



2022 Annual

REPORT

INSIDE

A Message from the Reeve	4
2022 Council	5
Our Organization	6
The Saddle Hills Advantage	8
Boards and Committees	10
2022 Department Highlights	
Water	11
Operations	12
Rural Development	15
Protective Services	17
Planning & Development	19
Where does your money go?	20
Grant Programs	21
Financial Statements	22



A MESSAGE FROM THE REEVE

2022 was an exciting and prosperous year for Saddle Hills County. We continue to be focused on providing the highest levels of service, and the maintenance and growth of community infrastructure, that will last well into the future. Our road network has continued to be a top priority and staff have worked diligently to ensure that all roads are well-maintained and repaired.

A highlight of the year was the announcement in July, of the Water for Life grant funding, for the design of the Central Peace Regional Water Treatment Plant. The funding covers up to 90% of the costs of the \$2.2 million project. The balance will be funded by Saddle Hills County and our partner G5 Group municipalities of Birch Hill County, the MD of Spirit River, the Town of Spirit River, and the Village of Rycroft. The Central Peace Regional Water Treatment Plant, located between Rycroft and Spirit River, will receive raw water from the Peace River. We hope that one day, this state-of-the-art facility will provide treated water to all of the municipalities involved and be a huge driver for economic growth in the area.

2022 saw Council remove the \$10,000 rural potable water connection fee for hooking-up to the County's potable water system and the reimbursement of all customers who had already paid this fee. We hope, through this decision, to be able to provide residents of Saddle Hills County access to potable water, regardless of their financial situation. Council is excited to be connecting residents to our rural water system through our water treatment plants in Bonanza, Ksituan, Savanna, and Woking, and remain committed to providing all residents with safe, potable water.

The Savanna Splash Park was opened in August, 2022 and families from throughout the Peace were able to enjoy fun-filled days through the end of summer and early fall. We look forward to seeing the facility enjoyed by residents for many years to come.

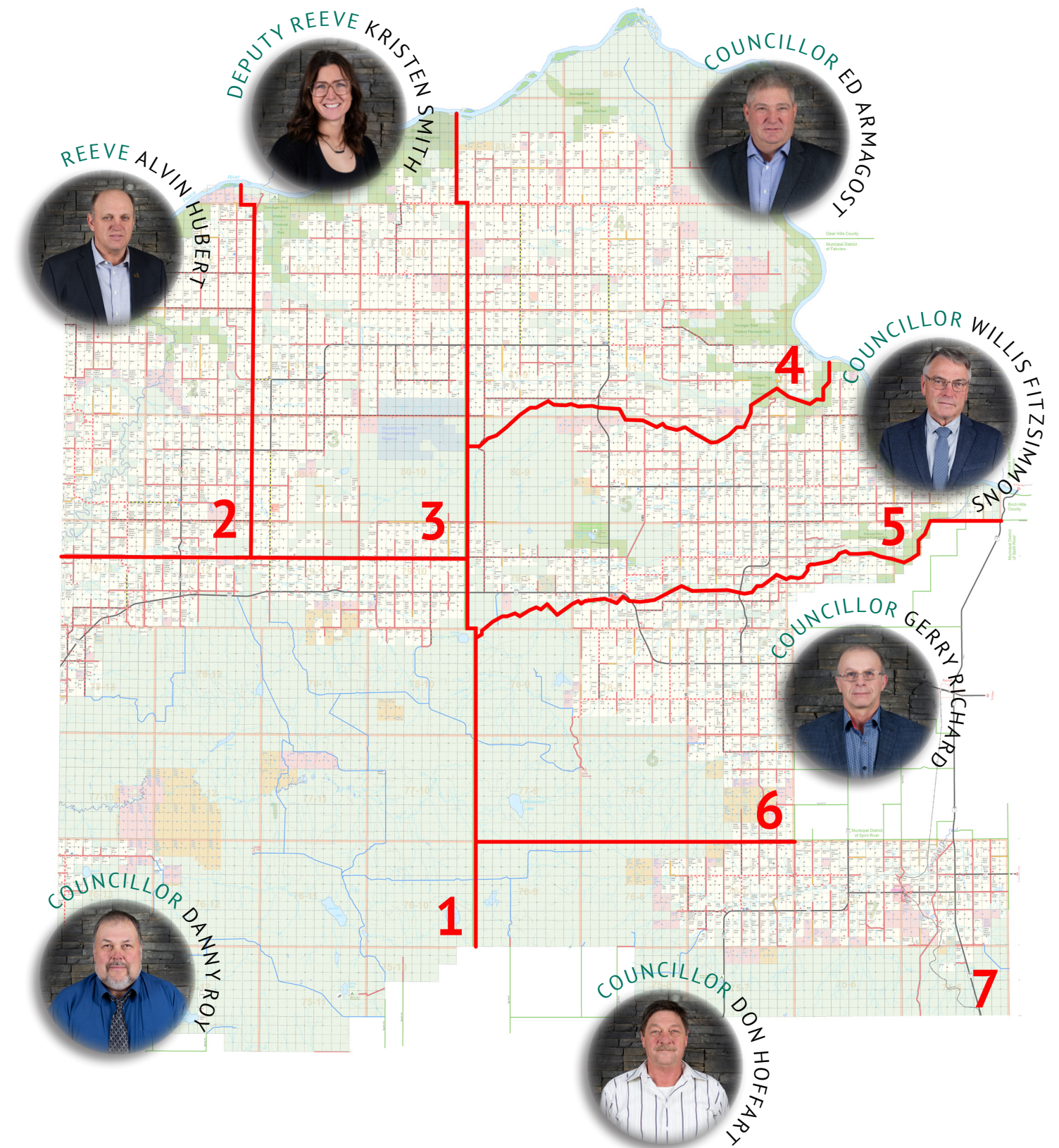
We held a series of Community BBQs during the summer months, allowing myself and my fellow Councillors to connect with residents throughout the County, and discuss issues important to them. It has been a pleasure to see the amount of community events resume in the County in the past year, and we hope to continue to hold and attend more community gatherings like this throughout 2023.

We were able to, once again, meet with many of our amazing volunteers, including our first responders, at the Volunteer Appreciation BBQ in the Summer. Our volunteers are an asset to our community and we are grateful for all the hard work they put in, year after year.

We accomplished a great deal this year and look forward to continuing to build a prosperous future for all in Saddle Hills County.



REEVE



2022 COUNCIL

OUR ORGANIZATION

Saddle Hills County is committed to being a transparent and accountable government. We commit to perform our duties diligently while working towards the best outcome for our ratepayers. We will continue providing regular updates by reporting to our ratepayers through the Saddle Hills County Annual Report and the County Living Newsletter.

SADDLE HILLS COUNTY DEPARTMENTAL RESPONSIBILITIES

Agricultural Services

Agriculture, Veterinary Services, Roadside Maintenance, Facilities Maintenance (Grounds), Weed & Pest Control

Communications & Inter-municipal Relationships

Communications & Social Media, Website, Annual Report, Public Consultation, Inter-municipal Communications, Promotional Materials

Corporate Services

Finance, Budget, Insurance/Asset Management, Human Resources, Grants, Assessment, Project Development, Records Management

Legislative Services

Council & CAO Support, Legislative Services, SDAB & ARB Clerk, FOIP, Policies & Bylaws, Local Government Elections

Information Technology

Information Technology, Utility Communications Network

Operations

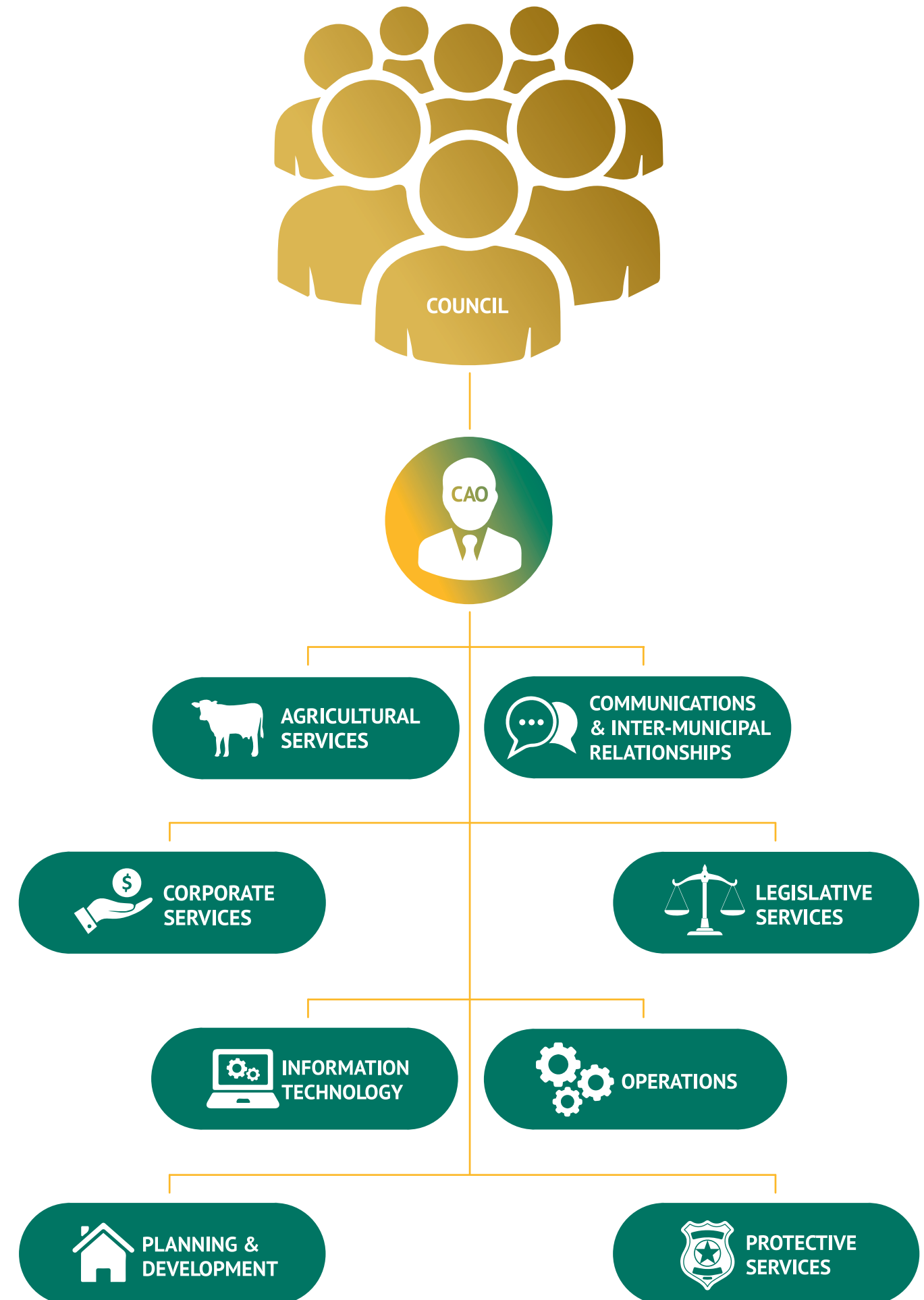
Roads & Bridges, Aggregate, Fleet Management, Water Treatment Plants, Rural Water, Wastewater, Solid Waste, GIS, Project Development

