

**County of Wetaskiwin No. 10
Consolidated
Financial Statements**

December 31, 2020



County of Wetaskiwin No. 10

P.O. Box 6960, Wetaskiwin, AB T9A 2G5

Phone: 780-352-3321

Fax: 780-352-3486

www.county.wetaskiwin.ab.ca

Strong Proactive Leadership • Safe Progressive Communities

Management's Responsibility

To the Reeve and Councilors of the County of Wetaskiwin No. 10:

The accompanying consolidated financial statements of the County of Wetaskiwin No. 10 are the responsibility of management and have been approved by Council.

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

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

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

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

June 22, 2021



Chief Administrative Officer

To the Reeve and Councilors of County of Wetaskiwin No. 10:

Qualified Opinion

We have audited the consolidated financial statements of County of Wetaskiwin No. 10 (the "County"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2020, and the results of its consolidated operations, changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in Note 9 to the consolidated financial statements, there is a requirement to record a gravel reclamation liability. Based on the engineering report received as audit support, there is a total estimated gravel reclamation liability of \$5,222,091 that the county would be responsible for. This liability has not been fully recorded which constitutes a departure from Canadian public sector accounting standards. This is the result of a decision taken by management. Management has recorded a liability of \$100,327, leaving a difference of \$5,121,764 which is the understatement of the reclamation liability. We were unable to obtain sufficient audit evidence to determine the impact on accumulated surplus, operating expenses and inventory.

There are strong indicators that there are contaminated sites and landfill sites that the county would be responsible to remediate. Management has not completed an assessment of these sites, which constitutes a departure from Canadian public sector accounting standards. Since no assessment has been performed, we were not able to determine whether any adjustments might be necessary to record a liability for future costs to be incurred and the corresponding effect on the accumulated surplus at December 31, 2020.

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

Other Matter

The consolidated financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on May 26, 2020.

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

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

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

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

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

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

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

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

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.

Leduc, Alberta

June 22, 2021

MNP LLP

Chartered Professional Accountants

County of Wetaskiwin No. 10
Statement of Financial Position
As at December 31, 2020

	2020	<i>2019</i> <i>Restated</i>
Financial assets		
Cash and equivalents (<i>Note 2</i>)	29,042,824	33,628,233
Property taxes receivable (<i>Note 3</i>)	1,934,246	2,228,193
Trade and other accounts receivable (<i>Note 4</i>)	6,336,473	5,678,814
Tax sale proceeds (<i>Note 5</i>)	115,528	115,503
Patronage reserves	13,572	13,495
Debt charges recoverable (<i>Note 6</i>)	6,067,048	6,335,559
	43,509,691	47,999,797
Liabilities		
Accounts payable and accrued liabilities (<i>Note 8</i>)	2,873,216	1,859,602
Reclamation liability (<i>Note 9</i>)	100,327	100,327
Deposit liabilities	1,671,592	1,860,837
Tax sales proceeds liability (<i>Note 5</i>)	115,528	115,503
Employee benefit obligations (<i>Note 10</i>)	461,712	441,280
Deferred revenue (<i>Note 11</i>)	9,255,766	13,400,134
Long-term debt (<i>Note 12</i>)	7,222,932	7,257,977
	21,701,073	25,035,660
Net financial assets	21,808,618	22,964,137
Non-financial assets		
Tangible capital assets (<i>Schedule II</i>)	94,126,274	92,252,588
Inventory for consumption (<i>Note 14</i>)	8,782,867	9,576,891
Membership fee (<i>Note 15</i>)	400,000	400,000
Prepaid expenses	155,339	212,802
	103,464,480	102,442,281
Accumulated surplus (<i>Schedule I</i>)	125,273,098	125,406,418

Commitments and contingencies (*Note 20*)

Approved on behalf of Council:


 _____ Reeve


 _____ Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10

Statement of Operations

For the year ended December 31, 2020

	2020 Budget (Note 23)	2020	2019 Restated
Revenue			
Net municipal property taxes (Schedule III)	20,068,407	19,974,096	19,435,477
User fees and sale of goods	2,794,666	3,422,441	3,336,987
Government transfers (Schedule IV)	1,038,899	2,126,055	1,307,023
Other	1,100,702	517,969	729,254
Investment income	993,664	509,190	681,888
Sales to other governments	285,898	506,890	27,510
Permits, licenses, and fines	576,000	466,573	610,586
Gain on sale of tangible capital assets	408,494	408,019	332,793
Rental	256,009	247,154	234,958
	27,522,739	28,178,387	26,696,476
Expenses			
Public works	20,924,028	15,038,955	12,436,228
General Government	5,099,690	6,305,685	4,974,177
Restructuring transactions (Note 21)	-	5,454,892	9,418,295
Utilities	6,624,218	2,518,115	2,640,711
Protective services	1,842,807	2,344,216	2,004,315
Recreation and cultural services	1,458,111	1,457,381	1,549,112
Agriculture Service Board	1,043,198	1,036,758	1,013,263
Planning and development	983,473	860,046	872,571
Family and Community Support Services	477,070	427,569	483,352
Cemetery	53,304	53,354	63,807
	38,505,899	35,496,971	35,455,831
Deficiency of revenue over expenses before other	(10,983,160)	(7,318,584)	(8,759,355)
Other			
Government transfers for capital (Schedule IV)	10,180,010	7,185,264	3,250,512
Deficiency of revenue over expenses	(803,150)	(133,320)	(5,508,843)
Accumulated surplus, beginning of year	125,406,418	125,406,418	130,915,261
Accumulated surplus, end of year	124,603,268	125,273,098	125,406,418

