

# 2023 Audited Financial Statements

FOR THE PERIOD ENDED DECEMBER 31, 2023



## Management's Responsibility

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To the Mayor and Councillors of Sturgeon County:

The accompanying financial statements of Sturgeon County (the "County") are the responsibility of management and have been approved by Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the County. Council is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the County's external auditors.

MNP LLP is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 23, 2024

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Reegan McCullough  
Chief Administrative Officer

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Andrew Hayes, CPA, CA, CGA, MPA  
Chief Financial Officer

To the Mayor and Councillors of Sturgeon County:

## Opinion

We have audited the financial statements of Sturgeon County (the "County"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, remeasurement gains and losses, change in net financial assets and cash flows and related schedules 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, 2023, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 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 the 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 related to going concern and using the going concern basis of accounting unless management of the County 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 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 our auditor's 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.

## Report on Other Legal and Regulatory Requirements

### ***Debt Limit Regulation***

In accordance with Alberta regulation 255/2000, we confirm that the County is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in Note 12.

### ***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 20.

Leduc, Alberta

April 23, 2024

*MNP LLP*

Chartered Professional Accountants

**MNP**

**Sturgeon County**  
**Statement of Financial Position for the year ended December 31, 2023**

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$38,501,467	\$25,892,372
Accounts receivable (Note 3)	8,267,020	11,939,568
Loans receivable (Note 4)	2,724,897	2,878,542
Investments (Note 5)	79,641,158	79,260,815
Derivative instruments (Note 11)	1,042,403	-
	<b>130,176,945</b>	<b>119,971,297</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	14,932,119	21,610,728
Employee benefit obligations (Note 8)	5,954,568	5,088,916
Deposit liabilities (Note 9)	3,673,543	3,822,952
Asset retirement obligation (Note 10)	184,496	-
Long-term debt (Note 11)	39,066,340	27,590,450
Deferred revenue (Note 13)	20,287,460	29,380,869
	<b>84,098,526</b>	<b>87,493,915</b>
<b>Net Financial Assets</b>	<b>46,078,419</b>	<b>32,477,382</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	1,654,449	1,003,602
Inventory for consumption	2,678,138	2,484,377
Tangible capital assets (Note 14)	389,327,543	365,598,478
	<b>393,660,130</b>	<b>369,086,457</b>
<b>Accumulated Surplus</b>	<b>\$439,738,549</b>	<b>\$401,563,839</b>
Accumulated operating surplus (Note 16)	<b>\$440,512,794</b>	<b>\$401,563,839</b>
Accumulated remeasurement gains (losses)	<b>\$(774,245)</b>	<b>\$-</b>

Contingent Liabilities (Note 25)

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

**Sturgeon County**  
**Statement of Operations for the year ended December 31, 2023**

	Budget (Note 24)	2023	2022
<b>Revenue</b>			
Net municipal taxes (Note 18)	\$88,349,581	<b>\$95,518,179</b>	\$84,262,766
Sales and user charges	12,394,419	<b>13,166,790</b>	13,322,012
Investment income	888,000	<b>3,911,661</b>	2,383,449
Special levies and other tax agreements	1,524,714	<b>1,748,422</b>	2,059,576
Government transfers for operating (Note 19)	1,470,554	<b>2,278,635</b>	1,541,045
Other revenue	639,080	<b>922,046</b>	1,571,569
Penalties on taxes and service charges	644,619	<b>1,003,555</b>	945,631
Inter-municipal agreements	247,596	<b>289,167</b>	871,676
<b>Total revenue</b>	106,158,563	<b>118,838,455</b>	106,957,724
<b>Expenses</b>			
Infrastructure Services (Excluding Utility Services)	39,850,073	<b>40,785,398</b>	39,747,175
Community Services	14,378,627	<b>16,799,087</b>	12,021,155
Corporate Services	7,538,627	<b>7,526,028</b>	6,349,613
Development & Strategic Services	6,781,362	<b>6,579,122</b>	5,266,370
General Administration	4,294,838	<b>4,615,585</b>	4,856,085
Financial Services	4,402,555	<b>4,549,347</b>	3,748,958
Council	1,066,010	<b>1,007,396</b>	997,356
Utility Services	9,916,730	<b>10,812,861</b>	10,842,225
<b>Total expenses</b>	88,228,822	<b>92,674,824</b>	83,828,936
<b>Excess revenue over expenses before capital income</b>	17,929,741	<b>26,163,631</b>	23,128,788
<b>Capital Income</b>			
Government transfers for capital (Note 19)	10,317,829	<b>6,489,731</b>	10,556,054
Contributed tangible capital assets (Note 14)	-	<b>2,148,130</b>	489,335
Developer off site levies	2,892,911	<b>4,147,463</b>	632,340
<b>Total capital income</b>	13,210,740	<b>12,785,324</b>	11,677,729
<b>Excess revenue over expenses</b>	31,140,481	<b>38,948,955</b>	34,806,517
<b>Accumulated surplus, beginning of year</b>	401,563,839	<b>401,563,839</b>	366,757,322
<b>Accumulated surplus, end of year (Note 16)</b>	\$432,704,320	<b>\$440,512,794</b>	\$401,563,839

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

**Sturgeon County****Statement of Change in Net Financial Assets for the year ended December 31, 2023**

	Budget (Note 24)	2023	2022
<b>Excess of revenue over expenses</b>	\$31,140,481	<b>\$38,948,955</b>	\$34,806,517
Acquisition of tangible capital assets	(60,762,221)	<b>(36,100,325)</b>	(65,094,082)
Contributed tangible capital assets	-	<b>(2,148,130)</b>	(489,335)
Amortization of tangible capital assets	12,207,145	<b>14,092,282</b>	14,148,271
(Gain) loss on disposal of tangible capital assets	-	<b>(136,413)</b>	1,032,008
Proceeds on sale of tangible capital assets	706,500	<b>563,519</b>	450,019
	(47,848,576)	<b>(23,729,064)</b>	(49,953,119)
Acquisition of inventory for consumption	-	<b>(2,678,138)</b>	(2,484,377)
Acquisition of prepaid expense	-	<b>(1,654,449)</b>	(1,003,602)
Consumption of inventory	-	<b>2,484,377</b>	2,209,900
Use of prepaid expense	-	<b>1,003,602</b>	859,964
Unrealized measurement gains (losses)	-	<b>(774,245)</b>	-
	-	<b>(1,618,853)</b>	(418,115)
<b>Increase (decrease) in net financial assets</b>	(16,708,095)	<b>13,601,038</b>	(15,564,717)
<b>Net financial assets, beginning of year</b>	32,477,382	<b>32,477,382</b>	48,042,099
<b>Net financial assets, end of year</b>	\$15,769,287	<b>\$46,078,417</b>	\$32,477,382

