



ROCKY VIEW COUNTY

2023 Year-End Financial Statements

April 23, 2023



ROCKY VIEW COUNTY

SECTION I

2023 Year-End Financial Statements and Notes to the Financial Statements

April 23, 2024

Rocky View County
Financial Statements
December 31, 2023

Independent Auditor's Report

To the Council of Rocky View County

Opinion

We have audited the financial statements of Rocky View County (the County), which comprise the statement of financial position as at December 31, 2023, statement of operations, statement of change in net financial assets, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policy information.

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 its results of operations, its changes in net assets, and its cash flows for the year ended in accordance with 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.

Other Matters

The financial statements of the County for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on the financial statements on April 25, 2023.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

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.

[Signature in the name of the audit firm]
Chartered Professional Accountants

Calgary, Alberta
TBD

Management's Responsibility for Financial Reporting

Management has prepared the financial statements in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include specific amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen the most appropriate to ensure that the financial statements are presented fairly in all material respects.

The County maintains internal accounting and administrative controls consistent with reasonable cost. Such measures are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Annually, the Financial Services manager presents to the County's Council a report detailing management's response to annual audit findings, variance explanations on financials, significant highlights of the financial statements, and administration recommendations that the financial statements be approved. The external auditors also discuss their findings based on previously presented audit plans with the County's Council. Throughout the year, Finance, through the Governance Committee, will also present financial statements for information purposes. This process ensures that each party properly discharges their responsibilities transparently and that a review of the financial statements and the external auditor's report is completed.

The Reeve and Council consider this information when approving the financial statements for issuance to the ratepayers. The Reeve and Council also appoint the engagement of the external auditors.

BDO Canada LLP has audited the financial statements in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. BDO Canada LLP has full access to the County's Council and management.

Kent Robinson

Executive Director, Corporate Services

ROCKY VIEW COUNTY
Statement of Financial Position
As at December 31, 2023

	2023 \$	2022 \$ (Restated Note 21,22)
FINANCIAL ASSETS		
Cash (Note 3)	37,744,737	11,221,971
Temporary investments (Note 2)	130,005,331	145,352,902
Receivables		
Taxes and grants in place of taxes (Note 4)	4,259,878	4,804,209
Trade and other receivables (Note 4)	14,624,054	15,014,266
Debt charges recoverable (Note 5)	331,921	401,274
	<u>186,965,921</u>	<u>176,794,622</u>
LIABILITIES		
Accounts payable and accrued liabilities	20,701,344	22,556,241
Deposit liabilities	6,721,652	6,061,650
Deferred revenue (Note 6)	21,202,697	14,821,350
Employee benefit obligations (Note 7)	1,333,972	1,199,726
Asset retirement obligation (Note 16)	3,748,757	3,797,619
Long-term debt (Note 8)	53,798,830	58,455,896
	<u>107,507,252</u>	<u>106,892,482</u>
NET FINANCIAL ASSETS	<u>79,458,669</u>	<u>69,902,140</u>
NON- FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	714,317,160	701,428,035
Resource asset	21,161,000	21,161,000
Inventory for consumption	3,165,138	2,380,644
Prepaid expenses	1,623,402	1,476,377
	<u>740,266,700</u>	<u>726,446,056</u>
ACCUMULATED SURPLUS (Schedule 1, Note 13)	<u>819,725,369</u>	<u>796,348,196</u>

Commitments and contingencies - See Note 10 and 11

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Operations
For the Year Ended December 31, 2023

	Budget \$ (Note 20)	2023 \$	2022 \$ (Note 21,22)
REVENUE			
Net municipal taxes (Schedule 3)	89,072,700	87,623,308	79,550,522
User fees and sales of goods	31,145,600	15,907,243	14,993,413
Cash-In-Lieu of Public Reserve	670,000	2,578,909	4,591,919
Government transfers for operating (Schedule 4)	9,109,900	2,056,884	1,926,231
Investment income	1,800,000	8,091,670	4,328,626
Penalties and cost of taxes	998,500	1,366,587	1,847,708
Development agreements and levies	8,200,000	11,204,147	14,893,815
Licenses and permits	4,440,700	8,906,394	8,248,539
Fines	727,000	1,108,888	996,184
Other	14,259,400	13,246,967	3,875,045
Total Revenue	<u>160,423,800</u>	<u>152,090,997</u>	<u>135,252,002</u>
EXPENSES			
Legislative	917,000	931,612	917,613
Administration	25,569,800	23,497,790	19,256,476
Fire	16,122,700	16,880,635	15,906,172
Disaster services	136,400	130,515	341,610
Bylaw enforcement	11,204,200	10,720,690	10,179,690
Transportation and field services	97,665,600	65,580,991	47,568,660
Water supply and distribution	6,431,500	7,494,642	6,190,502
Wastewater treatment and disposal	10,964,300	11,939,980	9,977,757
Waste management	3,029,800	2,674,223	2,337,693
Family and community support	1,060,500	1,107,943	1,091,569
Cemetery	1,402,400	1,841,474	1,724,470
Planning and development	6,116,800	5,599,148	3,938,695
Recreation, parks and community services	7,942,400	6,003,299	6,099,518
Total Expenses	<u>188,563,400</u>	<u>154,402,942</u>	<u>125,530,425</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	<u>(28,139,600)</u>	<u>(2,311,945)</u>	<u>9,721,577</u>
OTHER			
Contributed assets	-	15,521,843	2,175,435
Government transfers for capital (Schedule 4)	19,652,000	10,167,275	19,336,637
Total Other	<u>19,652,000</u>	<u>25,689,118</u>	<u>21,512,072</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(8,487,600)</u>	<u>23,377,173</u>	<u>31,233,649</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 13)	796,348,196	796,348,196	765,114,547
ACCUMULATED SURPLUS, END OF YEAR	<u>787,860,596</u>	<u>819,725,369</u>	<u>796,348,196</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Change in Net Financial Assets
For the Year Ended December 31, 2023

	Budget \$ (Note 20)	2023 \$	2022 \$ (Note 21,22)
EXCESS OF REVENUE OVER EXPENSES	(8,487,600)	23,377,173	31,233,649
Acquisition of tangible capital assets	(44,145,300)	(25,550,022)	(37,960,300)
Contributed tangible capital assets	-	(15,521,843)	(2,175,435)
Proceeds on disposal of tangible capital assets	-	186,863	2,411,289
Amortization of tangible capital assets	28,689,600	27,936,694	26,798,193
Loss (gain) on sale of tangible capital assets	-	59,183	(656,065)
	<u>(15,455,700)</u>	<u>(12,889,125)</u>	<u>(11,582,318)</u>
Use of (acquisition of) supplies inventories	-	(784,494)	(23,730)
Use of (acquisition of) prepaid assets	-	(147,025)	(90,677)
Use of (acquisition of) resource assets	-	-	(2,413,000)
	<u>-</u>	<u>(931,519)</u>	<u>(2,527,407)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(23,943,300)	9,556,529	17,123,924
NET FINANCIAL ASSET, BEGINNING OF YEAR	<u>69,902,140</u>	<u>69,902,140</u>	<u>52,778,216</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>45,958,840</u></u>	<u><u>79,458,669</u></u>	<u><u>69,902,140</u></u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023 \$	2022 \$ (Restated Note 21)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenses	23,377,173	31,233,649
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	27,936,694	26,798,193
ARO Accretion Expense	143,287	138,078
Loss (Gain) on disposal of tangible capital assets	59,183	(656,065)
Tangible capital assets received as contributions	(15,521,843)	(2,175,435)
Non-cash charges to operations (net change):		
Decrease in taxes and grants in place of taxes	544,331	187,796
Decrease (Increase) in trade and other receivables	390,212	(7,020,670)
(Increase) in inventory for consumption	(784,494)	(23,730)
(Increase) in prepaid expenses	(147,025)	(90,677)
(Decrease) Increase in accounts payable and accrued liabilities	(1,854,897)	5,505,203
Increase in accounts payable amount applied to capital	2,043,802	614,785
Increase (Decrease) in deposit liabilities	660,002	(1,317,834)
Increase (Decrease) in deferred revenue	6,381,347	(8,026,845)
Increase (Decrease) in employee benefit obligations	134,246	(97,172)
Decrease in ARO	(192,149)	-
Increase (Decrease) in provision for landfill closure and post-closure costs	-	(19,223)
Cash provided by (applied to) operating transactions	<u>43,169,869</u>	<u>45,050,053</u>
CAPITAL		
Accounts payable amount applied to capital	(2,043,802)	(614,785)
Acquisition of tangible capital & resource assets	(25,550,022)	(40,373,300)
Proceeds of tangible assets	186,863	2,411,289
Cash provided by (applied to) capital transactions	<u>(27,406,961)</u>	<u>(38,576,796)</u>
INVESTING		
Decrease (Increase) in investments	<u>15,347,571</u>	<u>(145,347,904)</u>
FINANCING		
Debt charges recovered	69,353	66,001
Long-term debt repaid	(5,741,872)	(5,690,746)
Long-term debt raised	1,084,806	10,162,090
Cash provided by (applied to) financing transactions	<u>(4,587,713)</u>	<u>4,537,345</u>
CHANGE IN CASH DURING YEAR	26,522,766	(134,337,302)
CASH AT BEGINNING OF YEAR	11,221,971	145,559,273
CASH AT END OF YEAR	<u>37,744,737</u>	<u>11,221,971</u>