Planning & Development

Development Permits, Subdivision Applications, Rezoning Applications, Road Lease, Licensing and Sale Applications, Rural Addressing, Land Use Bylaw Compliance & Enforcement

Protective Services

Fire Services, Enforcement, Facilities Maintenance (excluding Grounds), Regional Emergency Management, Campgrounds, Safety

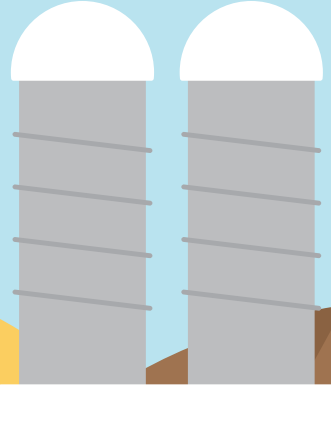
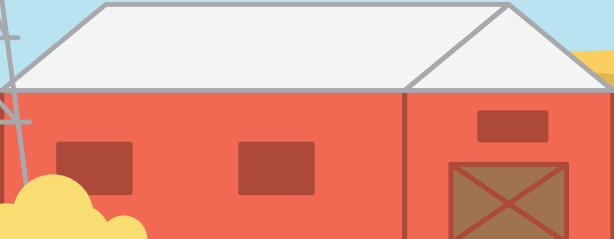
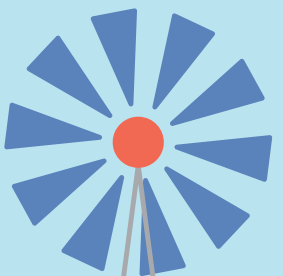


WHY CHOOSE SADDLE HILLS COUNTY?

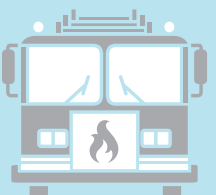


PEOPLE

42,445 POPULATION
30,772 WORKFORCE

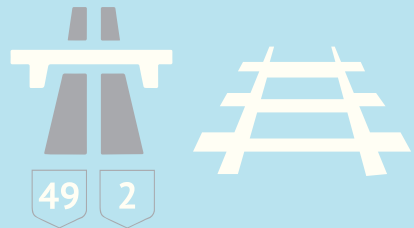


AIR
32KM SPIRIT RIVER
67KM DAWSON CREEK
110 KM GRANDE PRAIRIE
141KM FORT ST JOHN



EMERGENCY SERVICES

5 VOLUNTEER FIRE DEPARTMENTS
STARS MAJOR CONTRIBUTOR



ROADS & RAIL

HIGHWAY 2 (RAIL ADJACENT)
HIGHWAY 49
CONNECTIONS TO EDMONTON,
VANCOUVER & PRINCE RUPERT



AGRICULTURAL ADVANTAGE

381 FARMS
535,279 ACRES OF FARMLAND
29,141 METRIC TONNES OF PEAS



RURAL POTABLE WATER INITIATIVE

150 HOUSEHOLDS AND BUSINESSES
320KM OF PIPELINE

CENTRAL PEACE REGIONAL WATER PROJECT

PHASES 1 & 2



Junction of HWY 49 & HWY 725
RR1, Spirit River, AB T0H 3G0
Cary Merritt, CAO: 780.864.3760

@saddlehillscounty
 @saddlehillscounty

@saddlehillsab
 www.saddlehills.ab.ca



Boards and committees are created to deal with specific issues in the community. They learn about current problems, develop solutions, and make recommendations to Council. Most of our committees are made up of at least one Councillor and several knowledgeable residents of the County. Public involvement in the issues facing the County is an important part of Council’s governance model and helps us to build and maintain a strong and healthy community. For a full description of each committees responsibilities please visit our website.

INTERNAL

- Agricultural Appeal Committee
- Agricultural Service Board
- Audit Committee
- Central Peace Assessment Review Board
- Central Peace Medical Services Corporation
- Central Peace Regional Emergency Management Committee (CP-REM)
- Central Peace Regional Water System Collaboration Committee
- Central Peace Regional Waste Management Commission
- Grande Spirit Foundation
- Industry Liason Committee
- Intermunicipal Collaboration and Planning Committee (ICPC)
- Intermunicipal (G5) Economic Development Advisory Committee (IEDAC)
- Municipal Planning Commission
- Peace Library System Board
- Saddle Hills County Municipal Library Board
- Strategic Planning Committee
- Subdivision and Development Appeal Board

EXTERNAL

- CANFOR Grande Prairie Forest Management Advisory Committee (FMAC)
- Central Peace Attraction and Retention Committee
- Environmental Advisory Committee to International Paper
- Grande Prairie Regional Tourism Association
- Mighty Peace Watershed Alliance
- Northern Alberta Elected Leaders
- Northern Alberta Mayors and Reeves Committee
- Northwest Species at Risk Committee
- Peace Aid Shed Zone Association
- Peace Region Economic Development Alliance, Northwest Transportation Advisory Bureau
- Peace Valley Conservation Recreation and Tourism Society
- Seniors Housing Committee
- South Peace Regional Archives
- Veterinarian Service Incorporated (V.S.I) Service (1980) Ltd.
- Water North Coalition

2022 saw continued growth for Saddle Hills County’s Rural Water Initiative. The Alberta Ministry of Transportation announced on July 20, 2022, the approval of the Water for Life grant application for the design of the Central Peace Regional Water Treatment Plant. The funding covers up to 90 percent of the costs of the project; two million dollars of the \$2,222,222 needed. Saddle Hills County applied for the grant on behalf of the Central Peace G5 Group of municipalities. The G5 Group includes Birch Hill County, the MD of Spirit River, Saddle Hills County, the Town of Spirit River, and the Village of Rycroft.

The Central Peace Regional Water Treatment Plant is the next phase of the Central Peace Regional Water Supply project. The current phase in progress is a new water supply intake and lift station from the Peace River, by the Dunvegan Bridge, as well as approximately 36 km of new raw water pipeline to the Spirit River and Rycroft reservoirs. This \$40 million project is funded in part by the Government of Canada, the Government of Alberta and Saddle Hills County.

An Open House was held for the Central Peace Regional Water Supply Project on Thursday, August 18, 2022, at the Spirit River Centennial Hall, with representatives from MPE Engineering providing information on the project and answering attendee’s questions about the project.



In February, 2022 Council announced their decision to remove the \$10,000 rural potable water connection fee for hooking up to the County’s potable water system and reimburse all customers who have paid, or are paying, the fee. Reeve Alvin Hubert said, “Council would like to see all residents have access to safe, potable water regardless of their financial situation. We hope this decision will also help contribute to economic growth in the County.”

As of the end of 2022, 150 residences and businesses have a rural water hook-up, and 100 are receiving water to their property, 93 in Bonanza and 7 in Ksituan. Easements were obtained for properties which will allow the County to install more miles of pipeline. Residents should apply for a rural water hook-up in order to help the County determine interest, and the most beneficial and cost-effective way to proceed as we continue to build our rural potable water system.

You can fill out a Rural Potable Water Servicing Agreement on the County website or by calling Manager of Environmental Services, Darren Lubeck, at **(780) 864-3760**.

The Operations Department had a successful year, using the dry season as an opportunity to complete many maintenance projects within the County, as there were few hold-ups due to weather. Crushed gravel was applied to 600km of road, approximately a third of the municipality.