The accompanying notes are an integral part of these financial statements

**Sturgeon County****Statement of Remeasurement Gains and Losses for the year ended December 31, 2023**

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	2023	2022
Accumulated Remeasurement Gains (Losses), beginning of year	-	-
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio Investments designated at Market Value (Note 5)	530,021	-
Foreign exchange	(212,122)	-
Derivatives (Note 11)	1,042,403	-
<b>Amounts reclassified to statement of operations:</b>		
Portfolio Investments held at Market Value (Note 5)	(2,138,304)	-
Foreign exchange	3,757	-
Derivatives	-	-
<b>Net remeasurement gains (losses) for year</b>	<b>\$(774,245)</b>	<b>-</b>
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>\$(774,245)</b>	<b>\$-</b>

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



**Sturgeon County**  
**Statement of Cash Flow for the year ended December 31, 2023**

	2023	2022
<b>Operating</b>		
Excess of Revenue over Expenses	\$38,948,955	\$34,806,517
Non-Cash Items		
Contributed tangible capital assets	(2,148,130)	(489,335)
Amortization of tangible capital assets	14,092,286	14,148,271
(Gain) Loss on disposal of tangible capital assets	(136,413)	1,032,008
Asset retirement obligation	184,496	-
Amortization of premium on investments	25,604	50,129
Loss on sale of investments	40,078	58,827
Changes to Non-Cash Financial Assets and Liabilities		
Accounts receivable	3,672,548	(1,551,139)
Loans receivable	153,645	149,027
Prepaid expenses	(650,847)	(143,638)
Accounts payable and accrued liabilities	(1,055,489)	1,611,436
Employee benefit obligations	865,652	139,726
Deposit liabilities	(149,409)	54,640
Deferred revenue	(9,093,409)	(6,497,995)
Inventory for consumption	(193,761)	(274,477)
	<b>44,555,805</b>	<b>43,094,006</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(41,643,445)	(59,548,550)
Proceeds on disposal of tangible capital assets	483,519	353,019
	<b>(41,159,926)</b>	<b>(59,195,530)</b>
<b>Investing</b>		
Acquisitions of investments	(17,761,125)	(49,086,971)
Disposals of investments	15,498,452	5,414,969
	<b>(2,262,673)</b>	<b>(43,672,002)</b>
<b>Financing</b>		
Line of credit used	(8,183,731)	(1,062,448)
Line of credit repaid	8,183,731	1,062,448
Long-term debt issued	15,000,000	-
Long-term debt repaid	(3,524,110)	(3,368,033)
	<b>11,475,890</b>	<b>(3,368,033)</b>
<b>Increase (decrease) in cash during year</b>	<b>12,609,096</b>	<b>(63,141,559)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>25,892,372</b>	<b>89,033,932</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$38,501,468</b>	<b>\$25,892,373</b>

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

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Sturgeon County are prepared by management prepared in accordance with Canadian Public Sector Accounting Standards. The significant accounting policies adopted by Sturgeon County are as follows:

**a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and the change in financial position of Sturgeon County. Property taxes levied include 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. The reporting entity includes all divisions and departments of the County's operations, and all interdepartmental and organizational transactions and balances are eliminated where appropriate.

**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. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

**c) Measurement Uncertainty (use of estimates)**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates have been used to determine provisions for accrued liabilities, useful life of tangible capital assets, valuation of contributed tangible capital assets, post-retirement benefits, gravel inventory and reclamation, asset retirement obligations, and provisions made for allowance for doubtful receivables. Revenue recognition related to development levies and charges utilized forecasted development costs, staging, and financing requirements.

**d) Cash and Cash Equivalents**

Cash and cash equivalents are cash on deposit in bank accounts and short-term investments that mature in 90 days or less. These cash equivalents are highly liquid and are used to manage the County's cash position through the year.

**e) Loans Receivable**

Loans receivable are recorded based on the original amount loaned, including interest, and decreased overtime based on agreements in place. If reasonable assurance of collection does not exist, a provision may be made to the balance of the principal and interest of a loan to reduce the loan to its estimated amount.

**f) Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

**g) Government Transfers**

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

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**h) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the tax notices are issued.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the related borrowings period. These levies are collectible from property owners for work performed by Sturgeon County and are recognized as revenue in the year they are levied.

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 tax levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual tax levy is less than an external organization's 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 or under levies of the prior year.

**i) Asset Retirement**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the County to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the County reviews the carrying amount of the liability and recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The County continues to recognize the liability until it is settled or otherwise.

**j) Developer Offsite Levies**

Offsite levies are collected from developers upon the execution of a development agreement as per the offsite levy bylaw. These funds are restricted to the construction of specific infrastructure and are recognized as revenue once the amounts are collectible and applied to the acquisition of leviable infrastructure or other contractual requirements.

**k) Employee Benefit Obligations**

The cost of employment benefits, pension benefits, compensated absences and termination benefits are recorded as an expense at the time the event giving rise to the obligation occurs.

**l) Post Retirement Benefit Plans**

Post retirement obligations are accrued and paid as they become due. The cost of non-pension post-retirement benefits earned by employees is determined by an actuarial based on service, salary escalation, retirement ages of employees and expected health care costs. The present value of the cost of providing employees with future benefits programs is recognized as employees earn these entitlements through service rendered.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**m) Deferred Revenue**

Deferred revenue consists of unrecognized government transfers, development levies, tax prepayments, and other revenue. Funds from external parties and earnings thereon restricted by agreement, conditions or legislation are accounted for as deferred revenue until used for the purpose specified.

**n) Foreign Exchange**

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect on December 31. Gains or losses on foreign currency translation are included in the statement of remeasurement gains and losses.

**o) Financial Instruments**

The County recognizes its financial instruments when the County becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the County may irrevocably elect to subsequently measure any financial instrument at fair value. The County has not had such an election during the year.

The County subsequently measures investments in equity instruments and derivative instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. Apart from those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method. Transaction costs directly attributable to the origination, acquisition, issuance, or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurement of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**p) Statement of remeasurement gains (losses)**

By presenting remeasurement losses separately, changes in the carrying value of financial instruments arising from fair value measurement and unrealized foreign exchange gains (losses) are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement losses do not affect this assessment as they are recognized in the statement of remeasurement losses. Taken together, the two statements account for changes in the County's accumulated surplus in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

**q) Developer Contributions**

Developer contributions are recognized as revenue in the period they are used for the purpose specified.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**r) 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 life extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, results in the Change in Net Financial Assets for the year.