Cash - See Note 3

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Changes in Accumulated Operating Surplus
For the Year Ended December 31, 2023
Schedule 1

	Unrestricted	Restricted	Equity in	Equity in Tangible	2023	2022
	Surplus	Reserves Note 16,21,22	Other Assets Note 21,22	Capital Assets Note 16,21,22	\$	\$ Note 21,22
Balance, Beginning of the Year	3,633,423	131,977,977	21,161,000	639,575,793	796,348,196	765,114,547
Annual Surplus	23,377,173	-	-	-	23,377,173	31,233,649
Unrestricted funds designated for future use	(34,859,417)	34,859,417	-	-	-	-
Restricted funds used for operations	22,346,315	(22,346,315)	-	-	-	-
Restricted funds use for tangible capital assets	-	(4,920,351)	-	4,920,351	-	-
Current year funds used for tangible capital assets	(19,544,866)	-	-	19,544,866	-	-
Contributed tangible capital assets	(15,521,843)	-	-	15,521,843	-	-
Disposal of tangible capital assets	246,046	-	-	(246,046)	-	-
Annual amortization expenses	27,936,694	-	-	(27,936,694)	-	-
Asset retirement obligation accretion expense	143,287	-	-	(143,287)	-	-
Long term debt related to tangible capital assets issued	(1,084,806)	-	-	1,084,806	-	-
Long term debt issued	1,084,806	-	-	(1,084,806)	-	-
Reclamation costs for Asset Retirement Obligation repaid	(192,149)	-	-	192,149	-	-
Long term debt related to tangible capital assets repaid	(5,672,519)	-	-	5,672,519	-	-
Change in accumulated operating surplus	(1,741,280)	7,592,751	-	17,525,701	23,377,173	31,233,649
Balance, End of Year	1,892,143	139,570,728	21,161,000	657,101,494	819,725,369	796,348,196

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023
Schedule 2

	Land		Buildings	Engineered	Machinery and	Vehicles	2023	2022
	Land	Improvements		Structures	Equipment		\$	\$
		Note 16,21,22		Note 16,21,22				Note 16,21,22
COST:								
BALANCE, BEGINNING OF YEAR	144,523,613	12,688,618	84,295,083	1,067,127,719	20,957,157	18,270,999	1,347,863,189	1,311,952,305
Acquisition of tangible capital assets	15,414,119	1,796,656	14,950	84,756,901	582,160	1,660,625	104,225,411	31,277,629
Construction-in-progress, net	(9,619,856)	(986,912)	-	(52,383,927)	(113,726)	(49,124)	(63,153,545)	8,858,107
Disposal of tangible capital assets	-	-	(120,176)	(496,410)	(424,271)	(580,659)	(1,621,516)	(4,224,852)
BALANCE, END OF YEAR	150,317,876	13,498,362	84,189,857	1,099,004,283	21,001,320	19,301,841	1,387,313,539	1,347,863,189
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	2,234,432	17,145,622	601,961,387	14,321,213	10,772,500	646,435,154	622,106,589
Annual Amortization		665,485	2,309,815	21,961,031	1,612,072	1,388,292	27,936,694	26,798,193
Accumulated amortization on disposals		-	(75,247)	(328,948)	(421,623)	(549,653)	(1,375,471)	(2,469,628)
BALANCE, END OF YEAR	-	2,899,917	19,380,190	623,593,470	15,511,662	11,611,139	672,996,377	646,435,154
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	150,317,876	10,598,445	64,809,667	475,410,813	5,489,658	7,690,701	714,317,160	701,428,035
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Note 16,21,22)	144,523,613	10,454,186	67,149,461	465,166,332	6,635,944	7,498,499	701,428,035	
	<u>Opening Balance</u>	<u>Additions</u>	<u>Transfer to TCA</u>	<u>Ending Bal</u>	<u>2023 Net Change</u>			
Construction-in-progress	67,115,358	17,319,872	80,473,417	3,961,813	(63,153,545)			

ROCKY VIEW COUNTY
Schedule of Property and Other Taxes
For the Year Ended December 31, 2023
Schedule 3

	Budget \$ (Note 20)	2023 \$	2022 \$
TAXATION			
Real property taxes	132,325,410	130,978,379	119,823,353
Linear property taxes	12,171,343	12,047,441	13,037,350
Government grants in place of property taxes	87,647	86,756	87,288
Special assessments and local improvement taxes	454,200	476,362	511,734
	<u>145,038,600</u>	<u>143,588,938</u>	<u>133,459,725</u>
REQUISITIONS FROM OTHER AUTHORITIES			
Alberta School Foundation Fund	50,255,900	52,195,833	48,769,493
Calgary Roman Catholic Separate School District	4,502,900	2,562,932	3,990,129
Rocky View Seniors Foundation	1,059,600	1,059,564	1,006,123
Designated Industrial Property Tax	147,500	147,301	143,458
	<u>55,965,900</u>	<u>55,965,630</u>	<u>53,909,203</u>
NET MUNICIPAL TAXES	<u>89,072,700</u>	<u>87,623,308</u>	<u>79,550,522</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Government Transfers
For the Year Ended December 31, 2023
Schedule 4

	Budget \$ (Note 20)	2023 \$	2022 \$
TRANSFERS FOR OPERATING:			
Provincial Government	9,109,900	2,056,884	1,884,510
Federal Government	-	-	41,721
	<u>9,109,900</u>	<u>2,056,884</u>	<u>1,926,231</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	16,882,800	7,398,104	13,559,105
Federal Government	2,769,200	2,769,171	5,777,532
	<u>19,652,000</u>	<u>10,167,275</u>	<u>19,336,637</u>
TOTAL GOVERNMENT TRANSFERS	<u>28,761,900</u>	<u>12,224,159</u>	<u>21,262,868</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Expenses by Object
For the Year Ended December 31, 2023
Schedule 5

EXPENSES BY OBJECT	Budget \$ (Note 20)	2023 \$	2022 \$ (Note 21, 22)
Salaries, wages and benefits	48,767,350	48,684,722	42,460,554
Contracted and general services	90,515,250	58,689,177	37,969,868
Materials, goods and supplies	11,213,000	10,019,885	9,883,227
Interest on long-term debt	2,239,100	3,478,782	2,397,967
Purchased from other Governments	765,300	728,018	798,615
Grants to organizations	3,447,100	2,129,612	2,960,097
Grants to local boards and agencies	2,307,600	1,885,011	1,646,471
Other	619,100	648,571	477,355
Amortization of tangible capital assets	28,689,600	27,936,694	26,798,193
Loss on disposal of tangible capital assets	-	59,183	-
Accretion of asset retirement obligation	-	143,287	138,078
TOTAL EXPENSES	<u>188,563,400</u>	<u>154,402,942</u>	<u>125,530,425</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023
Schedule 6

	General Government	Emergency Services	I & O Services	Planning & Development	Community Services	Total \$
REVENUE						
Net municipal taxes	87,623,308	-	-	-	-	87,623,308
Government transfers		245,315	10,408,523	-	1,570,321	12,224,159
User fees and sales of goods	330,486	717,745	13,682,785	1,176,227	-	15,907,243
Investment income	8,091,670	-	-	-	-	8,091,670
Contributed assets	-	-	10,102,743	-	5,419,100	15,521,843
Other revenues	4,508,942	1,316,069	23,663,776	8,915,755	7,350	38,411,892
	<u>100,554,406</u>	<u>2,279,129</u>	<u>57,857,827</u>	<u>10,091,982</u>	<u>6,996,771</u>	<u>177,780,115</u>
EXPENSES						
Salaries, wages and benefits	12,649,628	14,954,826	14,080,055	6,411,010	589,203	48,684,722
Contracted and general services	7,107,250	4,423,968	44,893,429	1,514,937	749,593	58,689,177
Materials, goods and supplies	522,682	517,720	8,961,731	13,590	4,162	10,019,885
Transfers to local boards and organizations	639,837	100,000	12,750	-	3,262,036	4,014,623
Long-term debt interest	-	19,400	3,459,382	-	-	3,478,782
Other expenses	250,407	728,018	600,634	-	-	1,579,059
	<u>21,169,804</u>	<u>20,743,932</u>	<u>72,007,981</u>	<u>7,939,537</u>	<u>4,604,994</u>	<u>126,466,248</u>
NET REVENUE, BEFORE AMORTIZATION	<u>79,384,602</u>	<u>(18,464,803)</u>	<u>(14,150,154)</u>	<u>2,152,445</u>	<u>2,391,777</u>	<u>51,313,867</u>
Amortization expenses	660,913	1,223,877	25,816,327	-	235,577	27,936,694
EXCESS (DEFFICIENCY) OF REVENUE OVER EXPENSES	<u>78,723,689</u>	<u>(19,688,680)</u>	<u>(39,966,481)</u>	<u>2,152,445</u>	<u>2,156,200</u>	<u>23,377,173</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Rocky View County (the “County”) are the representations of management prepared in conformity with Canadian Public Sector Accounting Standards (PSAS). Significant aspects of the accounting policies adopted by the County are outlined as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures, changes in fund balances, and changes in the financial position of Rocky View County.