FOURTH CREEK GRAVEL PIT

In 2022, 300,000 tonnes of gravel was crushed at the Fourth Creek gravel pit, to replenish the stockpiles used over the last two seasons, and, after several years of negotiations, an abandoned pipeline was able to be removed from the pit, providing access to 300,000m³ of pit run for future crushing. Upgrades were completed this year on the east-west access into the pit, by constructing 3.2km of road on Twp. Rd. 822, between Rge. Rd. 71 and 73, at considerable savings.

INFRASTRUCTURE REPAIRS

The County continues to undertake infrastructure repairs related to the flooding of 2018 and 2020. When a major culvert is repaired there is a significant number of reviews required to meet all of the environmental and consultation requirements, resulting in considerable advance planning. Construction was completed in October 2022, on two Bridge Files damaged in the flooding. Bridge File 72464, in Willowvale, was contracted out for replacement in 2021, at a cost of \$2,125,371 to supply and install a 5.23m x 90m culvert, and Bridge File 71648, a 3m x 40m culvert, was constructed in Gundy, at a cost of \$449,631. Other significant slide repairs were made using day labour equipment to construct retaining walls, pipe pile walls, and bin walls at the toe of the slide, to prevent further slides from happening in the future.



The County has 178 bridges that are monitored by the Alberta Transportation Bridge Information and Maintenance System. These bridges undergo scheduled inspections to identify their condition, and plan for maintenance and replacement. Maintenance costs are the responsibility of the County, until such time that provincial grant funding should be made available. A temporary bridge was installed on Twp. Rd. 830, east of Rge. Rd. 84, as the previous bridge was failing, until such time as a replacement bridge is approved and installed.

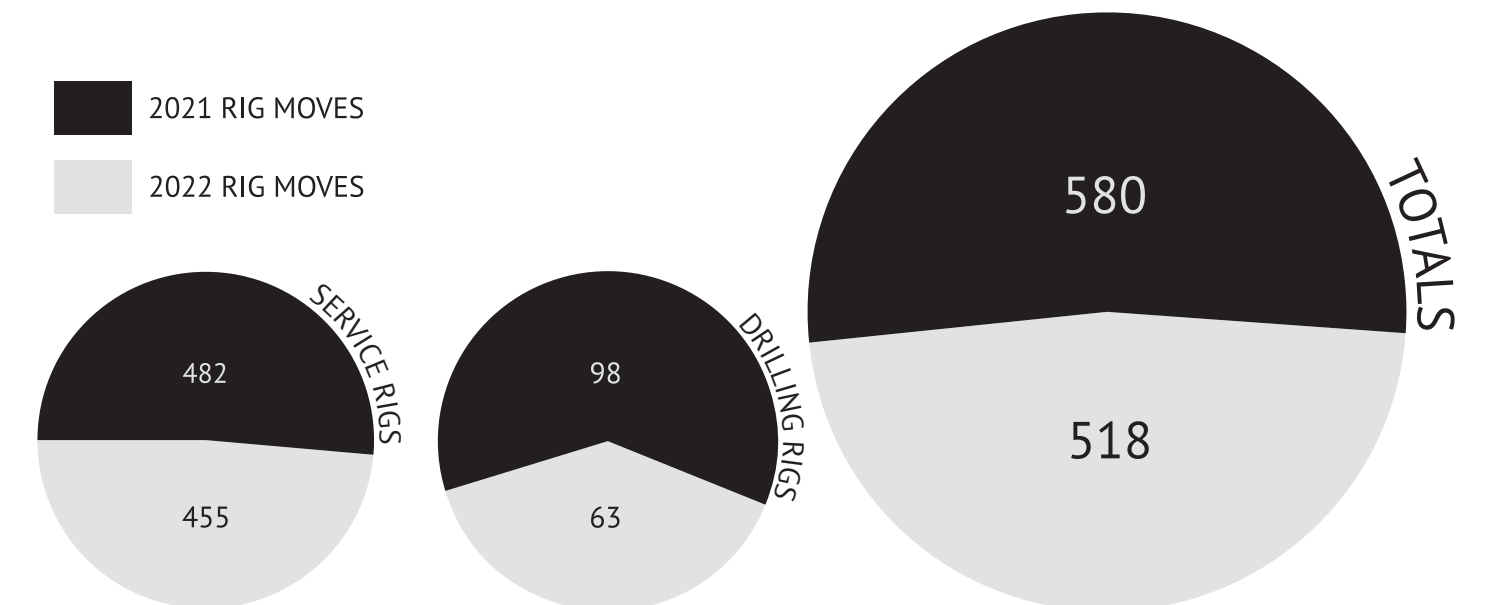
Road construction was completed on Rge. Rd. 73, with 5km being built between Twp. Rd. 775 and Twp. Rd. 782, using day labour equipment and with funding contribution from Tourmaline Oil Corp. Twp. Rd. 811 also saw 4.6km of road construction, west of Hwy. 725, under a tendered contract. Both projects were completed just before harvest season.



There were 110 centerline and approach culverts installed and improved, in 2022. 25 applications for approaches and 21 applications for permission to improve drainage by ratepayers were processed and received approval, provided conditions are met. Every attempt was made to get the approvals into the hands of ratepayers within a few days.

Grader maintenance of roads was operated on four 10-hour days during the summer and fall, with half the crew working Monday through Thursday, and the other half Tuesday through Friday, so there was always coverage and efficient use of the longer day length.

The operations staff worked diligently to keep up with sign replacements and regular maintenance, and the mechanical shop supported them by keeping our fleet operational and available.



2022 was a very busy year for the department. Six seasonal staff were hired and trained, before being assigned to various duties and areas within the County. The weed inspectors traversed the County, completing inspections for noxious and prohibited noxious weeds, and doing provincial surveys for diseases like clubroot and blackleg. The labourers maintained vegetation at infrastructure around the County, including the fire halls, ditches, tower sites, the County Complex, and the Hamlet of Woking.

The contract mowers began in the Woking area, moving west doing a full mow on the County rights-of-way in late July, finishing in late August.

Roadside herbicide application was completed in-house with the spray truck, side by side sprayer, and other spray equipment in the fleet. Over 1,100 hectares of County ditch in Gundy, Bay Tree, Bonanza, and Savanna was sprayed.



PEST INSPECTION

Over 60 canola fields were inspected for both Virulent Black Leg and Clubroot in 2022, as outlined in policies AG 15: Clubroot of Canola and AG 19: Virulent Blackleg of Canola. One plant sample sent to the Plant Health Lab for testing came back positive for the presence of clubroot spores. Low levels of virulent blackleg were detected.

In 2022, an effort was made to contact producers who consistently have problem weeds early in the spring. 18 weed notices were issued from the inspections completed in 2022, up from the 11 that were issued in 2021. For smaller infestations of weeds, seasonal staff would pick and control the weeds instead of a notice being issued, and landowners were made aware of the location of the weeds so they could monitor and continue control measures.

 **>60**
canola fields inspected

 **18**
weed notices issued

 **1**
enforcement notice

RENTAL EQUIPMENT

In 2022, there were no additions made to the rental fleet. It was another typical year regarding the rental of most of the equipment in the fleet. The BBQ trailer was the most frequently rented piece of equipment in the fleet, going out a total of 7 times. Other traditionally popular items such as the grain bag roller, the 10 yard scraper, the forage probe, and the tag reader were also rented. The laser level was also rented out several times in 2022.

OUTREACH & EXTENSION EVENTS

Agricultural Services facilitated several extension events in 2022, with varying attendance. The Home on the Range webinar series, which took place throughout the month of February, was comprised of five separate webinar events, covering a multitude of topics relating to cattle production. All of the webinars were well attended.

The second event that was organized for 2022 was a Standard Trapping Course, through the Alberta Trappers Society. Ten ratepayers attended this course, all receiving their Trapping License at the end of the weekend.

A Tree Care Workshop with a hands-on demo of tree planting and care with Toso Botic took place in July, and one ratepayer attended.

In the fall Administration hosted several more webinars, with Dr. Michael Harding of Alberta Agriculture giving a Clubroot 101 webinar to educate producers on best management practices for mitigating the spread of the disease, and Toso Botic presenting on Fall and Winter Tree Care.

Agricultural Services staff also focused heavily on outreach in 2022. Staff developed several surveys throughout the year to gain insight from ratepayers on potential future Agricultural Services projects. Agricultural Services also hosted two Open Houses in order to facilitate communication between County staff and producers.

RECOMMENDATIONS FOR 2023

In 2022, the majority of the focus during the spring and summer months was dealing with historically problematic weed locations early. Herbicide applications took place throughout the summer, and Administration worked with ratepayers to spray small weed infestations.

Going forward, work needs to be done improving resident and landowner knowledge regarding regulated weeds and pests, and emphasis will need to be put on producers dealing with problem locations early on in the season.

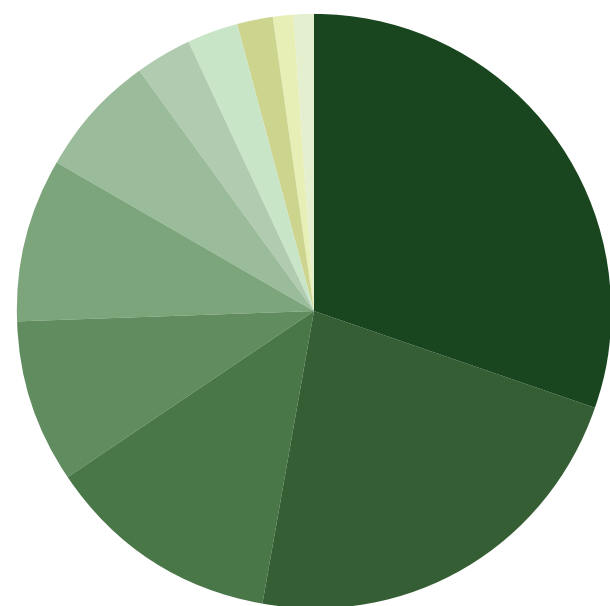
Agricultural Services will continue to strive towards achieving goals outlined in the 2022-2026 Agricultural Service Board Strategic Plan, such as developing and delivering collaborative environmental stewardship initiatives within the grain and livestock industry in Saddle Hills County and participating in opportunities for inter-municipal collaborations and initiatives at the federal, provincial, and municipal levels.