**s) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

**t) 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, interest charges are not capitalized. Engineering structures, road network, vehicles, buildings, and machinery and equipment are amortized over their useful lives in a manner that reflects the consumption of their future economic benefits. The cost, less residual value, of the tangible capital assets is amortized on either a straight-line basis or a declining balance. Useful life for each class of depreciable asset are:

<b>Road Network</b>	<b>Method</b>	<b>Period</b>
Roads	Straight Line	10-60 Years
Bridges	Straight Line	40-75 Years
Swales, curb, and gutter	Straight Line	30-50 Years
Railway	Straight Line	50 Years
<b>Engineering Structures</b>	<b>Method</b>	<b>Period</b>
Force main, collection, supply, and distribution lines	Straight Line	75 Years
Storm water systems	Straight Line	75 Years
Plants, facilities, reservoirs, and lagoons	Straight Line	40 Years
Equipment & pump, and lift stations	Straight Line	15-40 Years
<b>Land Improvements</b>	<b>Method</b>	<b>Period</b>
Landscaping and asphalt paths	Straight Line	25 Years
Fences and ball diamonds	Straight Line	20 Years
Gravel paths and parking lots	Straight Line	15-20 Years
Playground structures	Straight Line	10 Years
<b>Buildings</b>	<b>Method</b>	<b>Period</b>
Brick/steel frame	Straight Line	40 Years
Wood and portable structures	Straight Line	25 Years
Leasehold improvements	Straight Line	Per lease agreement
<b>Machinery and Equipment</b>	<b>Method</b>	<b>Period</b>
Heavy	Straight Line	10 Years
Light and various	Straight Line	4-20 Years
Office and computer	Declining Balance	5 Years
<b>Vehicles</b>	<b>Method</b>	<b>Period</b>
Light	Declining Balance	10 Years
Heavy and fire	Straight Line	15-20 Years
Trailers	Straight Line	15 Years

For assets other than roads, a full year of amortization is charged in the year of acquisition, and none is charged in the year of disposal. For roads, no amortization is charged in the year of construction and a full year is charged in the year of reconstruction. Assets under construction are not amortized until the asset is available for productive use.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**u) Contributed Tangible Capital Assets**

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

**v) Inventories**

Inventories of materials and supplies are valued at the lower of cost or replacement cost.

**w) Change in Accounting Policies**

Effective January 1, 2023, the County adopted the recommendations relating to the following new accounting standards, as set out in the Canadian public sector accounting standards.

Asset retirement obligations

Effective January 1, 2023, the County adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement, and disclosure of liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

Financial Instruments

Effective January 1, 2023, the County adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 Financial Instruments. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

**x) Future Accounting Standard Pronouncements**

The following summarizes upcoming changes to Canadian public sector accounting standards.

<b>Standard Description</b>	<b>Standard</b>	<b>Effective Date</b>
Revenue	PS3400	01/01/2024
Public Private Partnership	PS3160	01/01/2024
Purchased Intangibles	PSG 8	01/01/2024

The extent of the impact on the adoption of these future standards are not known at this time.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**2. CASH AND CASH EQUIVALENTS**

	2023	2022
Cash	\$5,453,884	\$4,291,296
Short-term investments	33,047,583	21,601,076
	<b>\$38,501,467</b>	<b>\$25,892,372</b>

Included restricted cash is \$380,797 (2022 - \$402,740) of funds restricted for municipal parks. Short-term investments consist of a high-interest savings account that has a stated interest rate as of December 31, 2023, of 5.35% (2022 - 4.60%), interest rates ranged from 4.60% to 5.35% throughout the year.

**3. ACCOUNTS RECEIVABLE**

	2023	2022
Trade and other receivables	\$2,645,180	\$5,664,302
Allowance for doubtful accounts	(1,579,308)	(1,165,168)
Receivable from other governments	3,024,921	3,410,920
Taxes and grants in place of taxes	4,170,257	3,757,227
Local improvement taxes *	5,970	272,287
	<b>\$8,267,020</b>	<b>\$11,939,568</b>

* Local Improvement Taxes	2023	2022
Local Improvement Bylaw 1599-22, expiring 2038	\$ -	\$265,571
Local Improvement Bylaw 1353-15, expiring 2031	5,970	6,716
	<b>\$5,970</b>	<b>\$272,287</b>

**4. LOANS RECEIVABLE**

	2023	2022
West Sturgeon Aging in Place Foundation	\$2,724,897	\$2,878,542

The West Sturgeon Aging in Place Foundation loan receivable is secured by a mortgage and assignment of rents with an interest rate of 3.08% and semi-annual installment payments of \$120,504 maturing in 2037. This loan is based off the original amount lent with no valuation adjustments, write-offs, or recoveries made in 2023. Interest is recorded on an accrual basis.

**5. INVESTMENTS**

	2023		2022	
	Book Value	Market Value	Book Value	Market Value
Long-term Notes	\$41,703,300	\$40,297,514	\$38,361,600	\$35,264,624
Corporate Bonds	39,233,497	38,926,235	40,544,250	38,085,605
Servus Credit Union Member Equity	200,000	200,000	200,000	200,000
MuniSerp Retirement Plan	214,834	214,834	152,389	152,389
Alcomdale Local Development Coop	1,500	1,500	1,500	1,500
River Valley Alliance (1 share)	1,000	1,000	1,000	1,000
United Farmers of Alberta (15 shares)	75	75	75	75
	<b>\$81,354,206</b>	<b>\$79,641,158</b>	<b>\$79,260,815</b>	<b>\$73,705,193</b>

Corporate bonds have effective interest rate(s) of 1.60% - 4.86% with maturity dates from 2023 - 2033. The long-term notes bear interest at a rate of 0.76% - 9.30% with maturity dates from 2023-2035. Unrealized gains on investments designated at fair value have been recognized in the statement of remeasurement gains and losses.