The tax schedule includes requisitions for education, health, social, and external organizations that are not part of Rocky View County.

The financial statements exclude trust assets administered on external parties’ behalf. Interdepartmental and organizational transactions and balances are eliminated.

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 incurred and measurable based upon receipt of goods or services and the legal obligation to pay.

Revenue Recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

Tax Revenue

The County recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by bylaw, and the taxable event has occurred. Tax Revenue is initially measured at the administration’s best estimate of the amount resulting from the actual taxable event per legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition.

Requisitions operate as a flow-through and are excluded from municipal revenue.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Government Transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized and any eligibility criteria have been met, and reasonable estimates of the amounts can be determined. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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 as a result of direct financial return.

Use of Estimates

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

Accounts receivable are stated after evaluation as to their collectability. Amortization is based on the estimated useful lives of tangible assets. Reclamation, closure, and post-closure liabilities are calculated based on management's best estimates of costs and timing. The valuation of inventory for consumption is subject to estimation uncertainty.

Investments

Investments are comprised of investments in qualifying instruments as defined in the County's Investment Policy #C-201. Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective assets. When there has been a value loss other than a temporary decline, the individual investment is written down to recognize the loss. Investments are externally managed and consist of investments in guaranteed investment certificates with banks, treasury branches and credit unions.

Debt Charges Recoverable

Debt charges consist of amounts that are recoverable from municipal agencies or other local governments concerning 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.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Local Improvement Charges

Local improvements are recognized as revenue, and established as a receivable, for the property owners's share of the improvements in the period that the project expenses are incurred. Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of related borrowings. These levies are collectible from property owners for work performed by Rocky View County.

Inventories for Resale

Gravel inventories held for resale are recorded at a lower cost or net realizable value. The cost is determined by the average cost method.

Asset Retirement Obligation:

Asset Retirement Obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets ("TCA") include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the County to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the County is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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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 and the excess of revenues over expenses provide the Change in Net Financial Assets (Debt) for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost, including all amounts directly attributable to the asset's acquisition, construction, development, or betterment. The cost 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	10-50
Engineered structures	
Water system	30-75
Wastewater system	30-75
Other engineered structures	5-30
Machinery and equipment (owned and leased)	3-10
Vehicles	8-20

One-half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are amortized once they are 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) Resource Asset

The water licenses are recorded at cost and have been assessed with an indefinite life. The assets will not be amortized, and impairment will be reviewed when there are indicators of a decline in value.

iv) Leases

Leases are classified as capital or operating leases. Leases that substantially transfer all of the benefits and risks incidental to property ownership are accounted for as capital leases. At the

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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inception of a capital lease, an asset and payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value.

All other leases are accounted for as operating leases, and the related lease payments are charged to expenses as incurred.

v) Inventories

Inventories held for consumption are recorded at a lower cost or net realizable value. The cost is determined by the average cost method for gravel inventory and FIFO for other inventory.

Requisition Over-levy and Under-levy

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

If the levy exceeds the requisition, the over-levy is accrued as a liability, and property tax revenue is reduced. The under-levy is accrued as a receivable, and property tax revenue is increased where the actual levy is less than the requisition amount. Requisition tax rates in the subsequent year are adjusted for any over- or under-levies of the prior year.

Pensions

The County participates in two pension plans. The plans are accounted for as defined benefit plans. Contributions for current services are recorded as expenditures in the year they become due.

Funds Held in Trust

The County held \$1,776,004 in a Cemetery Perpetual Care Trust Account as of December 31, 2023 (2022 - \$1,448,336).

The County held \$162,871 in a Tax Recovery Trust account as of December 31, 2023 (2022 - \$154,416).

New Accounting Policies Adopted During the Year:

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Information presented for comparative purposes is restated unless the necessary financial data is not reasonably determinable.

Modified Retroactive application: During the year, the County adopted a new accounting policy with respect to future obligations to retire an asset or to restore a site including dismantling, and remediation. The county now accounts for such transactions by initially recognizing and recording as an obligation based on estimated future cash flows discounted at a credit-adjusted risk-free rate. These assets retirement obligations are adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The assets retirement obligations are also accreted to full value over time through periodic charges to statement of operations. This unwinding of the discount is charged to accretion expense in the statement of operations.

The amount of assets retirement obligation initially recognized is capitalized as part of the related asset's carrying value. The straight line method of depreciation is followed to amortize these.

Prior to this, the county did not account for these transactions. The county believes the new policy provides a fair presentation of the results and the financial position of the County.

This adoption of policy has been applied on a modified retroactive basis with restatement of prior period comparative amounts. The December 31, 2022, balance sheets are adjusted in providing comparative figures in the December 31, 2023, financial statements. Previously reported December 31, 2022, operating surplus is impacted by a net decrease of \$304,967 due to the new standard for the increase in ARO Accretion expense of \$138,078 and amortization of ARO Assets of \$166,889. The opening balance of accumulated surplus as at January 1, 2022 is increased by \$235,265 due to adoption of the new standard consisting of the removal of gravel pit and landfill liabilities previously recorded of \$2,348,668, the addition of ARO Liabilities for gravel pits, landfills and lagoons of \$3,659,541 and net book value of ARO Assets of \$1,546,138.

PS 3450 Financial Instruments, provides guidance on the recognition, measurement, presentation, and disclosure of financial instruments including derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the County. Management has reviewed the standard and all the financial statements and determined the County does not have derivative or equity instruments. As a result, there are no additional financial statements required. Refer to Note 14 on the County's financial instrument risk.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: INVESTMENTS

	<u>2023</u>	<u>2022</u>
Grants	\$13,185,537	\$10,562,972
Developer refundable deposits	3,918,285	4,372,970
Developer contributions	152,171	182,278
Other deferred revenue	2,263,331	2,490,933
County reserves and other	<u>110,486,007</u>	<u>127,743,749</u>
Total Investments	<u>\$130,005,331</u>	<u>\$145,352,902</u>

Investments and deposits are held in guaranteed investment certificates with banks, treasury branches, and credit unions. These investments have an effective interest rate of 5.70% to 6.35% (2022 4.46% to 5.74%) and mature in less than one year.

Grants include \$2,658,486 received from Alberta Environment and Sustainable Resource Development, \$3,879,896 from Municipal Sustainability Initiative, and \$6,525,580 from Alberta Community Resilience Program (Note 6).

NOTE 3: CASH

	<u>2023</u>	<u>2022</u>
Cash	\$41,195,368	\$15,366,601
Outstanding Cash Transactions	<u>(3,450,631)</u>	<u>(4,144,630)</u>
Cash	<u>\$37,744,737</u>	<u>\$11,221,971</u>
Grants	\$3,828,186	\$815,514
Developer refundable deposits	1,137,604	337,615
Developer contributions	44,180	14,073
Other deferred revenue	657,118	192,313
County reserves and other	<u>32,077,649</u>	<u>9,862,456</u>
Total Cash	<u>\$37,744,737</u>	<u>\$11,221,971</u>

Grants include \$771,844 Alberta Environment and Sustainable Resource Development, \$1,126,459 from Municipal Sustainability Initiatives and \$1,894,585 Alberta Community Resilience Program and held exclusively for approved projects (Note 6).