2022 CAMPGROUND USER STATISTICS

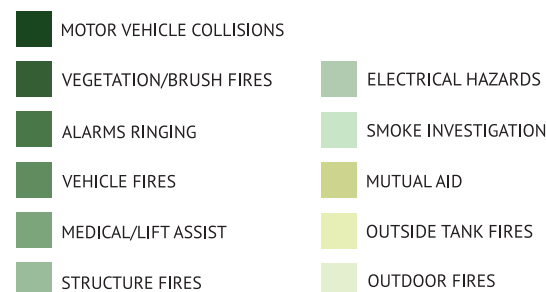
Cotillion Park Campground had **260** bookings made in 2022

Hilltop Lake Campground had **142** bookings made in 2022

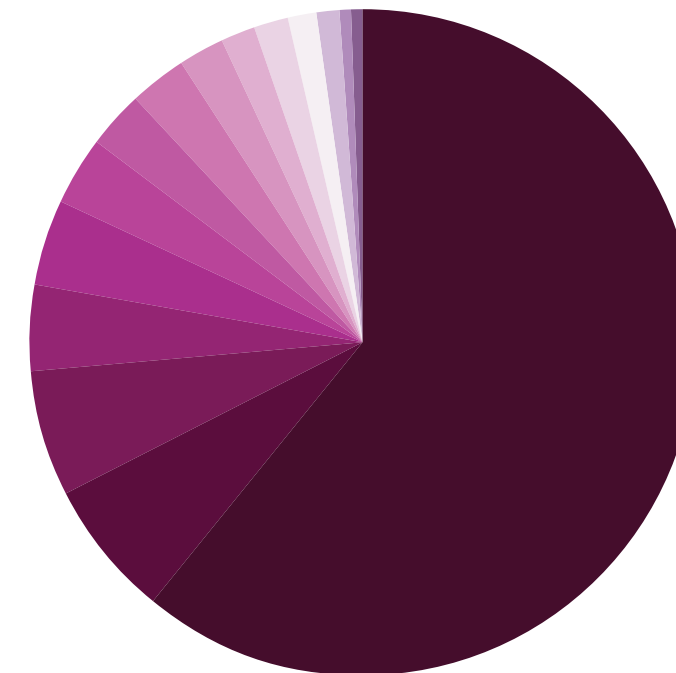
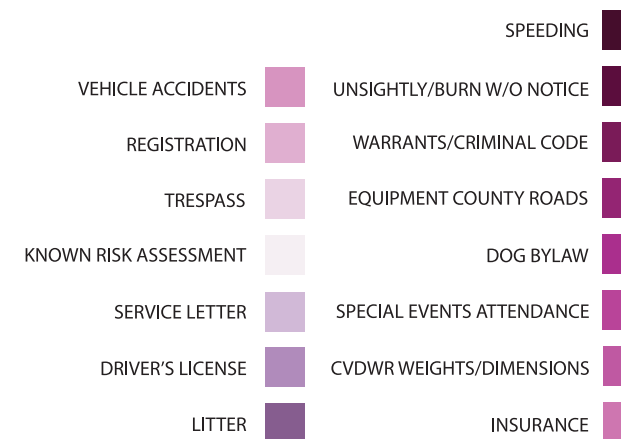
Spring Lake Campground had **641** bookings made in 2022



2022 CALL-TYPE BREAKDOWN



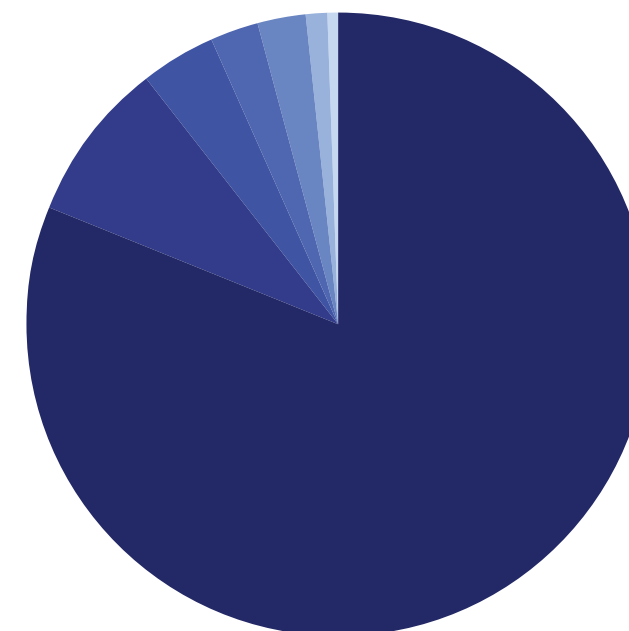
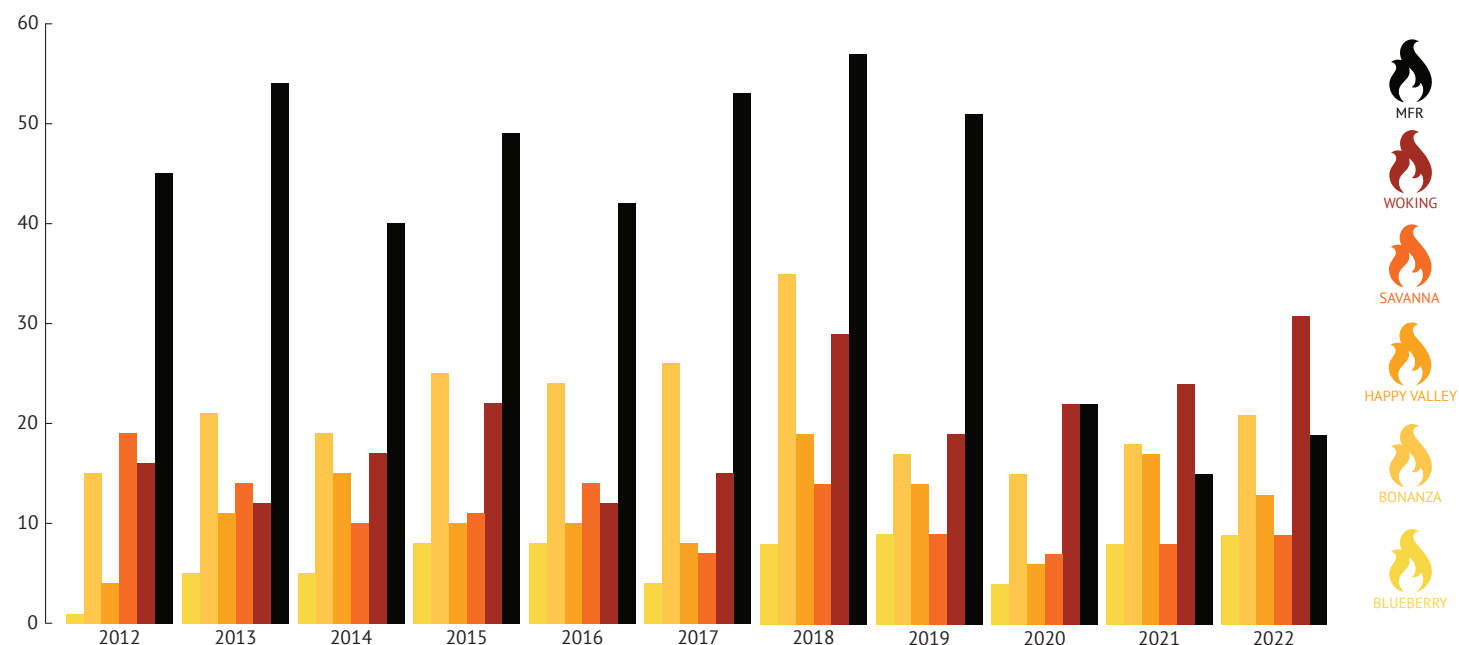
2022 PEACE OFFICER STOPS



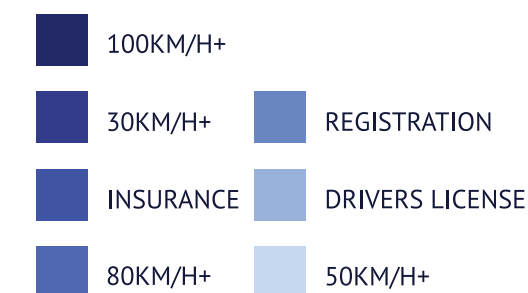
The Saddle hills County Enforcement program continues to be implemented in a careful and systematic manner with a significant focus on education, Vision Zero, Safe Roads Alberta and the Central Peace Traffic Safety Coalition. The vast majority of traffic stops resulted in written warnings being issued rather than violation tickets, except for repeat offenders and extreme offenses.