**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**6. BANK INDEBTEDNESS**

The County has two revolving lines of credit with Servus Credit Union with a maximum limit of \$25,000,000 and \$7,300,000, in which interest accrues monthly on the outstanding balance at a rate of prime less 0.5%. The County has a non-revolving Demand Instalment Loan with Canadian Imperial Bank of Commerce with a maximum limit of \$6,000,000. Interest is calculated on the outstanding balance at a rate of prime per annum. As of December 31, 2023, the County had drawn and fully repaid \$8,183,731 (2022 - \$ 1,062,448) on the line of credit and other loans. The County also has access to a \$200,000 corporate credit card facility for operations.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2023	2022
Trade and other accounts payable	\$9,265,798	\$15,962,987
Holdback payable	4,008,143	4,025,154
Reclamation liability (gravel)	1,570,792	1,525,262
Accrued long-term debt interest	87,386	97,325
	<b>\$14,932,119</b>	<b>\$21,610,728</b>

**8. EMPLOYEE BENEFIT OBLIGATION**

	2023	2022
Retirement liability	\$4,246,048	\$3,576,630
Vacation & overtime	1,708,520	1,512,287
	<b>\$5,954,568</b>	<b>\$5,088,916</b>

The retirement liability is an estimate by a third-party actuary. It consists of two components, one for a retirement allowance and another for post-retirement benefits. Further details are as follows:

Qualifying employees with 15 years of continuous service who retire at or after the age of 55, have the opportunity to continue their coverage for extended health and dental benefits. Coverage ceases at the end of 70th year of life. Sturgeon County pays 80 percent of benefit costs, and the employee pays the remaining 20 percent. In addition, qualifying employees with a minimum 20 years of continuous service at or after the age of 55, receive a lump-sum retirement allowance payment based on years of service.

In order to measure the post-employment obligation, an actuarial valuation was completed to update the employee benefit liability estimate as of December 31, 2023. The valuation was conducted using membership data, benefit provisions and assumptions, comparative industry information and an effective discount rate. Key actuarial assumptions include estimating future costs of debt of 4.5% per year, inflation rates of 2.0% per year, salary escalation of 3% per year, health rates of 6.0% per year declining at 0.3% per year thereafter until reaching 4.0%, dental rates at 4% per year, future termination rate forecasts, future retirement rate forecasts, expected average remaining service life of 12 years for retirement benefits and 15 years for retirement allowance, and retirement benefit eligibility forecasts.

**9. DEPOSIT LIABILITIES**

Deposit liabilities are held based on the terms of the related transactions or agreements. The County has taken securities from developers in the form of cash, recorded as deposit liabilities, and letters of credit.



**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**10. ASSET RETIREMENT OBLIGATION**

	2023	2022
Balance, beginning of year	\$ -	\$ -
Liabilities incurred	181,893	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Accretion expense	2,603	-
	<b>\$184,496</b>	<b>\$ -</b>

Sturgeon County reports an Asset Retirement Obligation (ARO) with a book value of \$184,296, evaluated through a comprehensive assessment of county liabilities. This value encompasses various assets, including a lift, pump houses, buildings, a well, and land, each with remaining useful lifespans ranging from 1 to 99 years. In determining the ARO, an annualized inflation rate of 3% and a discount rate of 4.5% were applied, ensuring accurate estimation of future cash outflows for decommissioning and restoration.

**11. LONG TERM DEBT**

<b>Government of Alberta</b>	2023	2022
Non-tax supported debt		
Utility rate supported capital debt	\$1,333,550	\$1,404,492
Utility rate supported operating debt	315,201	371,794
Other debt (Note 4)	2,724,897	2,878,542
Developer supported capital debt	2,826,840	2,916,619
Total non-tax supported debt	7,200,488	7,571,447
Tax supported operating debt	2,432,392	2,667,357
Tax supported capital debt	29,433,460	17,351,646
	<b>\$39,066,340</b>	<b>\$27,590,450</b>

The required principal and interest repayments until maturity are as follows:

	Principal	Interest	Total
2024	\$3,832,480	1,347,074	\$5,179,554
2025	2,980,617	1,227,709	4,208,325
2026	2,661,976	1,129,922	3,791,898
2027	2,734,677	1,038,793	3,773,470
Thereafter	26,856,590	4,863,924	31,720,514
	<b>\$39,066,339</b>	<b>9,607,422</b>	<b>\$48,673,761</b>

The debentures bearing interest at rates ranging from 1.95% to 5.18% per annum, maturing between 2024 and 2038. Sturgeon County's total cash payments for interest in 2023 were \$1,110,484 (2022 - \$790,674). In 2023, the County entered into an interest rate swap at 5.18% with derivative instrument balance of \$1,042,403 (2022 - \$ -).

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**12. DEBT LIMITS**

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

	2023	2022
Total debt limit	<b>\$184,478,877</b>	\$161,385,096
Total debt	<b>(39,066,340)</b>	(27,590,450)
Amount of debt limit available	<b>\$145,412,537</b>	\$133,794,646

  

	2023	2022
Debt servicing limit	<b>\$30,746,480</b>	\$26,897,516
Debt servicing	<b>(5,179,553)</b>	(3,881,262)
Amount of debt servicing limit available	<b>\$25,566,927</b>	\$23,016,254

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times revenue as defined by the Statement of Operations and Accumulated Surplus. 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 alone does not represent the financial stability of Sturgeon County. Rather, the financial statements must be interpreted as a whole.

**13. DEFERRED REVENUE**

	2022	Contributions	Interest Earned	Contributions Recognized	2023
Tax prepayment agreements	\$10,526,581	\$ -	\$ -	\$(1,907,060)	<b>\$8,619,521</b>
Municipal Sustainability Initiative	3,958,387	438,770	64,290	(3,134,739)	<b>1,326,708</b>
Offsite levies	5,688,397	-	178,962	(3,259,636)	<b>2,607,723</b>
Other Government Transfers	5,217,676	2,213,671	-	(3,755,739)	<b>3,675,608</b>
Canada Community Building Fund	1,331,823	2,512,550	27,265	(3,307,648)	<b>563,990</b>
Other	1,321,615	829,249	-	(2,284)	<b>2,148,580</b>
Developer contributions	1,321,880	-	-	(2,363)	<b>1,319,517</b>
Investment fund	14,510	15,650	-	(4,347)	<b>25,813</b>
	<b>\$29,380,869</b>	<b>\$6,009,889</b>	<b>\$270,517</b>	<b>\$(15,373,816)</b>	<b>\$20,287,460</b>

Deferred revenue comprises the amounts noted above, the use of which, together with any earnings thereon, is externally restricted to eligible expenditures on operating or capital projects as approved by the governments. These funds are recognized as revenue in the period the stipulations are met.

In 2010, Sturgeon County expended the remainder of Fort Hills Energy Corporation's tax prepayment of \$12,700,000. Although the funds have been expended, there is a 10-year recognition period for this amount. The revenue recognized was \$789,460 (2022 - \$789,460).