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: RECEIVABLES

	<u>2023</u>	<u>2022</u>
Property Taxes		
Current taxes and grants in place of taxes	\$2,853,397	\$3,403,924
Arrears taxes	<u>1,406,481</u>	<u>1,400,285</u>
	<u>\$4,259,878</u>	<u>\$4,804,209</u>
Other		
Trade accounts	\$12,168,990	\$8,074,336
Government Transfers	<u>2,455,064</u>	<u>6,939,930</u>
	<u>\$14,624,054</u>	<u>\$15,014,266</u>
Total	<u>\$18,883,932</u>	<u>\$19,818,475</u>

NOTE 5: DEBT CHARGES RECOVERABLE

	<u>2023</u>	<u>2022</u>
Current debt charges recoverable	\$ 31,900	\$ 69,353
Non-current debt charges recoverable	<u>300,021</u>	<u>331,921</u>
	<u>\$ 331,921</u>	<u>\$ 401,274</u>

The County has secured long-term financing on behalf of several community organizations for joint projects within the County. This debt is recoverable from the organizations at interest rates ranging from 4.758% to 5.250%. The debts mature and will be fully recovered starting in the year 2023 and ending in 2032.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$31,900	\$15,510	\$47,410
2025	33,450	13,960	47,410
2026	35,075	12,335	47,410
2027	36,780	10,630	47,410
2028	38,568	8,842	47,410
Thereafter	<u>156,148</u>	<u>16,791</u>	<u>172,939</u>
	<u>\$ 331,921</u>	<u>\$ 78,068</u>	<u>\$ 409,989</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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<u>NOTE 6: DEFERRED REVENUE</u>	<u>2023</u>	<u>2022</u>
Prepaid property tax	\$1,072,174	\$563,267
Municipal Sustainability Initiative – capital	4,657,459	-
AB Environment & Sustainable Resource Grant	3,430,330	3,343,388
AB Community Resilience Program	8,420,165	7,993,136
Municipal Sustainability Initiative – operating	348,896	-
Other operating grants	156,873	41,962
Developer contributions	196,351	196,351
Other deferred revenue	2,920,449	2,683,246
	<u>\$21,202,697</u>	<u>\$14,821,350</u>

Below is a brief description of the nature and restrictions of the above deferred revenue balances:

Prepaid Property Taxes – Contains tax credit amounts arising from either the Tax Instalment Payment Plan or lump sum payments made in advance.

Municipal Sustainability Initiative – Capital – Government of Alberta grant to fund municipal capital projects.

AB Environment & Sustainable Resource Grant – Government of Alberta grant to fund Bragg Creek Flood Mitigation project.

AB Community Resilience Program – Government of Alberta grant to fund Cooperative Stormwater Management Initiative.

Municipal Sustainability Initiative – Operating – Government of Alberta grant to fund municipal operating projects.

Other operating grants – Various Provincial Grants to fund operating projects or initiatives.

Developer contributions – Developer contributions for shared municipal operating and capital projects.

Other deferred revenue – Cemetery deposits and insurance.

NOTE 7: EMPLOYEE BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
Vacation	<u>\$1,333,972</u>	<u>\$1,199,726</u>

The vacation liability comprises the vacation that employees have earned and are deferred to future years.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Operating debt, maturing between 2023 and 2032, bearing interest at rates between 4.758% and 5.250%	\$ 331,921	\$ 401,274
Capital debt, maturing between 2024 and 2050, bearing interest at rates between 1.288% and 6.70%	<u>\$ 53,466,909</u>	<u>\$ 58,054,622</u>
	<u>\$ 53,798,830</u>	<u>\$ 58,455,896</u>
Funding for future payments from:		
General Tax	\$ 2,025,602	\$ 2,210,736
Emergency Services Tax	601,078	752,584
Local Improvement Tax	6,672,968	5,810,231
Special Levies	40,499,182	45,665,675
User Fees	<u>4,000,000</u>	<u>4,016,670</u>
	<u>\$ 53,798,830</u>	<u>\$ 58,455,896</u>

Principal and interest repayments are as follows:

	<u>Capital</u>	<u>Interest</u>	<u>Operating</u>	<u>Interest</u>	<u>Total</u>
2024	\$4,593,523	\$3,150,082	\$31,900	\$15,510	\$7,791,015
2025	4,491,791	2,864,916	33,450	13,960	7,404,117
2026	3,153,345	2,583,030	35,075	12,335	5,783,785
2027	3,166,770	2,390,556	36,780	10,630	5,604,736
2028	3,180,624	2,197,723	38,568	8,842	5,425,757
Remainder	<u>34,880,856</u>	<u>14,097,102</u>	<u>156,148</u>	<u>16,791</u>	<u>49,150,897</u>
Total	<u>\$ 53,466,909</u>	<u>\$ 27,283,409</u>	<u>\$ 331,921</u>	<u>\$ 78,068</u>	<u>\$ 81,160,307</u>

Of the \$331,921 in principal payments to be made in future years on operating debt, all will be paid from tax levies and local improvement tax.

Of the \$53,466,909 in principal payments to be made in future years on capital debt, all will be paid from user fees, special levies, local improvement tax, and tax levies.

Interest expense on long-term debt amounted to \$3,478,782 (2022 - \$2,397,967). The County's total cash payments for interest were \$3,744,563 (2022 - \$2,393,358).

The County has a \$5,000,000 (2022 - \$5,000,000) unsecured operating line of credit with ATB

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Financial. When utilized, this line of credit bears interest at $\frac{1}{4}$ % below the prime lending rate established by ATB Financial. \$1,000,000 of this \$5,000,000 can be utilized for Letters of Credit. One letter of credit in the amount of \$27,500 is set to expire in 2025, and puts the overall line of credit at an available balance of \$4,972,500.

This letter was issued to the Receiver General of Canada on behalf of Fisheries and Oceans Canada to monitor flood mitigation structures built in segments along Bragg Creek and the Elbow River.

NOTE 9: PENSION PLANS

Local Authorities Pension Plan (LAPP)

Employees of the County participate in the Local Authorities Pension Plan (“LAPP” or the “Plan”), which the Public Sector Pension Plans Act covers. This plan is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County must make current service contributions to the Plan of 8.45% of pensionable earnings up to the year’s maximum under the Canada Pension Plan (“CPP”) and 12.23% of pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% of pensionable earnings up to the year’s maximum pensionable earnings and 11.23% on pensionable earnings above this amount.

Total employer contributions by Rocky View County to the LAPP in 2023 were \$2,392,481 (2022 - \$2,219,665). Total contributions by the employees of Rocky View County to the LAPP in 2023 were \$2,146,345 (2022 - \$1,938,159).

On December 31, 2022, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$12,671 million (2021 - \$11,922 million surplus).

APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act, commenced in 2008 and provides supplementary pension plan benefits. The plan supplements the Local Authorities Pension Plan.

The Chief Administrative Officer and Executive Directors of the County can participate in the APEX Supplementary Pension Plan. Employer and Employee contributions and investment earnings of the APEX fund finance APEX. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County makes current service contributions to the plan of 2.96% of pensionable earnings up to the APEX maximum earnings of \$175,333. Eligible employees of the County can make current service contributions of 2.42% of earnings up to the APEX maximum earnings of

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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\$175,333. Total employer contributions by Rocky View County to APEX in 2023 amounted to \$10,348 (2022 - \$10,888). Total contributions by employees of the County to APEX amounted to \$8,460 for the 2023 year (2022 - \$7,381).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary, benefit escalation, and retirement ages. The costs of post-retirement benefits are fully funded.

NOTE 10: COMMITMENTS & CONTINGENCIES

No provision has been made on the statement of financial position for the various lawsuits and legal claims filed against the County, as the extent of the lawsuits and legal claims are not determinable at December 31, 2023. The amount of any future settlement would be accounted for in the year the losses are determined.

Commitments relating to policing and operating leases are listed below:

2024	\$4,176,777
2025	\$4,177,277

In addition to the above the County has entered into agreements for the following major projects:

<u>Project Name</u>	<u>Year of Commitment</u>	<u>Project Type</u>	<u>Amount</u>
Bragg Creek Flood Mitigation	2024	Capital	\$519,109
Fleet Purchases	2024	Capital	872,279
Range Rd 43 & Cochrane Lake	2024	Capital	1,124,071
Dwight McLellan Trail Traffic Lights	2024	Operating	500,000
Glenmore Tr & Garden Road	2024	Operating	582,638
Dwight McLellan Trail Stormwater	2024	Operating	1,285,840

NOTE 11: RECIPROCAL INSURANCE EXCHANGE MEMBERSHIPS

The County was a member of the Genesis Reciprocal Insurance Exchange and the Jubilee Reciprocal Insurance Exchange as of December 31, 2023. Under the membership terms, the County could become liable for its proportionate share of any claim losses above the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12: DEBT LIMITS

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

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 228,136,496	\$ 202,878,003
Total debt	<u>(53,798,830)</u>	<u>(58,455,896)</u>
Total amount of debt limit unused	<u>\$ 174,337,666</u>	<u>\$ 144,422,107</u>
Debt Servicing Limit	\$ 38,022,749	\$ 33,813,001
Debt Servicing	<u>(7,791,015)</u>	<u>(8,109,308)</u>
Amount of Debt Servicing Limit unused	<u>\$ 30,231,734</u>	<u>\$ 25,703,693</u>

The debt limit is calculated at 1.5 times the revenue of the County (as defined in Alberta Regulation 255/2000), 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 Alberta Municipal Affairs uses to identify municipalities that could be at financial risk if a 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.