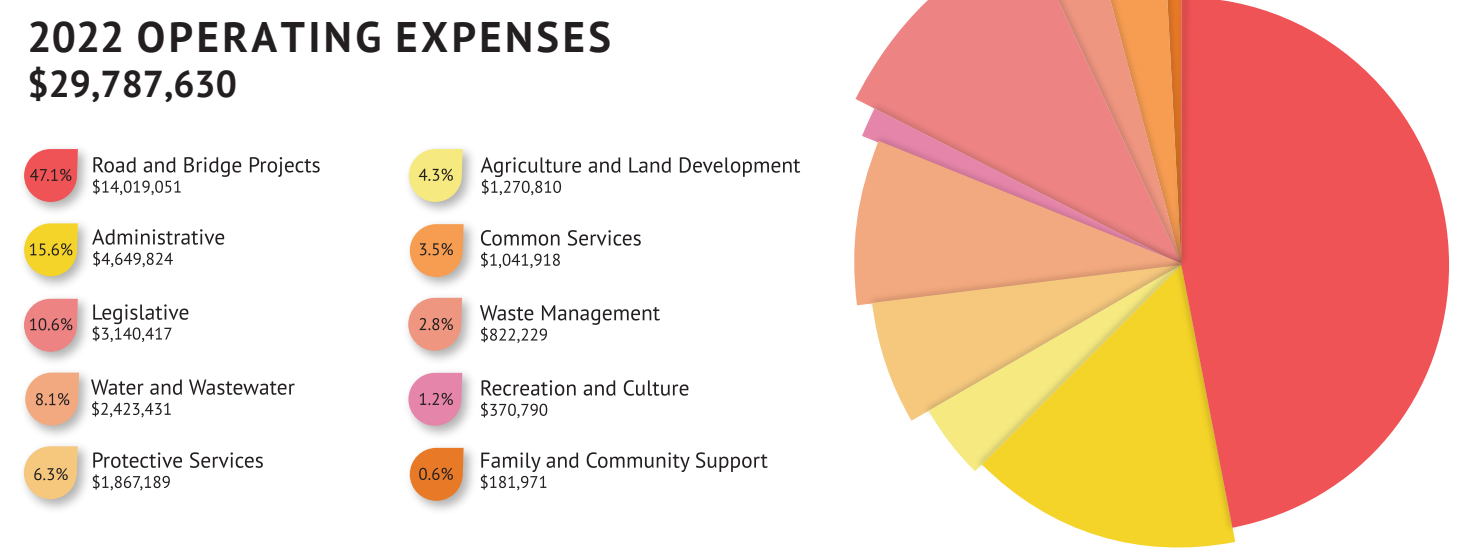
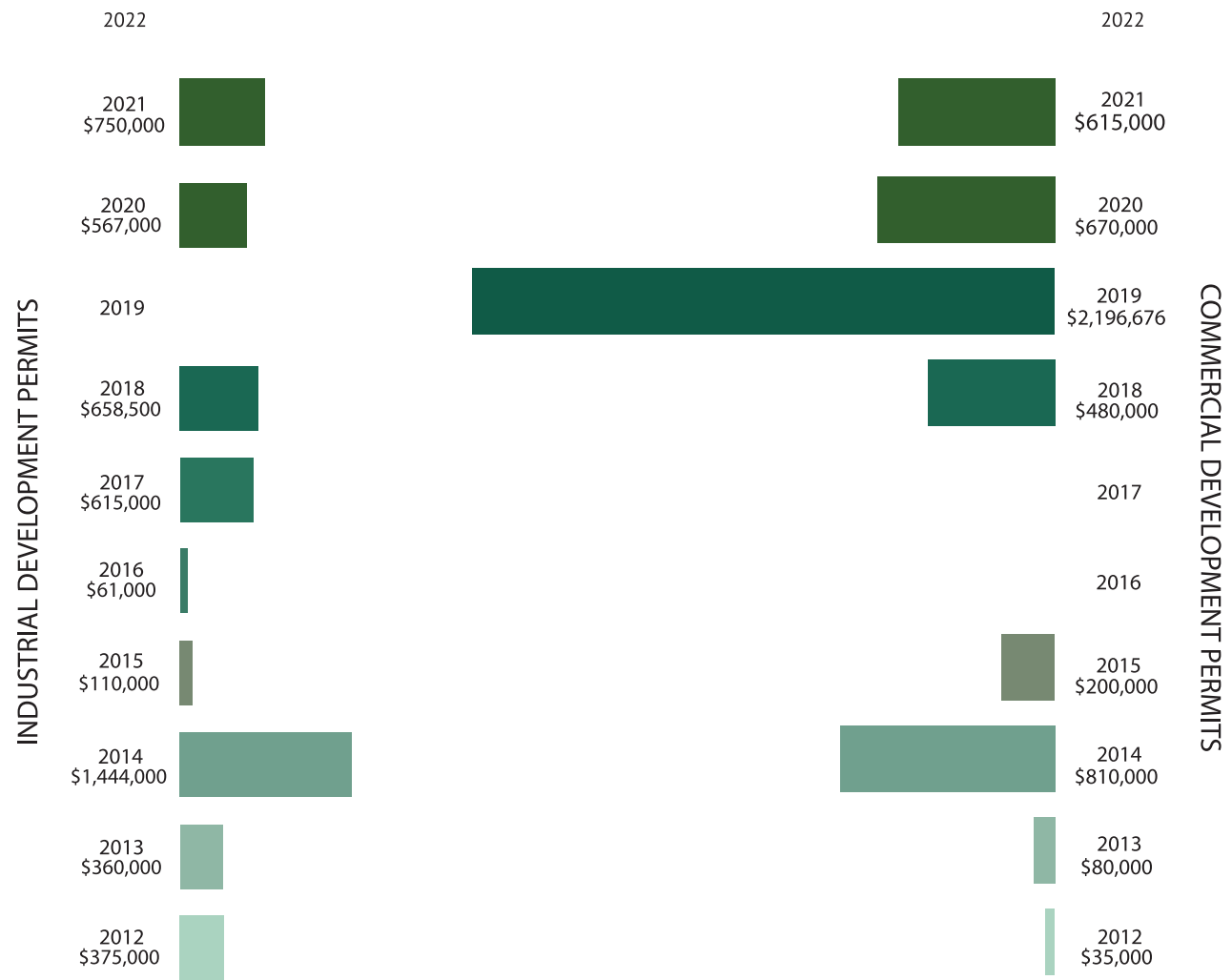
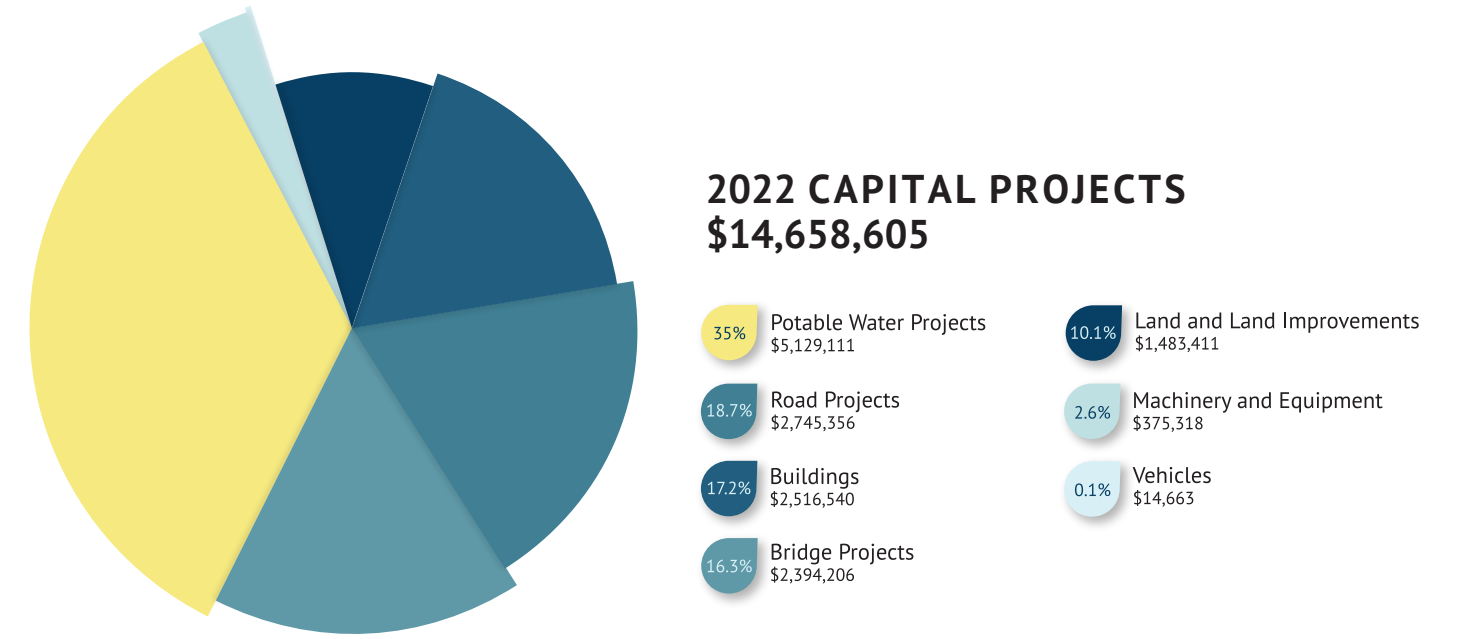
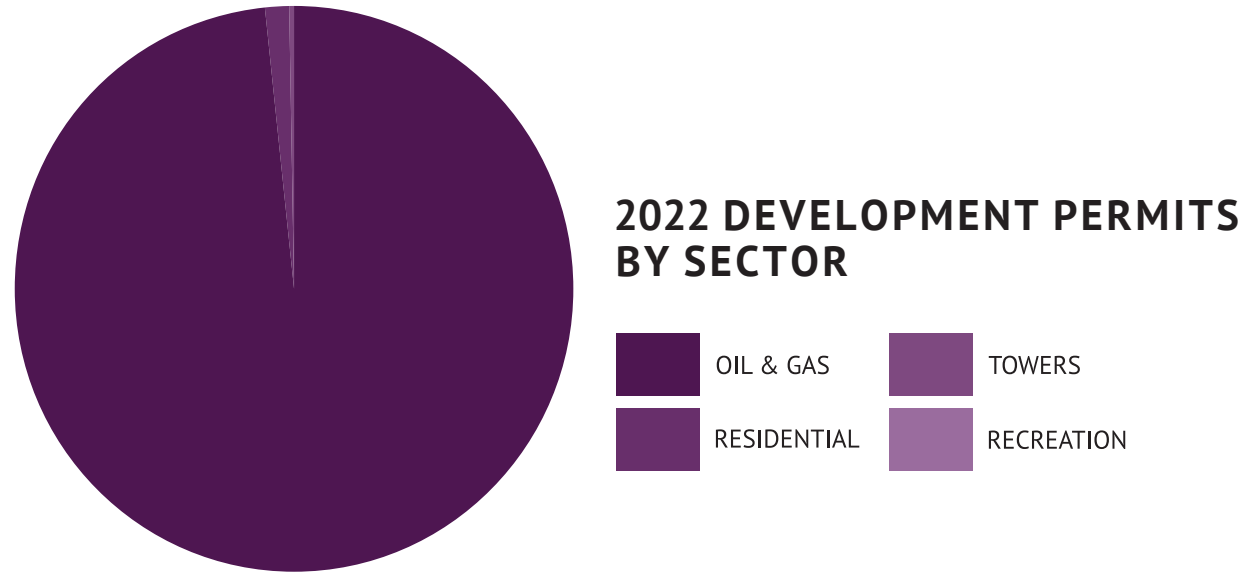
The County's Enforcement Services, Compliance Assurance Model continues to use education, and prevention as the key drivers of the triangular approach with enforcement as a last resort to compliance. The Community Peace Officer works a 40-hour week consisting of mornings, day time, evening and weekend shifts to achieve the 95% compliance rate.