On August 24, 2012, Sturgeon County entered into an agreement with North West Redwater Partnership (NWRP) for the prepayment of \$5,588,000 in property taxes. The prepayment was received by Sturgeon County on December 21, 2012. Sturgeon County may begin recognizing the revenue in 5 equal annual amounts of \$1,117,600 commencing June 30, 2021.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**14. TANGIBLE CAPITAL ASSETS**

	Engineering Structures	Road Network	Machinery & Equipment	Buildings	Vehicles	Land	Land Improvements	Work in Progress	2023
<b>COST</b>									
Balance, beginning of year	\$101,649,606	\$334,340,378	\$19,724,562	\$12,590,830	\$14,893,350	\$28,840,856	\$7,088,227	\$44,062,652	\$563,190,461
Additions during the year	(570,849)	3,023,206	89,633	115,423	13,718	69,566	(3,684)	35,511,442	38,248,455
Disposals during the year	-	-	(894,752)	-	(328,762)	-	-	-	(1,223,514)
Transfers	2,051,943	22,086,605	2,518,799	600,192	700,336	786,956	749,841	(29,494,672)	-
<b>END OF YEAR BALANCE</b>	<b>\$103,130,700</b>	<b>\$359,450,189</b>	<b>\$21,438,242</b>	<b>\$13,306,445</b>	<b>\$15,278,642</b>	<b>\$29,697,378</b>	<b>\$7,834,384</b>	<b>\$50,079,422</b>	<b>\$600,215,402</b>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	\$23,860,545	\$151,640,039	\$8,537,808	\$4,890,334	\$6,042,369	\$-	\$2,620,888	\$-	\$197,591,983
Amortization	1,673,253	9,734,504	1,071,813	433,913	789,962	-	388,837	-	14,092,282
Accumulated amortization on disposals	-	-	(526,746)	-	(269,664)	-	-	-	(796,410)
<b>END OF YEAR BALANCE</b>	<b>\$25,533,798</b>	<b>\$161,374,543</b>	<b>\$9,082,875</b>	<b>\$5,324,247</b>	<b>\$6,562,667</b>	<b>\$-</b>	<b>\$3,009,725</b>	<b>\$-</b>	<b>\$210,887,855</b>
<b>NET BOOK VALUE</b>	<b>\$77,596,902</b>	<b>\$198,075,646</b>	<b>\$12,355,367</b>	<b>\$7,982,198</b>	<b>\$8,715,975</b>	<b>\$29,697,378</b>	<b>\$4,824,659</b>	<b>\$50,079,422</b>	<b>\$389,327,547</b>

Non-cash contributed tangible capital assets for 2023 total \$2,148,130 (2022 - \$489,335) received from developers for subdivision roads, water supply line and wastewater collection line.). Work in Progress in the amount of \$50,079,422 (2022 - \$44,062,652) is not in service therefore has not been amortized.

During the year, tangible capital assets were acquired at an aggregate cost of \$38,248,455 (2022 - \$65,583,418), of which \$2,148,130 (2022 - \$489,335) was acquired as contributed assets, \$4,382,633 (2022 - \$10,005,754) remains in accounts payable at year end and \$80,000 (2022 - \$97,000) of a non-cash trade in of equipment. The remaining \$41,643,445 (2022 - \$59,548,550) was acquired by cash.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**14. TANGIBLE CAPITAL ASSETS CONTINUED**

	Engineering Structures	Road Network	Machinery & Equipment	Buildings	Vehicles	Land	Land Improvements	Work in Progress	2022
<b>COST</b>									
Balance, Beginning of year	\$98,321,687	\$307,941,968	\$17,658,092	\$12,511,770	\$12,281,187	\$28,743,002	\$7,071,727	\$15,515,795	<b>\$500,045,228</b>
Additions during the year	642,217	192,890	2,710,720	22,600	2,372,822	39,328	16,500	59,586,340	<b>65,583,417</b>
Disposals, during the year	(6,925)	(677,313)	(710,286)	-	(593,865)	(6,508)	-	(443,287)	<b>(2,438,184)</b>
Transfers	2,692,627	26,882,833	66,036	56,460	833,206	65,034	-	(30,596,196)	<b>-</b>
<b>END OF YEAR BALANCE</b>	<b>\$101,649,606</b>	<b>\$334,340,378</b>	<b>\$19,724,562</b>	<b>\$12,590,830</b>	<b>\$14,893,350</b>	<b>\$28,840,856</b>	<b>\$7,088,227</b>	<b>\$44,062,652</b>	<b>\$563,190,461</b>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	\$22,173,338	\$142,303,106	\$7,660,078	\$4,582,303	\$5,396,677	\$-	\$2,284,367	\$-	<b>\$184,399,869</b>
Amortization	1,694,132	9,607,632	1,231,410	308,031	970,545	-	336,521	-	<b>14,148,271</b>
Accumulated amortization disposals	(6,925)	(270,699)	(353,680)	-	(324,853)	-	-	-	<b>(956,157)</b>
<b>END OF YEAR BALANCE</b>	<b>\$23,860,545</b>	<b>\$151,640,039</b>	<b>\$8,537,808</b>	<b>\$4,890,334</b>	<b>\$6,042,369</b>	<b>\$-</b>	<b>\$2,620,888</b>	<b>\$-</b>	<b>\$197,591,983</b>
<b>NET BOOK VALUE</b>	<b>\$77,789,061</b>	<b>\$182,700,339</b>	<b>\$11,186,754</b>	<b>\$7,700,496</b>	<b>\$8,850,981</b>	<b>\$28,840,856</b>	<b>\$4,467,339</b>	<b>\$44,062,652</b>	<b>\$365,598,478</b>

Non-cash contributed tangible capital assets for 2022 total \$489,335 (2021-\$3,409,388) received from developers for subdivision roads, water supply line and wastewater collection line. Work in Progress in the amount \$44,062,652 (2021-\$15,515,795) is not in service therefore has not been amortized.

During the year, tangible capital assets were acquired at an aggregate cost of \$65,583,418 (2021-\$37,556,536) of which \$489,335 (2021-\$3,409,388) was acquired as contributed assets, \$10,005,754 (2021-\$4,557,221) remains in accounts payable at year end and \$97,000 (2021-\$26,500) of a non-cash trade in of equipment. The remaining \$59,548,550 (2021-\$29,563,427) was acquired by cash.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**15. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2023	2022
Capital assets (cost) (Note 14)	\$600,215,402	\$563,190,461
Accumulated amortization (Note 14)	(210,887,859)	(197,591,983)
Asset retirement obligation (Note 10)	(184,496)	-
Long-term capital debt utilized (Note 11)	(33,593,850)	(21,672,757)
	<b>\$355,549,197</b>	<b>\$343,925,721</b>

**16. ACCUMULATED OPERATING SURPLUS**

	2023	2022
Unrestricted deficit	<b>\$(2,171,886)</b>	<b>\$(13,851,524)</b>
Internally designated		
Tax stabilization	\$29,802,785	\$21,973,108
Lifecycle & growth	53,753,772	48,869,079
Special purpose	15,289,364	15,043,182
Contingency	4,500,000	1,243,000
Offsite Levies (Note 17)	(16,984,687)	(15,638,727)
Total reserves	<b>\$86,361,234</b>	<b>\$71,489,642</b>
Equity in tangible capital assets (Note 15)	<b>\$355,549,201</b>	<b>\$343,925,721</b>
Accumulated remeasurement gains (losses)	(774,245)	-
Accumulated Surplus	<b>\$440,512,794</b>	<b>\$401,563,839</b>

The unrestricted deficit includes budgeted capital expenditures of \$1,097,304 (2022 - \$8,600,829) incurred in advance of borrowing the corresponding external debt financing as well as \$8,619,521 (2022 - \$10,526,581) tax prepayment funds applied to capital in advance of revenue recognition.