NOTE 13: ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$8,710,823	\$10,721,110
Capital deficit	<u>(6,818,675)</u>	<u>(7,087,687)</u>
	<u>\$1,892,148</u>	<u>\$3,633,423</u>
Restricted surplus		
Reserve funds		
General operating	\$4,075,015	\$3,680,090
Roads	5,795,590	5,257,517
Offsite levies	36,616,392	39,986,655
Tax stabilization	56,647,075	50,526,789
Utility	1,813,710	1,018,973
Public	19,547,078	17,303,956
Equipment	4,602,276	4,422,730
Recreation – Springbank	8,918,597	8,329,744
Voluntary recreation	1,554,995	1,451,526
	<u>\$139,570,728</u>	<u>\$131,977,980</u>
Equity in water license	21,161,000	21,161,000
Equity in tangible capital assets (Note 18)	657,101,493	639,575,793
	<u>\$819,725,369</u>	<u>\$796,348,196</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 14: FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, employee benefit obligations, deposits liabilities, and long-term debt. The nature of these instruments and the County's operations expose the County to credit and liquidity risks. The County manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. There have been no changes from the previous year's policies, procedures and methods to measure risks.

A. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates might have an effect on the cashflows associated with some financial assets and liabilities. The County is exposed to interest rate risk on its bank indebtedness and temporary investments. As at December 31, 2023 the County had investments bearing interest at 5.70% to 6.35% (2022 - 4.46% to 5.74%) and long-term debt bearing interest at 1.288% to 6.70% (2022 - 1.288% to 6.45%). The County actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation.

B. Credit risk

The County is subject to credit risk with respect to taxes and grants in place of taxes, accounts receivable, and debt charges recoverable. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. Management believes that the risk of default and the risk of concentration of credit risk is minimized by the fact that there is a large number and diversity of taxpayers and receivables comprise amounts receivable from the Government of Alberta for grants, property taxes, and trade receivables, which are subject to normal trade credit risk which is not significant as the County manages and analyzes the outstanding accounts receivable balances.

C. Liquidity risk

Liquidity risk is the risk that the County will not be able to meet its financial obligations as they come due. The County has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements of the County on an ongoing basis. The County ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows and its holdings of cash and cash equivalents. The following table sets out the contractual maturities (representing contractual cash flows) of financial liabilities:

	<u>0-90 days</u>	<u>Over 90 days</u>
Accounts payable and accruals	\$20,701,344	\$ -
Deposit liability	-	6,721,652
Long-term debt	206,463	53,592,367
	<u>\$20,907,807</u>	<u>\$60,314,019</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 15: SALARY AND BENEFIT DISCLOSURE

Salaries and benefits for elected Municipal Officials, the Chief Administrative Officer, and the Designated Officers, as required by Alberta Regulation 313/2000, are disclosed as follows:

	No. of Persons	Salary	Benefits & Allowances	2023 Total	2022 No. of Persons	2022 Total
Councilors:						
Division 1	1	\$92,611	\$15,017	\$107,628	1	\$127,210
Division 2	1	90,921	9,636	100,557	1	120,786
Division 3	1	122,966	14,339	137,305	1	137,893
Division 4	1	89,586	13,796	103,382	1	125,785
Division 5	1	89,586	9,914	99,500	1	94,714
Division 6	1	92,750	13,887	106,637	1	98,735
Division 7	1	89,586	9,966	99,552	1	94,714
CAO	3	412,933	35,957	448,890	2	306,729
Designated Officers	2	289,604	54,367	343,971	2	322,364

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and other direct cash remuneration.
- (2) Elected Officials: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, travel allowance and general expense allowance.
- (3) Chief Administrative Officer/Designated Officers: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), employment insurance, extended health care, dental coverage, vision coverage, group life insurance, accidental disability, and dismemberment insurance, local authorities pension plan (LAPP), and APEX Supplementary Pension Plan.

NOTE 16: ASSET RETIREMENT OBLIGATION**Landfill**

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

estimates and assumptions with respect to events extending over a 11-14 years period using the best information available to management. Future events may result in significant changes to the estimated total expense and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The landfills are closed and now in the post closure phase. The County is responsible for landfill sites that have been capped and closed with no further useful life and capacity. No performance bonds have been paid on the sites, and no assets have been specifically allocated to these sites. The estimated total liability is based on the sum of discounted future cash flows of post-closure activities for the remainder period for post-closure care between 11 years and 14 years (2022 – between 12 years and 15 years) using the discount rate of 3.77% (2022 - 3.77%). The total estimated ARO is \$470,952 (2022- \$453,828)

Lagoons

The County has a license to operate lagoons. The county is legally required to decommission and reclaim these lagoons at the end of their useful life. In accordance with PS 3280, Asset Retirement Obligations, the County estimated the ARO using the undiscounted future expenditures expected to be incurred within 1- 24 years period. The County applied the discount rate of 3.77% to estimate the present value of the associated AROs. The total estimated ARO is \$1,124,386 (2022 - \$ 1,083,506).

Gravel Pits

The operates various pits which have an estimated useful life of 1 to 54 years. The County is legally required to reclaim these pits at the end of their useful life. The County estimated the ARO for these pits using the undiscounted future expenditures expected to be incurred within 1- 54 years period. The County applied the discount rate of 3.77% to estimate the present value of the associated AROs. The total estimated ARO is \$2,153,419 (2022 - \$ 2,260,285).

Asset Retirement Obligation	2023	2022
Balance, beginning of the year	\$3,797,619	\$3,659,541
Liabilities settled	(192,149)	-
Accretion expense	143,287	138,078
Estimated total liability	<u>3,748,757</u>	<u>3,797,619</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17: CONTAMINATED SITES LIABILITY

Due to recent salt leaks at the Cochrane Gravel Pit as a result of day-to-day operations a 3rd party consultant was called in the first quarter of 2024 to inspect the sites and has established that there is potential for a contaminated site liability. The County has not recorded a provision because the layer that was contaminated has the potential to become inventory, there will be further discussions between the County and Alberta Environment to determine if the salt soil can be turned into inventory or if there is an environmental requirement from the Province to clean up the salt leak.

NOTE 18: EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	\$1,387,313,538	\$1,347,863,188
Accumulated amortization (Schedule 2)	(672,996,378)	(646,435,154)
Asset Retirement Obligation (Note 16)	(3,748,757)	(3,797,619)
Long term debt (Note 8)	(53,798,830)	(58,455,896)
Debt charges recoverable (Note 5)	331,921	401,274
	<u>657,101,494</u>	<u>639,575,793</u>

NOTE 19: SEGMENTED DISCLOSURE

The County conducts its business through a number of reportable segments. The operating segments are established by management and facilitate the achievement of long-term objectives and aid in resource allocation decisions. For each reported segment, revenues and expenses represent both amounts directly attributable to the segment and amounts that are allocated reasonably. The accounting policies in these segments are consistent with those followed in preparing the financial statements.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

General Government includes Council, Other legislative, and General administration.

Emergency Services include Fire, Bylaw, Police, and traffic enforcement.

Infrastructure & Operations Services include Roads, Capital projects & Engineering services, Asset management, Fleet, Cemetery, Water, Stormwater, Wastewater, and Waste & recycling.

Planning & Development includes Planning services, Building services, Economic Development, and Development compliance.

Community Services include Recreation & Community support and Family and Community Support Services (FCSS).

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 20: BUDGET

The budget figures presented in these financial statements are based on the budget approved by council on April 25, 2023, and subsequent budget adjustments are not included.

The schedule below reconciles the approved budget to the budget figures reported in these financial statements:

	2023
Budgeted Deficit reported in financial statements	\$(28,139,600)
Capital Revenue Funding Operation	(10,268,100)
Principal payments on long-term debt	(5,663,900)
Amortization expense	28,689,600
Net transfer from reserve	15,382,000
Approved budget surplus for the year	-

NOTE 21: COMPARATIVE FIGURES

Certain prior year corresponding figures have been restated to conform to the current year's presentation.

NOTE 22: PRIOR PERIOD ADJUSTMENT

During the 2022 year end a correction between the distribution of the cost of acquisition of a water system between water licenses and water system assets was identified. As a result, the comparative figures have been restated. The effect of this prior period adjustment is a decrease in the net book value of tangible capital assets of \$373,000.00 and equity in tangible capital assets of \$368,798 and an offsetting increase in the Water License Asset and Equity in Water License of \$373,000.00. This change results in a reduction of the amortization expense in 2022 of \$4,202.