FIRE DEPARTMENT CALL STATISTICS



2022 TRAFFIC INCIDENTS





CAPITAL GRANTS PROGRAM

Bay Tree Community Park Association	\$19,950
Bonanza & District Ag Society	\$39,270
Central Peace Health & Wellness Coalition	\$10,500
Fourth Creek Community Association	\$12,000
Happy Valley Ag & Recreation Club	\$3,819
Horseshoe of the Peace Historical Society	\$21,558
Rycroft Agricultural Society	\$10,000
Rycroft Merry Pioneers	\$75,000
Savanna Agricultural Society	\$530,000
Westview Park (Spirit River)	\$25,050
	\$747,146

OPERATING GRANTS PROGRAM

Bay Tree Community Park Association	\$728
Blueberry Mountain Goodwill Society	\$9,263
Bonanza & District Ag Society	\$46,689
Cotillion Butte Recreation Society	\$7,950
Fourth Creek Community Association	\$8,963
Gordondale Community Club	\$10,455
Gundy Community Rec. Society	\$6,000
Happy Hour Club of Spirit River	\$5,000
Happy Valley Ag & Recreation Club	\$4,983
Philip J Currie Dinosaur Museum	\$50,000
Royal Canadian Legion Auxiliary #72	\$5,000
Rycroft Agricultural Society	\$10,000
Rycroft Merry Pioneers	\$6,000
Rycroft Municipal Library	\$3,000
Savanna Agricultural Society	\$61,080
Silver Valley Community Club	\$3,750
Spirit River & District Agricultural Society	\$10,000
Spirit River Municipal Library	\$1,000
Spirit River Settlement Historical Society	\$5,000
Town of Spirit River	\$15,000
Westmark Farmers' League	\$7,238
Woking Skating Rink Association	\$2,576
Woking Willing Workers	\$6,150
	\$285,823

CEMETERY GRANTS PROGRAM

15 Cemeteries at \$1,000 each **\$15,000**

PROGRAM AND ACTIVITY GRANTS PROGRAM

Cotillion Butte Recreation Association	\$2,500
Dawson Creek Arts & Wellness Society	\$1,000
Fourth Creek Community Association	\$3,500
Happy Valley Ag & Recreation Club	\$8,750
Rycroft Municipal Library	\$1,000
SH Mighty Elks Junior Forest Wardens	\$1,000
Savanna Minor Hockey	\$5,000
Savanna School	\$9,224
Spirit Arts Dance Society	\$6,000
Spirit River Minor Hockey Association	\$2,500
Spirit River Regional Academy	\$1,500
Spirit River Settlement Historical Society	\$3,000
SP Rural Community Learning Association	\$2,000
Spirit River Seawolves Swim Club	\$2,500
United Way Alberta Northwest	\$3,000
Westmark Farmer's League	\$7,000
	\$59,474

COMMUNITY SIGNS GRANT PROGRAM

Bay Tree Community Park Association	\$11,300
Fourth Creek Community Association	\$12,300
Gordondale Community Club	\$11,300
	\$34,900



Independent Auditor's Report

To the Audit Committee of Saddle Hills County:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Saddle Hills County (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, 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 Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the Municipality's debt limit can be found in note 11.

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation.

Peace River, Alberta

April 11, 2023

MNP LLP
Chartered Professional Accountants

SADDLE HILLS COUNTY CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	3,909,848	1,919,764
Accounts receivable (Note 3)	2,039,853	2,564,408
Long-term investments (Note 4)	104,688,597	97,290,819
	<u>110,638,298</u>	<u>101,774,991</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	5,474,487	3,278,460
Deferred revenue (Note 6)	11,088,768	10,391,862
Landfill closure and post-closure costs (Note 7)	5,785,402	5,653,409
	<u>22,348,657</u>	<u>19,323,731</u>
NET FINANCIAL ASSETS	<u>88,289,641</u>	<u>82,451,260</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	161,197,765	151,601,302
Inventory for consumption (Note 8)	1,844,075	1,764,961
Prepaid expenses	397,809	379,593
	<u>163,439,649</u>	<u>153,745,856</u>
ACCUMULATED SURPLUS (Schedule 1, Note 9)	<u>251,729,290</u>	<u>236,197,116</u>

Contingencies and Commitments - See Note 12 and 13

SADDLE HILLS COUNTY CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget \$	2022 \$	2021 \$
REVENUE			
Net municipal property taxes (Schedule 3)	38,374,727	38,360,858	33,225,523
Oil well drilling equipment tax	-	-	-
Return on investments	652,000	1,968,887	720,047
Other	324,700	2,710,074	495,884
Government transfers for operating (Schedule 4)	196,600	198,827	409,971
User fees and sale of goods	706,600	1,367,481	1,209,180
Penalties and costs on taxes	95,000	63,337	82,004
	<u>40,349,627</u>	<u>44,669,464</u>	<u>36,142,609</u>
Total revenues			
EXPENSES			
Operating			
Road and bridge projects	12,245,909	14,019,048	12,000,751
Administrative	5,864,165	4,649,824	3,741,621
Agriculture and land development	1,661,094	1,270,810	1,297,851
Protective services	1,512,269	1,867,189	1,609,428
Water and wastewater	1,998,256	2,423,431	2,215,388
Recreation and culture	486,727	370,790	313,010
Legislative	4,581,500	3,140,417	2,490,042
Waste management	885,576	822,229	640,592
Common services	1,396,204	1,041,918	797,611
Family and community support services	221,900	181,971	135,160
	<u>30,853,600</u>	<u>29,787,627</u>	<u>25,241,454</u>
Total Expenses			

EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	9,496,027	14,881,837	10,901,155
OTHER			
Government transfers for capital (Schedule 4)	44,773,334	738,082	2,695,320
Gain (loss) on disposal of tangible capital assets	<u>317,000</u>	<u>(87,745)</u>	<u>(40,374)</u>
EXCESS OF REVENUE OVER EXPENSES	54,586,361	15,532,174	13,556,101
ACCUMULATED SURPLUS, BEGINNING OF YEAR	236,197,116	236,197,116	222,641,015
ACCUMULATED SURPLUS, END OF YEAR	<u>290,783,477</u>	<u>251,729,290</u>	<u>236,197,116</u>