**17. OFFSITE LEVIES**

	2023	2022
Transportation	<b>\$(3,615,463)</b>	<b>\$(2,596,184)</b>
Water	<b>(9,228,436)</b>	<b>(8,917,109)</b>
Sanitary sewer	<b>(4,140,789)</b>	<b>(4,125,434)</b>
	<b>\$(16,984,687)</b>	<b>\$(15,638,727)</b>

Sturgeon County paid for certain infrastructure projects on behalf of developers and financed this development with a combination of long-term debt and reserves in order to advance the construction of these projects. The front-ended offsite levy reserves represent the developer deficits that are expected to be repaid to the County with proceeds from future developer levies.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**18. NET MUNICIPAL TAXES**

	Budget (Note 24)	2023	2022
<b>Taxation</b>			
Real property taxes	\$106,539,030	<b>\$99,303,537</b>	\$90,184,617
Linear property taxes	-	<b>11,591,229</b>	9,911,531
Government grants in place of property taxes	4,412,082	<b>4,804,686</b>	4,412,082
	<b>\$110,951,112</b>	<b>\$115,699,452</b>	\$104,508,230
<b>Requisitions</b>			
Alberta School Foundation Fund	\$21,033,930	<b>\$17,736,966</b>	\$17,866,686
Homeland Housing	969,750	<b>971,078</b>	926,756
Greater St. Albert CSSD	(95,037)	<b>877,535</b>	877,535
Elk Island CSSD	287,857	<b>194,339</b>	194,339
Designated Industrial Property	405,031	<b>401,355</b>	380,148
	<b>\$22,601,531</b>	<b>\$20,181,273</b>	\$20,245,464
Net municipal property taxes	<b>\$88,349,581</b>	<b>\$95,518,179</b>	\$84,262,766

**19. GOVERNMENT TRANSFERS**

	Budget (Note 24)	2023	2022
<b>For operations</b>			
Provincial transfers	\$1,470,554	<b>\$2,256,435</b>	\$1,529,795
Federal transfers	-	<b>22,200</b>	11,250
	<b>\$1,470,554</b>	<b>\$2,278,635</b>	\$1,541,045
<b>For tangible capital assets</b>			
Provincial transfers	\$6,147,829	<b>\$3,144,165</b>	\$8,259,760
Federal transfers	4,170,000	<b>3,345,566</b>	2,296,294
	<b>\$10,317,829</b>	<b>\$6,489,731</b>	\$10,556,054
Total government grants	<b>\$11,788,383</b>	<b>\$8,768,366</b>	\$12,097,099

**20. SALARY AND BENEFITS**

Disclosure of salaries and benefits for elected Sturgeon County officials and the chief administrative officer as required by Alberta Regulations 313/2000 is as follows:

	Salary <sup>1</sup>	Honoraria <sup>2</sup>	Benefits <sup>3</sup>	2023	2022
Mayor	\$114,837	14,300	17,125	<b>\$146,262</b>	\$142,789
Councillor Division 1	\$86,389	8,840	6,302	<b>\$101,531</b>	\$98,975
Councillor Division 2	\$83,801	9,230	14,339	<b>\$107,370</b>	\$105,877
Councillor Division 3	\$82,983	7,100	10,286	<b>\$100,369</b>	\$98,124
Councillor Division 4	\$82,983	6,500	14,869	<b>\$104,352</b>	\$107,179
Councillor Division 5	\$83,820	10,270	10,852	<b>\$104,942</b>	\$98,081
Councillor Division 6	\$82,983	5,590	15,089	<b>\$103,662</b>	\$103,676
Chief Administrative Officer (CAO)	\$308,495	-	39,155	<b>\$347,650</b>	\$337,415
Designated Officers <sup>4</sup>	\$1,576,867	-	319,395	<b>\$1,896,262</b>	\$1,714,212

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**20. SALARY AND BENEFITS CONTINUED**

<sup>1</sup>Salary includes regular base pay, and Deputy Mayor allowance. In addition to attending Regular Council Meetings during normal business hours, Council Members also attend Public Hearings and serve on 6-13 internal Committees/Boards and 207 external Committees/Boards and for community functions which they do not receive additional remuneration.

<sup>2</sup>Council honoraria is based on \$260 per day for attendance at conferences or conventions. Attendance at conferences and conventions typically requires travel away from home for extended periods of time.

<sup>3</sup>Employer's share of employee benefits and contributions or payments made on behalf of employees including pensions, extended health care, dental coverage, group life insurance, accident death and dismemberment insurance, Employee Assistance Program, and long disability plans.

<sup>4</sup>Designated Officers include Appointment of Municipal Assessor, Bylaw Enforcement Officers (Peace Officers and Animal Control), Clerk of the Subdivision and Development Appeal Board, and Clerk of the Assessment Review Board. Total of 14 positions

**21. LOCAL AUTHORITIES PENSION PLAN**

Employees of Sturgeon County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves 291,259 members and about 437 employers. It is financed by employers, employees' contributions, and investment earnings of the LAPP Fund.

Sturgeon County is required to make current service contributions to the Plan of 8.45% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan (CPP) and 12.23% for the excess. Enrolled County employees are required to make current service contributions of 7.45% of pensionable earnings up to the year's YMPE and 11.23% on pensionable earnings above this amount.

Total contributions by Sturgeon County to the LAPP in 2023 were \$2,157,970 (2022 - \$1,972,928). Total contributions by the employees of Sturgeon County to the LAPP in 2023 were \$1,912,833 (2022 - \$1,769,200).

On December 31, 2022, the Local Authorities Plan disclosed an actuarial surplus of approximately \$ 12.7 billion (2021 - \$11.9 billion).