NOTE 23: APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



ROCKY VIEW COUNTY

SECTION II

Variance Analysis

April 23, 2024



FINANCIAL STATEMENT VARIANCE ANALYSIS
For The Year Ending December 31, 2023

STATEMENT OF FINANCIAL POSITION - YEAR OVER YEAR

The Statement of Financial Position reports on the County's assets, liabilities, and accumulated surplus as of December 31, 2023.

Material changes have been identified and analyzed as follows:

FINANCIAL ASSETS

	Variance (\$)	2023 (\$)	2022 (\$)
<u>Cash (F/S Note 3)</u>			
Total	26,522,766	37,744,737	11,221,971
* Year-end timing difference			
a) Increase – Due to anticipating higher demand for cash to meet capital expenditures in the current year	25,287,539		
	1,635,446		
c) Increase – Developers levies (Water offsite) Levy	154,284		
d) Increase – Developers' levies (Wastewater offsite)	(544,504)		
e) Decrease – Public Reserves had increased investing activity in the current year			
<u>Temporary Investments (F/S Note 2)</u>			
a) Decrease – investing activities due to higher demand for cash to meet capital expenditures in the current year	(15,347,571)	130,005,331	145,352,902
<u>Receivables (F/S Note 4)</u>			
Total	(934,543)	18,883,933	19,818,476
a) Decrease – Taxes and grants in place of taxes	(544,311)		
b) Decrease – In Misc. Trade and other receivables	(390,212)		

**LIABILITIES**

	Variance (\$)	2023 (\$)	2022 (\$)
<u>Accounts Payable & Accrued Liabilities</u>			
Total	(\$1,854,897)	20,701,344	22,556,241
* Timing between accrued pay & payday			
a) Decrease – Gravel Liability (now Asset Retirement Obligation)	(1,985,711)		
b) Increase – Employee related liabilities*	130,814		
<u>Deferred Revenue (F/S Note 6)</u>			
Total	\$6,381,347	21,202,697	14,821,250
* Timing between receipt and use of grants			
a) Increase – Grant*	5,635,237		
b) Increase – Prepaid property taxes	509,177		
<u>Long-term debt (F/S Note 8)</u>			
Total	(4,657,066)	53,798,830	58,455,896
a) Decrease – Vehicles	(151,506)		
b) Decrease – Bridges & walkways	(16,439)		
c) Decrease – Water infrastructure	(1,734,348)		
d) Decrease – Wastewater infrastructure	(2,486,847)		
e) Decrease – Recreation	(102,251)		
f) Decrease – Bridge rehabilitation	(146,202)		

NON-FINANCIAL ASSETS

	Variance (\$)	2023 (\$)	2022 (\$)
<u>Tangible Capital Assets (Schedule 2)</u>			
Total	12,889,125	714,317,160	701,428,035
* Reduction in buildings, equipment, and engineering structures due to yearly amortization			
a) Increase – Land/Land improvements	11,026,149		
b) Decrease – Buildings	(2,339,795)		
c) Increase – Vehicles	241,327		
d) Decrease – Equipment	(1,131,834)		
e) Increase – Engineering structures	52,792,595		



f) Decrease – Construction in progress	(63,054,271)
g) Increase – Contributed assets	15,521,843
h) Asset Retirement Obligation	(166,890)



STATEMENT OF OPERATIONS – BUDGET TO ACTUAL – DECEMBER 31, 2022

The Statement of Operations reports on revenue and expenses for operating and capital activities, contributed assets, grants applied to projects, and the change in the accumulated surplus from January 1 to December 31, 2023.

Material changes have been identified and analyzed as follows:

REVENUE

	Variance (\$)	Actual (\$)	Budget (\$)
<u>User Fees and Sales of Goods</u>			
Total	(15,238,357)	15,907,243	31,145,600
a) Increase - Cemetery Revenue	1,165,750		
b) Increase Utility Operations (Balzac & East Rocky View)	1,166,161		
b) Increase- Fire response Revenue	426,932		
e) Decrease – Developer Funding	(18,000,000)		
<u>Cash-In-Lieu of Public Reserve</u>			
a) Increase – Developer contributions – voluntary contribution and cash in lieu of land	1,908,909	2,578,909	670,000
<u>Government Transfers for Operating (Schedule 4)</u>			
Total	(7,053,016)	2,056,884	9,109,900
a) Decrease – Alberta Community Resilience Program Grant	(7,413,500)		
b) Increase – Municipal Sustainability Initiative & FCSS	355,168		
<u>Investment Income</u>			
a) Increase – Interest rate increase	6,291,670	8,091,670	1,800,000
<u>Penalties and Cost of Taxes</u>			
Total	368,087	1,366,587	998,500
a) Increase – Late tax payment penalty	283,705		
b) Increase – Utility penalties	21,075		
c) Increase – Building Permit	66,807		



REVENUE (Cont.)	Variance (\$)	Actual (\$)	Budget (\$)
<u>Development Agreements & Levies</u>			
Total	3,004,147	11,204,147	8,200,000
a) Increase – Transportation offsite levy	2,621,823		
b) Increase – Wastewater offsite levy	865,842		
c) Increase – Stormwater levy	394,120		
d) Decrease – Water offsite levy	(877,639)		
<u>Licenses & Permits</u>			
Total	4,465,694	8,906,394	4,440,700
a) Increase – Building permit revenue	3,672,400		
b) Increase – Electrical/Gas/Plumbing permit revenue	405,651		
c) Increase – Development permit revenue	337,654		
<u>Other</u>			
Total	(1,012,433)	13,246,967	14,259,400
a) Decrease – Capital project funding	(1,195,715)		
b) Decrease -Glenmore Trail & Garden Road	(294,970)		
b) Decrease -Glenmore trail & Glenmore View	(185,130)		
c) Decrease – 566 Twinning in East Balzac	(51,000)		
d) Increase – Under levy	549,427		
e) Increase – Prairie Economic Gateway	165,410		

**EXPENSES**

	Variance (\$)	Actual (\$)	Budget (\$)
<u>Administration</u>			
Total	(2,072,010)	23,497,790	25,569,800
a) Decrease – Salaries and wages - position vacancies	(595,945)		
b) Decrease – Service Priorities	(386,861)		
c) Decrease – Legal Services and Insurance Claims	(250,126)		
d) Decrease – Information technology	(215,716)		
e) Decrease – Unused training	(211,957)		
f) Decrease - Communications	(150,605)		
e) Decrease – Engineering	(149,051)		
f) Decrease - Labour Negotiations	(80,000)		
i) Increase - Contracted Services	544,505		
<u>Fire</u>			
a) Increase – Mainly due to part-time firefighter wages	757,935	16,880,635	16,122,700



EXPENSES (Cont.)	Variance (\$)	Actual (\$)	Budget (\$)
<u>Bylaw Enforcement</u>	(483,510)	10,720,690	11,204,200
Total			
a) Decrease – Enhanced RCMP Services	(578,113)		
b) Decrease – Salaries & Wages	(71,937)		
c) Increase – Inspection services	327,802		
<u>Transportation and Field Services</u>			
Total	(32,084,609)	65,580,991	97,665,600
a) Decrease – Project Delivery delays	(22,541,500)		
b) Decrease – CSMI Engineering & Construction	(7,649,432)		
c) Decrease - Construction Materials	(984,904)		
e) Decrease – Salaries and wages – position vacancies	(311,174)		
<u>Utilities</u>			
Total	1,683,245	22,108,845	20,425,600
a) Increase - Interest Expense on Long Term Debt	1,242,305		
b) Increase – Maintenance	705,017		
c) Increase – Materials	(309,497)		
<u>Cemetery</u>			
Total	439,074	1,841,474	1,402,400
a) Increase – Perpetual care trust & Services	272,707		
b) Increase - Salaries and Wages	98,831		
<u>Planning and Development</u>			
Total	(517,652)	5,599,148	6,116,800
a) Decrease – Municipal policy projects	(313,077)		
b) Decrease – Planning policy (inter-municipal & ASP)	(203,060)		
b) Decrease – Grants - Economic Development	(75,000)		
c) Decrease – Salaries and wages - vacant positions	163,150		
<u>Recreation, Parks, and Community Services</u>			
Total	(1,939,101)	6,003,299	7,942,400
a) Decrease – Unspent recreation grants	(1,260,163)		
b) Decrease – Community recreation facilities	(422,589)		
c) Decrease – Services & Pathways	(227,473)		



LEGEND

"F/S" refers to the 2023 Notes to the Financial Statements

"Schedule" refers to the 2023 Notes to the Financial Statements Schedules

*General Explanation



ROCKY VIEW COUNTY

SECTION III

Audit Findings Report

April 23, 2024

Rocky View County

Audit final communication to the County Council for the year ended December 31, 2023

START

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To the County Council of Rocky View County

We are pleased to provide you with the results of our audit of Rocky View County (the "Municipality") financial statements for the year ended December 31, 2023.