See accompanying notes to the financial statements

**SADDLE HILLS COUNTY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget \$	2022 \$	2021 \$
EXCESS OF REVENUES OVER EXPENSES	<u>54,586,361</u>	<u>15,532,174</u>	<u>13,556,101</u>
Acquisition of tangible capital assets	(69,464,920)	(14,658,605)	(7,195,279)
Proceeds on disposal of tangible capital assets	-	29,773	71,405
Amortization of tangible capital assets	-	4,944,624	4,686,726
(Gain) loss on sale of tangible capital assets	-	87,745	40,374
	<u>(69,464,920)</u>	<u>(9,596,463)</u>	<u>(2,396,774)</u>
Acquisition of supplies inventories	-	(1,844,075)	(1,764,961)
Use of supplies inventories	-	1,764,961	1,139,164
Acquisition of prepaid assets	-	(397,809)	(379,593)
Use of prepaid assets	-	379,593	336,379
	-	<u>(97,330)</u>	<u>(669,011)</u>
INCREASE IN NET FINANCIAL ASSETS	(14,878,559)	5,838,381	10,490,316
NET FINANCIAL ASSETS, BEGINNING OF YEAR	82,451,260	82,451,260	71,960,944
NET FINANCIAL ASSETS, END OF YEAR	<u>67,572,701</u>	<u>88,289,641</u>	<u>82,451,260</u>

**SADDLE HILLS COUNTY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 \$	2021 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	15,532,174	13,556,101
(Gain) loss on sale of tangible capital assets	87,745	40,374
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	4,944,624	4,686,726
Non-cash charges to operations (net change):		
Decrease (increase) in trade and other receivables	524,556	5,617,018
Decrease (increase) in inventory for consumption	(79,114)	(625,797)
Decrease (increase) in prepaid expenses	(18,216)	(43,214)
Decrease (increase) in land held for resale	-	-
Increase (decrease) in accounts payable and accrued liabilities	2,196,026	(1,763,726)
Increase (decrease) in deferred revenue	696,906	9,859,453
Increase (decrease) in provision for landfill closure and post-closure (Note 7)	131,993	(88,972)
Cash provided by operating transactions	<u>24,016,694</u>	<u>31,237,963</u>
CAPITAL		
Acquisition of tangible capital assets	(14,658,605)	(7,195,279)
Sale of tangible capital assets	29,773	71,405
Cash applied to capital transactions	<u>(14,628,832)</u>	<u>(7,123,874)</u>
INVESTING		
Decrease (increase) in investments	<u>(7,397,778)</u>	<u>(25,166,626)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,990,084	(1,052,537)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,919,764</u>	<u>2,972,301</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>3,909,848</u>	<u>1,919,764</u>
See accompanying notes to the financial statements		
	2022 \$	2021 \$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u>3,909,848</u>	<u>1,919,764</u>

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	-	84,595,814	151,601,302	236,197,116	222,641,015
Excess of revenues over expenses	15,532,174	-	-	15,532,174	13,556,101
Unrestricted funds designated for future use	(5,935,711)	5,935,711	-	-	-
Restricted funds used for operations	-	-	-	-	-
Current year funds used for tangible capital assets	(14,658,605)	-	14,658,605	-	-
Disposal of assets (at net book value)	117,518	-	(117,518)	-	-
Annual amortization expense	4,944,624	-	(4,944,624)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	-	5,935,711	9,596,463	15,532,174	13,556,101
BALANCE, END OF YEAR	-	90,531,525	161,197,765	251,729,290	236,197,116

See accompanying notes to the financial statements

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022 \$	2021 \$
COST:								
BALANCE, BEGINNING OF YEAR	1,503,706	4,882,715	27,506,096	169,952,285	13,127,929	1,734,900	218,707,631	212,271,856
Acquisition of tangible capital assets	1,059,500	423,911	2,516,540	10,268,673	375,318	14,663	14,658,605	7,195,279
Disposal of tangible capital assets	-	-	-	(378,544)	(214,512)	-	(593,056)	(759,504)
BALANCE, END OF YEAR	2,563,206	5,306,626	30,022,636	179,842,414	13,288,735	1,749,563	232,773,180	218,707,631
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	869,699	3,428,019	55,392,672	6,154,130	1,261,809	67,106,329	63,067,328
Annual amortization	-	204,644	574,911	3,007,033	981,968	176,068	4,944,624	4,686,726
Accumulated amortization on disposals	-	-	-	(333,673)	(141,865)	-	(475,538)	(647,725)
BALANCE, END OF YEAR	-	1,074,343	4,002,930	58,066,032	6,994,233	1,437,877	71,575,415	67,106,329
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,563,206	4,232,283	26,019,706	121,776,382	6,294,502	311,686	161,197,765	151,601,302
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,503,706	4,013,016	24,078,077	114,559,613	6,973,799	473,091	151,601,302	

See accompanying notes to the financial statements

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 3**

	Budget \$	2022 \$	2021 \$
TAXATION			
Real property taxes	25,065,848	25,102,416	21,245,472
Linear property taxes	20,506,947	20,459,792	18,953,779
Government grants in place of property taxes	6,332	7,113	6,211
	45,579,127	45,569,321	40,205,462
REQUISITIONS			
Alberta School Foundation Fund	6,856,100	6,860,333	6,645,163
Seniors Foundation	138,800	138,705	129,292
Designated Industrial Property	209,500	209,425	205,484
	7,204,400	7,208,463	6,979,939
NET MUNICIPAL TAXES	38,374,727	38,360,858	33,225,523

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 4**

	Budget \$	2022 \$	2021 \$
TRANSFERS FOR OPERATING:			
Provincial Government	196,600	198,827	409,971
Federal Government	-	-	-
	196,600	198,827	409,971
TRANSFERS FOR CAPITAL:			
Provincial Government	44,773,334	738,082	2,695,320
Federal Government	-	-	-
	44,773,334	738,082	2,695,320
TOTAL GOVERNMENT TRANSFERS	44,969,934	936,909	3,105,291

**SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 5**

	Budget \$	2022 \$	2021 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	8,285,100	7,718,045	6,933,624
Contracted and general services	11,406,200	8,218,203	6,996,269
Materials, goods, supplies and utilities	4,458,100	4,469,364	3,257,167
Transfers to governments, agencies and organizations	6,276,700	3,447,226	2,825,426
Amortization of tangible capital assets	-	4,944,624	4,686,726
Other expenses	427,500	990,165	542,242
	30,853,600	29,787,627	25,241,454

SADDLE HILLS COUNTY
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	38,360,858	-	-	-	-	-	-	38,360,858
Government transfers	-	-	738,082	123,907	74,920	-	-	936,909
Oil well drilling equipment taxes	-	-	-	-	-	-	-	-
User fees and sales of goods	191,904	35,346	808,440	2,029	5,452	324,310	-	1,367,481
Investment income	1,968,887	-	-	-	-	-	-	1,968,887
Other revenues	2,382,798	30,127	204,386	44,691	52,466	1,643	57,300	2,773,411
	42,904,447	65,473	1,750,908	170,627	132,838	325,953	57,300	45,407,546
EXPENSES								
Contract & general services	1,117,732	496,372	5,516,773	374,083	161,148	454,659	97,436	8,218,203
Salaries & wages	2,456,730	400,653	2,977,819	564,575	58,294	1,259,974	-	7,718,045
Goods & supplies	160,127	202,606	3,525,210	151,892	69,510	358,206	1,813	4,469,364
Transfers to governments, agencies and organizations	2,585,269	327,430	-	77,400	220,746	119,961	116,420	3,447,226
Other expenses	858,172	-	-	-	-	131,993	-	990,165
	7,178,030	1,427,061	12,019,802	1,167,950	509,698	2,324,793	215,669	24,843,003
NET REVENUE BEFORE AMORTIZATION								
	35,726,417	(1,361,588)	(10,268,894)	(997,323)	(376,860)	(1,998,840)	(158,369)	20,564,543
Amortization expense	(335,030)	(440,128)	(3,041,167)	(102,860)	(43,064)	(920,866)	(61,509)	(4,944,624)
Gain (Loss) on disposal of tangible capital assets	-	-	(87,745)	-	-	-	-	(87,745)
NET REVENUE	35,391,387	(1,801,716)	(13,397,806)	(1,100,183)	(419,924)	(2,919,706)	(219,878)	15,532,174

SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Saddle Hills County are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by Saddle Hills County are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for administration of their financial affairs and resources. They include the County's proportionate share of the Central Peace Regional Waste Management Commission (25%).

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

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

b) Basis of Accounting

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

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

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

c) 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 the related expenses are incurred, the services are performed or the tangible capital assets are acquired.

d) 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 and 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 management 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances with the banks net of outstanding cheques and term deposits with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

f) **Investments**

Investments consist of deposit notes, coupons, securities, mutual funds and guaranteed investment certificates. Deposit notes, coupons, securities, mutual funds and guaranteed investment certificates are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in the value that is other than a temporary decline, the respective investment is written down to recognize the loss.

g) **Government Transfers**

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

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

h) **Requisition Over-levies and Under-Levies**

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

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

i) **Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement being provided for over the estimated remaining life of the landfill sites is based on usage.

j) **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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k) **Employee Future Benefits**

Selected employees of the County are members of the Local Authority Pension Plan ("LAPP"), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the County does not recognize its share of any of the LAPP's surplus or deficit.

l) **Non-Financial Assets**

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

	YEARS
Land Improvements	15-25
Buildings	25-50
Engineered structures	
Water system	30-75
Wastewater system	30-75
Roads and bridges	30-75
Machinery and equipment	3-20
Vehicles	7-20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

SADDLE HILLS COUNTY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m) Accumulated Surplus

Accumulated surpluses are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Equity in capital assets consist of the net investments in total capital assets after deducting the portion financed by third parties.

2. CASH AND INVESTMENTS

	2022	2021
	\$	\$
Cash	3,840,290	1,850,352
Restricted deposits	69,558	69,412
Temporary investments	-	-
	<u>3,909,848</u>	<u>1,919,764</u>

Cash held in deposit accounts earn interest at tiered rates between 0.75% and 3.93%.