**22. TRUST FUNDS**

A summary of trust funds held by Sturgeon County is as follows:

	2023	2022
Tax sale surplus	\$531,482	\$505,904
Dale MacMillan Memorial Scholarship Fund	104,396	106,218
	<b>\$635,878</b>	<b>612,122</b>

Trust funds administered by Sturgeon County have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**23. FINANCIAL INSTRUMENTS**

Sturgeon County's financial instruments consist of cash and short-term investments, accounts receivable, loans receivable, investments, accounts payable and accrued liabilities, and long-term debt. Sturgeon County may be exposed to interest or currency risks arising from these financial instruments.

Sturgeon County is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to whom Sturgeon County provides services may experience difficulty and be unable to fulfill their obligations.

Sturgeon County is subject to revenue concentration risk as municipal taxes from five ratepayers represent 51.6% (2022 – 42.4%) of the County's total revenue.

**24. BUDGET FIGURES**

	Budget	2023	2022
Annual Surplus	\$31,140,481	<b>\$38,948,955</b>	\$34,806,517
Reserve transfers (net operating & capital)	10,378,187	<b>(11,774,312)</b>	3,808,163
Proceeds on disposal of tangible capital assets	706,500	<b>563,519</b>	450,019
Loss on disposal of tangible capital assets	-	<b>(136,414)</b>	1,032,008
Capital additions	(60,762,221)	<b>(38,248,455)</b>	(65,583,417)
Capital debt impact	6,329,908	<b>2,387,972</b>	16,342,035
Amortization	12,207,145	<b>14,092,281</b>	14,148,271
<b>Operating Surplus Total</b>	<b>\$ -</b>	<b>\$5,833,546</b>	\$5,003,595

The budget data presented above is based on the 2023 operating and capital budgets as approved by the Sturgeon County Council on December 13, 2022. Amortization and gain/loss of disposed tangible capital assets were not contemplated to be funded in the development of the budget and have not been included. Capital additions in 2023 were authorized by the Council in the 2023 and prior periods budgets.

The unrestricted deficit includes budgeted capital expenditures of \$1,097,304 incurred in advance of borrowing the corresponding external debt financing as well as \$8,619,521 (2022 - \$10,526,581) tax prepayment funds applied to capital in advance of revenue recognition. These items are offset by the 2023 operating surplus of \$5,833,546, prior to allocation by way of Council's approval.

**25. CONTINGENT LIABILITIES**

In the normal course of business there may be pending claims by and against the County. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of the administration, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the County's financial position or results of its operations.

Through the Federation of Alberta Gas Co-ops Ltd., the County is also a member of the Fedgas Insurance Reciprocal Exchange ("FIRE") and Genesis Reciprocal Insurance Exchange ("GENESIS"). Under those terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by FIRE or GENESIS. Any liability incurred would be accounted for as a current transaction in the years the losses are determined.

**26. COMPARATIVE INFORMATION**

Certain comparative values have been reclassified to conform with the current year's financial statement presentation.



**Sturgeon County**  
**Notes to the Financial Statements**  
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**27. SEGMENTED INFORMATION**

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the financial statements. The segmented information note excludes capital revenues. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**Infrastructure Services**

Plans and prioritizes services that enhance the quality of life for residents and businesses. This includes the construction and maintenance of the County's roadways, rights of ways, trail systems and maintenance of drainage systems which incorporates bridge infrastructure and all aspects of stormwater and drainage management. The division also manages the operation and planning of water treatment, distribution systems, sanitary collection, and treatment lines of wastewater, along with solid waste planning, permitting and landfill liaison services. Rural programming is undertaken in addition to weed control, roadside mowing, municipal reserve maintenance, problem wildlife management and horticultural services. The division manages all fixed and mobile assets including acquisition, maintenance, and disposal.

**Community Services**

Focused on creating a healthy safe community with welcoming open spaces that celebrate culture, social inclusion as well as ensuring effective emergency and enforcement services.

**Development and Strategic Services**

Pioneers' economic opportunity to attract, retain, and grow sustainable business investment. The division also recommends and implements land use plans and regulations that facilitate the safe and orderly development of a community reflective of Sturgeon County's vision. These priorities are underpinned by the division's support for the County's ongoing strategic direction, external relationships, major corporate initiatives, and overall competitive positioning.

**Corporate Services**

Primarily an internal client service division and is composed of the following departments: Human Resources, Corporate Communications, Information Services, and Legislative Services.

**Financial Services**

Supports both internal and external clients and is composed of the following departments: Corporate Finance and Treasury, Assessment Services, and Procurement Services.

**Council**

Comprised of six divisions, with one Councillor representing each division. The Mayor is elected at-large, meaning that the Mayor is elected directly by Sturgeon County residents. Bylaw 1472/20, Council's Code of Conduct, has been established to provide standards for Council relative to their roles and obligations as municipal representatives.

**General Administration**

Represents the Chief Administration's Office, corporate revenue, and expenses that do not fall within a specific department at the County. The Chief Administration's Office, through the Chief Administrative Officer, leads the development, implementation, and administration of all policies and programs established and approved by Council; guides and advises Council on legislation and municipal operations; and provides information to support Council in making informed decisions. In addition, corporate revenue and expense that are not specific departments within Sturgeon County.

**Utility Services**

Offers a variety of water and sewer services to residents and businesses in the County. This includes the management of bulk water stations, piped stormwater conveyance systems, municipal potable water and sanitary sewer system and connections.

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**27. SEGMENTED INFORMATION CONTINUED**