The enclosed final communication includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us - in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP



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Audit at a glance

Preliminary materiality was \$6,000,000. Final materiality was changed to 2% of total assets, or \$18,500,000, for the purpose of testing Asset Retirement Obligation and Tangible Capital Assets, and a specific materiality of 2.5% of revenues, or \$5,335,000, was applied for all other financial statement areas.

We are not aware of any fraud affecting the Municipality. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Rocky View County and our Firm that may reasonably be thought to bear on our independence.



Lorriane Walker

Email: lwalker@bdo.ca

Direct: 403-213-2592



December 2023



April 2024

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Status of the audit

We have substantially completed our audit of the year ended Dec 31 financial statements, pending completion of the following items:

- Receipt of signed management representation letter
- Receipt of outstanding legal confirmations
- Subsequent events review through to the financial statements approval date
- Support for unionized employee potential sick time accrual
- Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our final independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Communication to the Members of Council dated .

For the year ended December 31, 2023

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Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Municipality's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Significant Risk - Revenue Recognition	There is a presumed fraud risk associated with revenue recognition. Specifically, there is a risk that revenue may not be recorded correctly or recognized in the proper period.	<p>BDO performed the following:</p> <ul style="list-style-type: none"> • Developed expectations for the movement in revenue balances for significant revenue streams and corroborated client explanations for significant variances. • Tested revenue on a sample basis to invoices and cash receipts. • Tested managements assessment on a sample basis by testing terms of contracts, verified that all eligibility criteria and stipulations have been met, and ensured revenue recognition criteria have been met. <p>No issues were noted</p>
Significant Risk - Management override of controls	The risk of management override is inherent in all organizations and is the result of management's ability to override controls and manipulate accounting records.	<p>BDO performed testing over significant estimates, journal entries, and also incorporated an element of unpredictability in our audit work.</p> <p>No issues were noted.</p>



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Audit findings (continued)

Financial statement areas	Risks noted	Audit findings
Significant Risk - Deferred Contributions	Risk that deferred revenue does not align with funding statements for grants received and revenue recognized and/or that deferred revenue has not been valued correctly resulting in misstatements.	BDO performed testing over deferred revenue by reviewing deferred continuity schedules and agreeing additions and utilizations to supporting documentation. No issues were noted.
Significant risk - Completeness of Asset Retirement Obligation	PSAB's new PS 3280 represents a significant change in the accounting standards applied by the County. Application of this new standard requires use of estimates and significant professional judgement. This new standard creates a risk that environmental liability is not correctly valued in accordance with generally accepted accounting principles.	BDO obtained understanding of management's estimate of any future environmental liabilities and completed the following: <ul style="list-style-type: none"> • Ensured that management's basis for calculation is in accordance with generally accepted accounting principles (PS 3280). • Obtained supporting evidence for inputs used in determination of the liability. • Reviewed related financial statement note disclosures to ensure disclosures are in accordance with the applicable financial reporting framework. No issues were noted.



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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Municipality's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to communicate to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Municipality's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

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Adjusted and unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.

DRAFT - subject to change

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Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material risks and exposures, such as a pending litigation, that are required to be disclosed in the financial statements.	None noted.
Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern.	None noted.
Disagreements with management about matters that, individually or in the aggregate, could be significant to the entity's financial statements or our audit report.	None noted.
Matters involving non-compliance with laws and regulations.	None noted.
Significant related party transactions that are not in the normal course of operations and which involve significant judgements made by management concerning measurement or disclosure.	None noted.
Management consultation with other accountants about significant auditing and accounting matters.	BDO notes management engaged Deloitte LLP. in assisting with the adoption of PS3280 Asset Retirement Obligations.

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How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

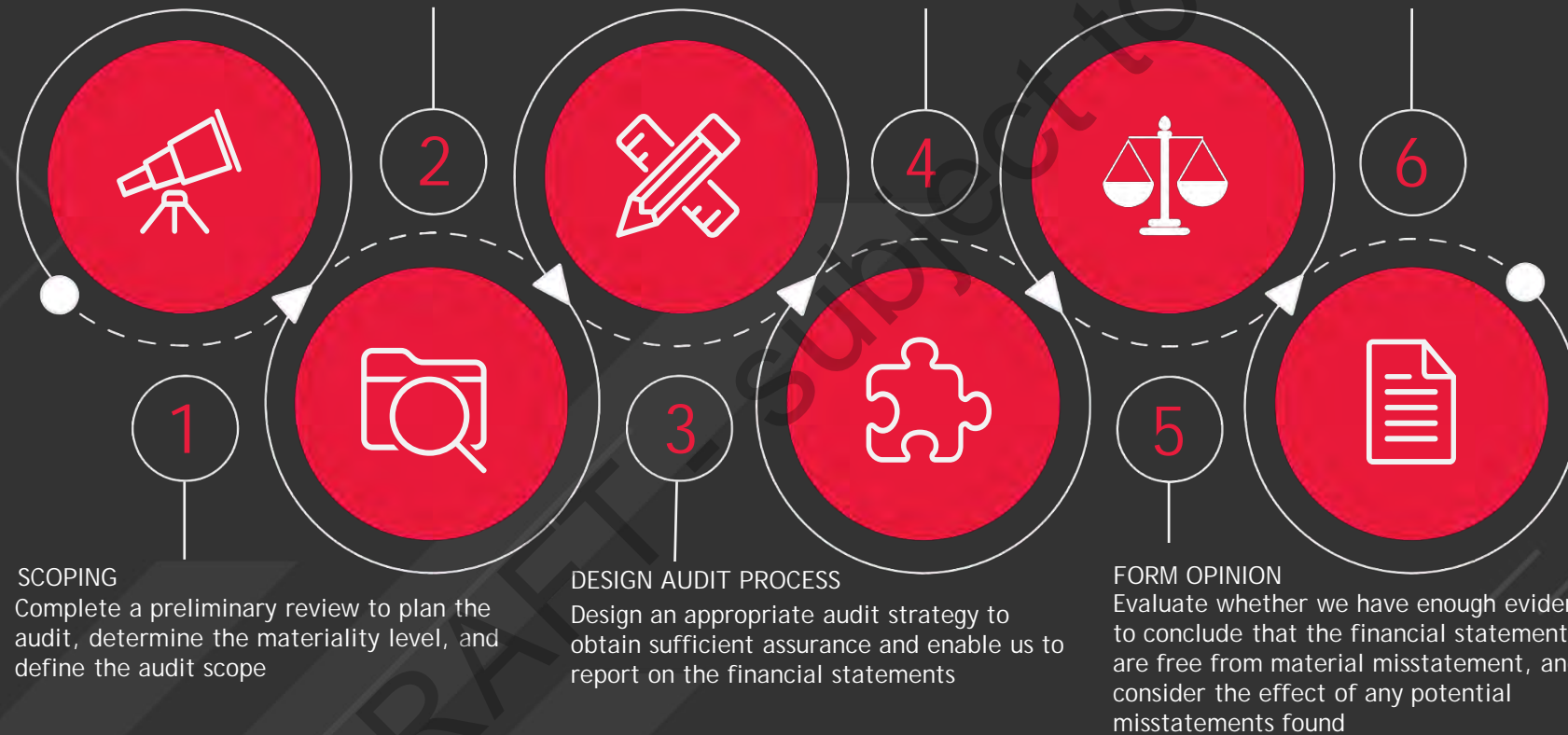
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate



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How the firm's system of quality management supports the consistent performance of quality audit engagements

The firm's system of quality management complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB).