A portion of the cash balances above are restricted for reserves and deferred revenue. The total restricted capital, including long-term investments is \$101,620,293 (2021 - \$94,987,676).

3. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Accrued interest receivable - investments	1,383,647	1,430,978
Trade	301,545	763,656
Property taxes	165,236	281,193
Goods and Services Tax	203,108	99,813
	<u>2,053,536</u>	<u>2,575,640</u>
Less: Allowance for doubtful accounts	<u>(13,683)</u>	<u>(11,232)</u>
	<u>2,039,853</u>	<u>2,564,408</u>

SADDLE HILLS COUNTY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

4. LONG-TERM INVESTMENTS

Investments have carrying and market values as follows:

	2022 Carrying Amount \$	2022 Market Value \$	2021 Carrying Amount \$	2021 Market Value \$
Rural Municipalities of Alberta Member's Equity	856	856	856	856
RBC Investment Portfolio				
Cash Accounts	103,611	103,611	137,798	137,798
Guaranteed Investment Certificates	67,163,140	67,163,140	66,044,892	66,044,892
Coupons	37,420,990	36,340,671	17,940,478	17,779,077
Securities	-	-	1,049,999	1,028,716
Mutual Funds	-	-	12,116,796	12,116,796
	<u>104,688,597</u>	<u>103,608,278</u>	<u>97,290,819</u>	<u>97,108,135</u>

RBC investment portfolio has effective interest rates ranging from 1.050% to 5.150% (2021 - 0.500% to 2.600%) with maturity dates from January 16, 2023 to November 22, 2027.

Market values are based on quoted market values received on December 31, 2022. The market values fluctuate with changes in market interest rates. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

5. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2022 \$	2021 \$
Trade	3,952,408	1,914,122
Vacation, sick leave and overtime	1,374,977	1,224,927
Security deposits	147,102	139,411
	<u>5,474,487</u>	<u>3,278,460</u>

The vacation, sick leave and overtime liability is comprised of the vacation, sick leave and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

6. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenses are incurred.

	2021	Additions	Revenue	2022
	\$	\$	Recognized	\$
			\$	
Municipal Stimulus Program	264,484	-	264,484	-
Municipal Sustainability Initiative - Capital	-	979,555	-	979,555
Capital for Emergent Projects	109,213	-	-	109,213
Central Peace Regional Water-Phase 1 & 2	10,000,000	-	-	10,000,000
Family and Community Support Services	18,165	-	18,165	-
	<u>10,391,862</u>	<u>979,555</u>	<u>282,649</u>	<u>11,088,768</u>

7. LANDFILL CLOSURE AND POST-CLOSURE COSTS

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, ongoing environmental monitoring, and site inspections and maintenance.

The estimated total liability represents the net present value of the discounted cash flows of the total estimated cost for closure and post-closure activities for 25 years after closing using a discount rate of 4.90% and assuming annual inflation of 3.00%.

The accrued liability is based on the cumulative capacity used at year end compared to the total estimated landfill capacity. The total capacity of the sites is estimated at 952,000 cubic metres. All of the sites are at full capacity.

The County stopped receiving municipal solid waste at these landfills in prior years. Some of these unused landfills were converted to waste transfer stations. The County intends to commence closure work for a portion of these unused landfills in the near future.

The County obtained revised cost estimates related to its closure and post-closure obligations during the year. These revised cost estimates result in an increase of \$131,993 (2021 - \$88,972 decrease) to the closure and post-closure obligations, which is included in waste management expense on the Statement of Operations.

	2022	2021
	\$	\$
Estimate closure costs	4,183,215	3,905,110
Estimate post-closure costs	1,602,187	1,748,299
	<u>5,785,402</u>	<u>5,653,409</u>
Portion of liability remaining to be recognized	-	-
Accrued liability portion	<u>5,785,402</u>	<u>5,653,409</u>

SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

8. INVENTORY FOR CONSUMPTION

	2022	2021
	\$	\$
Gravel	1,156,754	1,173,630
Parts, culverts and other	687,321	591,331
	<u>1,844,075</u>	<u>1,764,961</u>

9. ACCUMULATED SURPLUS

	2022	2021
	\$	\$
Unrestricted surplus	-	-
Restricted surplus:		
Operating reserves:		
Operating fund	2,510,722	2,417,722
Gravel usage	794,690	1,175,169
Saddle Hills advantage	500,000	500,000
Grant programs	103,813	255,820
Community recreation	47,477	47,477
Due to others	10,275	10,398
	<u>3,966,977</u>	<u>4,406,586</u>
Capital reserves:		
Mobile equipment	16,113,004	9,036,174
General capital	14,381,871	8,450,884
Paving overlay	12,955,335	10,265,107
Current county facilities	12,530,821	10,157,624
Rural water	6,835,800	6,978,047
New county facilities	6,515,299	6,412,014
Utility communication network	6,203,820	6,087,063
Environmental services	4,111,308	4,033,933
Well drilling equipment tax	3,184,734	3,124,797
Infrastructure development	2,180,389	4,585,485
Computer and information technology	778,586	816,624
Emergency command centre	752,156	752,156
Municipal development	21,425	21,024
Capital carry forward	-	9,317,054
G5 clinic	-	151,242
	<u>86,564,548</u>	<u>80,189,228</u>

	<u>90,531,525</u>	<u>84,595,814</u>
Equity in tangible capital assets	<u>161,197,765</u>	<u>151,601,302</u>
	<u>251,729,290</u>	<u>236,197,116</u>

SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

10. SALARY 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:

	2022			2021
	\$	\$		\$
	Salary ¹	Benefits & allowances ²	Expense reimbursement ³	Total
Councillors				Total
Division 1	55,135	4,091	4,402	63,628
Division 2	62,500	4,155	4,224	70,879
Division 3	50,520	4,109	4,971	59,600
Division 4	51,435	4,109	3,023	58,567
Division 5	62,130	3,905	11,387	77,422
Division 6	50,790	4,109	7,185	62,084
Division 7	55,920	4,109	9,699	69,728
Chief Administrative Officer	235,032	26,343	-	261,375
Designated Officer	142,531	18,118	415	161,064
	<u>765,993</u>	<u>73,048</u>	<u>45,306</u>	<u>884,347</u>
				<u>733,621</u>

1 Salary includes regular base pay, per diems and any other direct cash remuneration.

2 Benefits and allowances include the employer's share of the employee benefits and contributions or payments made on behalf of employees including pension and health care benefits.

3 Direct reimbursement of expenses.

11. 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:

	2022	2021
	\$	\$
Total debt limit	<u>67,004,196</u>	54,213,914
Total debt	-	-
Amount of debt limit unused	<u>67,004,196</u>	54,213,914
Debt servicing limit	11,167,366	9,035,652
Debt servicing	-	-
Amount of debt servicing limit unused	<u>11,167,366</u>	9,035,652

The debt limit is calculated at 1.50 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

12. CONTINGENCIES

(a) MUNIX

The County is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by MUNIX. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

(b) Legal Claims

The County is defendant in various lawsuits as at December 31, 2022. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of the loss can be reasonably estimated, amounts have been included in accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

13. COMMITMENTS

As at December 31, 2022, the County has the following outstanding commitments:

(a) Construction of two TELUS towers and completion of one Co-locate on County towers, of approximately \$2,135,000.

(b) Rural Waterlines Project, of approximately \$5,506,747.

(c) Regional Raw Water Line Project, of approximately \$1,439,237.

(d) Regional Water Treatment Plant Project, of approximately \$220,996.

(e) Construction of new Blueberry Firehall, of approximately \$2,694,525.

(f) Construction of new Senior's Facility in Spirit River, of approximately \$2,600,000.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. Contributions are collected from employees and employers and the money is invested in equities, bonds and other investment vehicles. The investment income and the contributions are used to pay pension benefits to LAPP retirees, now and in the future.

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

Total current service contributions by the County to the LAPP in 2022 were \$473,057 (2021 - \$440,461). Total current service contributions by the employees of the County to the LAPP in 2022 were \$425,075 (2021 - \$400,889).

At December 31, 2021, the LAPP disclosed a surplus of \$11.92 billion (2020 - \$4.96 billion surplus).

**SADDLE HILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

15. FINANCIAL INSTRUMENTS

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

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

The County is subject to interest rate risk with respect to its cash equivalents and long-term investments. Interest rate risk arises from the risk that the fair value of financial instruments or future cash flows associated with instruments will fluctuate due to changes in market interest rates. The County manages this risk by investing in diverse and low risk assets.

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

16. SEGMENTED DISCLOSURE

Saddle Hills 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 consolidated financial statements as disclosed in Note 1.

For additional information see the Schedule of Segmented Disclosure (Schedule 6).

17. COMPARATIVE FINANCIAL STATEMENTS

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

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.



Junction of Highway 49 and Highway 725, RR 1, Spirit River, Alberta, Canada, T0H 3G0

Phone: (780) 864-3760 | Fax: (780) 864-3904 | Toll Free: 1 (888) 864-3760

Monday to Friday 8:15 AM to 4:30 PM



www.saddlehills.ab.ca



[@saddlehillscounty](https://www.facebook.com/saddlehillscounty)



[@saddlehillsab](https://twitter.com/saddlehillsab)



[@saddlehillscounty](https://www.instagram.com/saddlehillscounty)