	Infrastructure Services	Community Services	Development & Strategic Services	Corporate Services	Financial Services	Council	General Admin	Total Municipal Operations	Utility Services	2023 Total	2023 Budget
<b>REVENUE</b>											
Net municipal taxes	51,385,565	16,441,240	7,986,614	9,555,623	4,990,629	1,591,250	3,567,258	95,518,179	-	95,518,179	88,349,581
Sales and user charges	461,864	330,965	722,711	37,728	98,537	-	1,200	1,653,005	11,513,785	13,166,790	12,394,419
Investment Income	-	-	20,845	-	-	-	3,892,819	3,913,664	(2,003)	3,911,661	888,000
Special levies and tax prepayments	-	-	-	-	-	-	1,748,422	1,748,422	-	1,748,422	1,524,714
Government transfers	1,218,249	515,986	79,755	6,922	17,806	-	438,770	2,277,488	1,147	2,278,635	1,470,554
Other revenue	112,446	545,826	46,927	149,176	50,364	-	3,757	908,496	13,550	922,046	639,080
Penalties on taxes and service charges	22,443	149,218	10,178	-	-	-	802,329	984,168	19,387	1,003,555	644,619
Inter-municipal agreements	-	289,167	-	-	-	-	-	289,167	-	289,167	247,596
	\$53,200,567	\$18,272,402	\$8,867,030	\$9,749,449	\$5,157,336	\$1,591,250	\$10,454,555	\$107,292,589	\$11,545,866	\$118,838,455	\$106,158,563
<b>EXPENSES</b>											
Salaries, wages and benefits	11,788,031	5,894,155	4,739,122	4,978,897	4,021,401	895,398	1,271,941	33,588,945	1,755,561	35,344,506	33,717,968
Contracted and general services	9,365,394	3,052,637	1,738,793	1,959,188	649,217	110,796	2,542,239	19,418,264	860,796	20,279,060	20,270,454
Materials, goods and utilities	7,147,402	1,096,332	42,516	386,553	30,522	-	46,995	8,750,320	5,936,383	14,686,703	16,319,156
Amortization	11,367,361	1,046,776	-	-	3,527	-	157,723	12,575,387	1,516,895	14,092,282	12,207,145
Accretion	753	1,681	-	-	-	-	-	2,434	168	2,602	-
Grants	461,399	5,152,198	45,253	30,400	-	-	155,396	5,844,646	-	5,844,646	3,727,452
Purchases from other governments	46,804	553,426	13,438	-	-	1,202	7,562	622,432	430,875	1,053,307	-
Interest on long term debt	731,742	-	-	-	-	-	2,692	734,434	105,355	839,789	1,243,617
Loss (gain) on disposal of tangible capital assets	(124,421)	638	-	-	-	-	-	(123,783)	(12,630)	(136,413)	-
Provision for allowances	-	-	-	224,670	-	-	431,036	655,706	12,635	668,341	743,030
Internal Allocations	933	1,244	-	(53,680)	(155,320)	-	-	(206,823)	206,823	-	-
	\$40,785,398	\$16,799,087	\$6,579,122	\$7,526,028	\$4,549,347	\$1,007,396	\$4,615,585	\$81,861,963	\$10,812,861	\$92,674,824	\$88,228,822
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$12,415,169</b>	<b>\$1,473,315</b>	<b>\$2,287,908</b>	<b>\$2,223,421</b>	<b>\$607,989</b>	<b>\$583,854</b>	<b>\$5,838,970</b>	<b>\$25,430,626</b>	<b>\$733,005</b>	<b>\$26,163,631</b>	<b>\$17,929,741</b>

**Sturgeon County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**27. SEGMENTED INFORMATION CONTINUED**

	Infrastructure Services	Community Services	Development & Strategic Services	Corporate Services	Financial Services	Council	General Admin	Total Municipal Operations	Utility Services	2022 Total	2022 Budget
<b>REVENUE</b>											
Net municipal taxes	47,224,078	13,254,464	6,597,683	7,777,422	4,459,157	1,465,217	3,484,745	<b>84,262,766</b>	-	<b>84,262,766</b>	85,828,138
Sales and user charges	632,599	335,641	736,809	3,998	43,893	-	340,010	<b>2,092,950</b>	11,229,062	<b>13,322,012</b>	11,857,083
Investment Income	-	-	8,634	-	49,284	-	2,321,928	<b>2,379,846</b>	3,603	<b>2,383,449</b>	720,200
Special levies and tax prepayments	-	-	-	-	-	-	2,059,576	<b>2,059,576</b>	-	<b>2,059,576</b>	1,524,714
Government transfers	811,615	487,361	27,354	4,499	65,831	-	144,385	<b>1,541,045</b>	-	<b>1,541,045</b>	1,196,998
Other revenue	244,366	723,405	51,038	131,262	30,462	-	372,967	<b>1,553,500</b>	18,069	<b>1,571,569</b>	381,830
Penalties on taxes and service charges	20,008	175,031	19,911	-	-	-	709,233	<b>924,183</b>	21,448	<b>945,631</b>	644,619
Inter-municipal agreements	-	271,676	-	-	-	-	600,000	<b>871,676</b>	-	<b>871,676</b>	928,566
	<b>\$48,932,666</b>	<b>\$15,247,578</b>	<b>\$7,441,429</b>	<b>\$7,917,181</b>	<b>\$4,648,627</b>	<b>\$1,465,217</b>	<b>\$10,032,844</b>	<b>\$95,685,542</b>	<b>\$11,272,182</b>	<b>\$106,957,724</b>	<b>\$103,082,148</b>
<b>EXPENSES</b>											
Salaries, wages and benefits	11,024,303	4,465,466	3,682,620	4,223,953	3,423,001	872,885	964,897	<b>28,657,125</b>	1,634,881	<b>30,292,006</b>	31,186,872
Contracted and general services	7,538,930	2,364,529	1,553,704	1,696,860	448,014	120,686	2,608,229	<b>16,330,952</b>	922,621	<b>17,253,573</b>	21,761,470
Materials, goods and utilities	8,141,701	602,461	17,264	482,202	18,897	-	198,915	<b>9,461,440</b>	5,669,206	<b>15,130,646</b>	15,667,012
Amortization	11,527,600	938,120	-	-	8,259	-	163,556	<b>12,637,535</b>	1,510,736	<b>14,148,271</b>	11,737,640
Grants	134,240	3,256,951	10,253	-	-	-	143,354	<b>3,544,798</b>	-	<b>3,544,798</b>	3,560,858
Purchases from other governments	402,558	370,996	2,529	278	3,510	3,785	7,003	<b>790,659</b>	507,785	<b>1,298,444</b>	-
Interest on long term debt	462,234	-	-	-	-	-	205,082	<b>667,316</b>	111,275	<b>778,591</b>	698,796
Loss (gain) on disposal of tangible capital assets	582,284	878	-	-	2,597	-	216,905	<b>802,664</b>	229,344	<b>1,032,008</b>	-
Provision for allowances	-	-	-	-	-	-	348,144	<b>348,144</b>	2,455	<b>350,599</b>	416,100
Internal Allocations	(66,675)	21,753	-	(53,680)	(155,320)	-	-	<b>(253,922)</b>	253,922	-	-
	<b>\$39,747,175</b>	<b>\$12,021,154</b>	<b>\$5,266,370</b>	<b>\$6,349,613</b>	<b>\$3,748,958</b>	<b>\$997,356</b>	<b>\$4,856,085</b>	<b>\$72,986,711</b>	<b>\$10,842,225</b>	<b>\$83,828,936</b>	<b>\$85,028,748</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$9,185,491</b>	<b>\$3,226,424</b>	<b>\$2,175,059</b>	<b>\$1,567,568</b>	<b>\$899,669</b>	<b>\$467,861</b>	<b>\$5,176,759</b>	<b>\$22,698,831</b>	<b>\$429,957</b>	<b>\$23,128,788</b>	<b>\$18,053,400</b>