In addition to the requirements set out in CSQM 1, we may have identified additional quality objectives and potential quality risks and have designed further policies and procedures to respond to these.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:

- 1 Firm risk assessment process
- 2 Governance and leadership
- 3 Relevant ethical requirements
- 4 Acceptance and continuance
- 5 Engagement performance
- 6 Resources
- 7 Information and communication
- 8 Monitoring and remediation process

Standard for Audit Quality



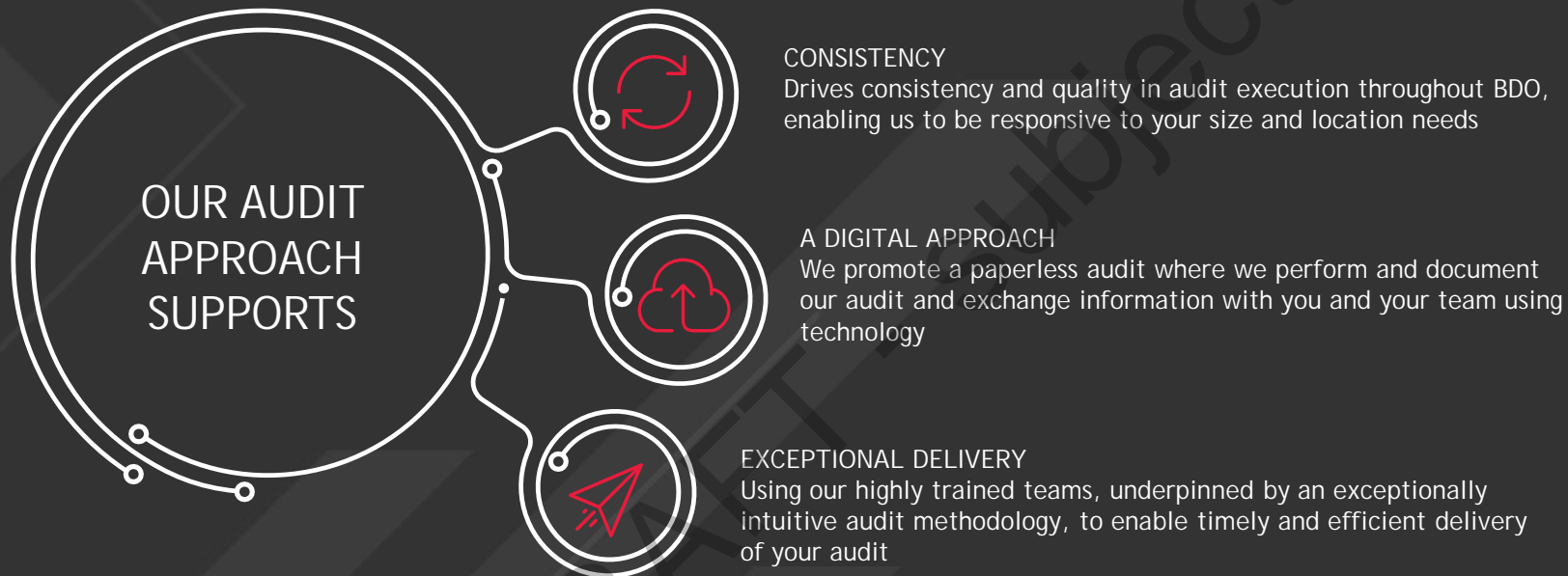
CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

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Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

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BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



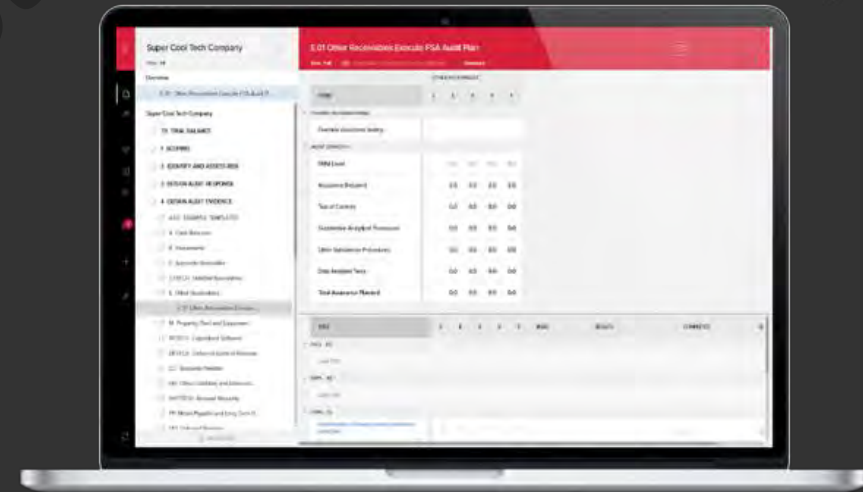
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

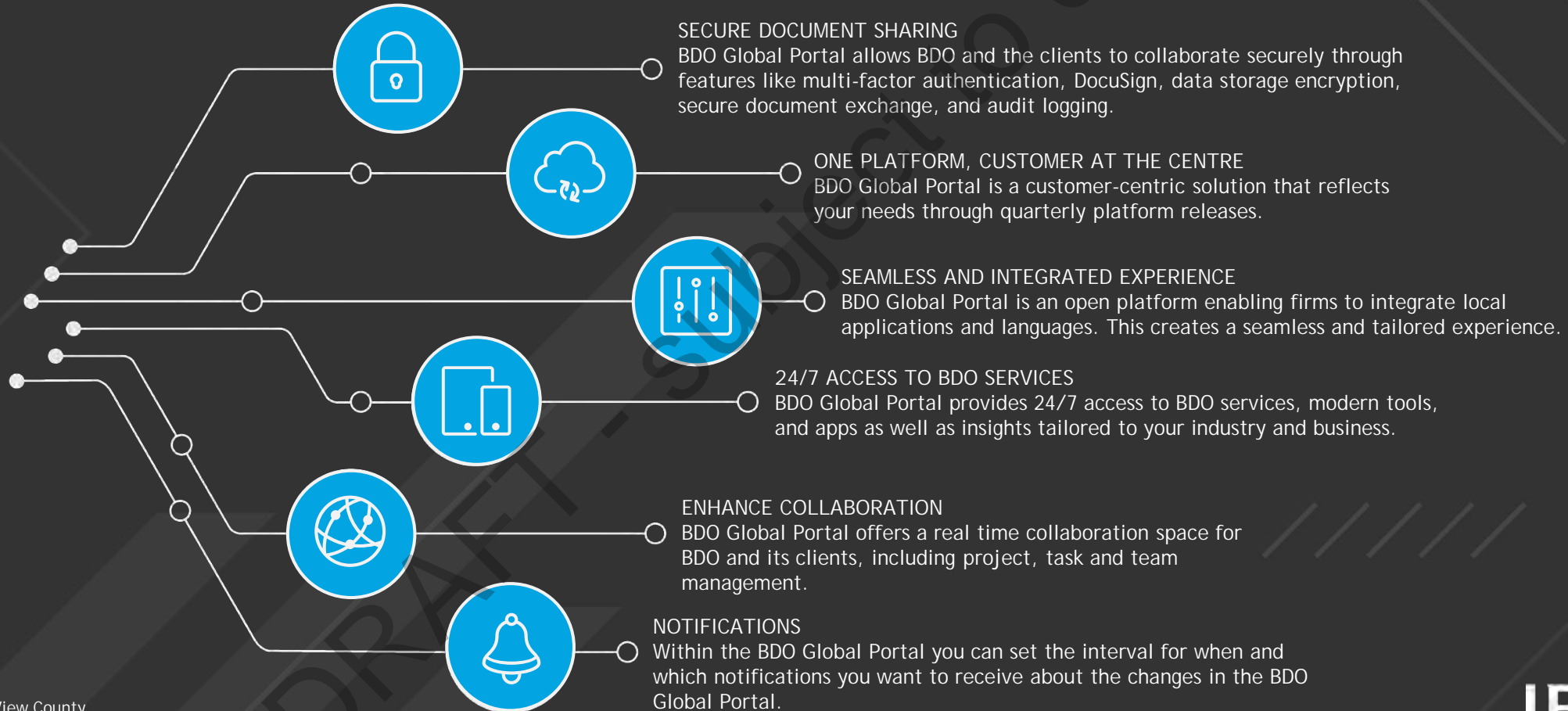
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.



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BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.



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Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

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Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter

DRAFT - subject to change



Appendix A: Independent auditor's report

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Appendix B: Representation letter

DRAFT - subject to change



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BDO Canada LLP
903 - 8th Ave SW
Calgary, Alberta
T2P 0P7

April 23, 2024

Rocky View County
County Hall
262075 Rocky View Point
Rocky View County, AB
T4A 0X2

Dear Agbonkhese,

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

During the course of our audit of the financial statements of Rocky View County for the year ended December 31, 2023, we did not encounter any significant matters which we believe should be brought to your attention.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

Lorriane Walker CPA, CA, MA
Partner through a corporation
BDO Canada LLP
Chartered Professional Accountants

Independent Auditor's Report

To the Council of Rocky View County

Opinion

We have audited the financial statements of Rocky View County (the County), which comprise the statement of financial position as at December 31, 2023, statement of operations, statement of change in net financial assets, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policy information.

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 its results of operations, its changes in net assets, and its cash flows for the year ended in accordance with 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.

Other Matters

The financial statements of the County for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on the financial statements on April 25, 2023.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

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.

[Signature in the name of the audit firm]
Chartered Professional Accountants

Calgary, Alberta
TBD