(113,161,950)
Net transfers from restricted surplus	59,807,871
Accretion expense	515,996
Debenture repayment	<u>(233,877)</u>
	\$ _____ -

23. RESTATEMENT

During the fiscal year, management extended the estimated useful lives of certain engineered structures as they were still in use.

Management also determined that assets previously capitalized as tangible capital assets were not owned by the County. These have been removed from the tangible capital assets and expensed as government transfers.

A summary of the changes are as follows:

- An increase in tangible capital assets of \$612,478,416
- A decrease in annual surplus of \$5,162,381
- An increase in opening accumulated surplus of \$617,640,797