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Statement of Change in Net Financial Assets

For the year ended December 31, 2020

	2020 Budget (Note 23)	2020	2019 Restated
Excess of revenue over expenses	(803,150)	(133,320)	(5,508,843)
Acquisition of tangible capital assets	(2,042,000)	(12,390,449)	(7,864,695)
Proceeds on disposal of tangible capital assets	-	490,895	676,381
Amortization of tangible capital assets	-	4,978,993	4,382,971
Gain on disposal of tangible capital assets	-	(408,019)	(332,793)
Restructuring transaction	-	5,454,893	9,418,295
Use (acquisition) of prepaids	-	57,464	(97,460)
Use (acquisition) of inventory for consumption	-	794,024	(206,846)
Decrease in net financial assets	(2,845,150)	(1,155,519)	467,010
Net financial assets, beginning of year	22,964,137	22,964,137	22,497,127
Net financial assets, end of year	20,118,987	21,808,618	22,964,137

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019 <i>Restated</i>
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Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	(133,320)	(5,508,843)
Non-cash items:		
Amortization of tangible capital assets	4,978,993	4,382,971
Gain on disposal of tangible capital assets	(408,019)	(332,793)
Restructuring Transaction	5,454,893	9,418,295
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	(4,144,367)	2,067,772
Decrease (increase) in prepaid expenses	57,462	(97,460)
Increase (decrease) in accounts payable and accrued liabilities	1,013,615	(1,484,466)
Increase in employee benefits plan liability	20,432	85,613
Decrease in deposit liabilities	(189,245)	(31,000)
Decrease (increase) in trade and other accounts receivable	(657,659)	1,711,839
Decrease (increase) in property taxes receivable	293,947	(540,466)
Use (acquisition) of inventory for consumption	794,024	(344,976)
	<hr/>	<hr/>
	7,080,756	9,326,486
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Capital		
Proceeds on disposal of tangible capital assets	170,401	676,381
Acquisition of tangible capital assets	(12,069,955)	(7,864,695)
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	(11,899,554)	(7,188,314)
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Investing		
Net change in patronage reserve	(77)	(133)
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Financing		
Net change in debt charges recoverable	268,511	257,103
Proceeds from long-term debt	589,477	-
Repayment of long-term debt	(624,522)	(606,972)
	<hr/>	<hr/>
	233,466	(349,869)
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Increase (decrease) in cash and equivalents	(4,585,409)	1,788,170
Cash and equivalents, beginning of year	33,628,233	31,840,063
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Cash and equivalents, end of year (Note 2)	29,042,824	33,628,233
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The accompanying notes are an integral part of these financial statements

County of Wetaksiwin No. 10
Schedule I - Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2020

	<i>Unrestricted Surplus (Deficit)</i>	<i>Restricted Operating Reserve</i>	<i>Restricted Capital Reserve</i>	<i>Equity in Tangible Capital Assets and Other Non-Financial Assets (Note 16)</i>	<i>2020</i>	<i>2019 Restated</i>
Balance, beginning of year, as previously stated	(4,039,797)	20,012,211	15,135,944	94,269,168	125,377,526	130,950,308
Correction of errors <i>(Note 26)</i>	28,892	-	-	-	28,892	(35,047)
Balance, beginning of year, as restated	(4,010,905)	20,012,211	15,135,944	94,269,168	125,406,418	130,915,261
Deficiency of revenue over expenses	(133,320)	-	-	-	(133,320)	(5,508,843)
Unrestricted funds designated for future use	(4,806,177)	2,398,696	2,407,481	-	-	-
Restricted funds for operations	4,296,175	(4,296,175)	-	-	-	-
Restricted funds used for tangible capital assets	-	-	(1,463,960)	1,463,960	-	-
Current year funds used for tangible capital assets	(10,926,489)	-	-	10,926,489	-	-
Restructuring transaction	5,454,893	-	-	(5,454,893)	-	-
Disposal of tangible capital assets	82,873	-	-	(82,873)	-	-
Annual amortization expense	4,978,994	-	-	(4,978,994)	-	-
Capital proceeds of long-term debt	589,477	-	-	(589,477)	-	-
Capital long-term debt repaid	(624,522)	-	-	624,522	-	-
Debenture principal paid on WALA loan	268,511	-	-	(268,511)	-	-
Change in accumulated surplus	(819,585)	(1,897,479)	943,521	1,640,223	(133,320)	(5,508,843)
Balance, end of year	(4,830,490)	18,114,732	16,079,465	95,909,391	125,273,098	125,406,418

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2020

	<i>Construction in progress</i>	<i>Land</i>	<i>Utility Systems</i>	<i>Buildings</i>	<i>Roads & Bridges</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>2020</i>	<i>2019</i>
Cost:									
Balance, beginning of year	11,634,524	3,820,670	23,892,250	10,397,104	136,024,270	15,032,805	9,763,297	210,564,920	215,060,688
Acquisition of tangible capital assets	8,322,551	-	-	-	2,269,374	1,199,483	599,042	12,390,449	7,864,695
Construction in progress	(11,486,926)	-	2,126,336	-	9,360,590	-	-	-	-
Disposal of tangible capital assets	-	(3,247)	-	-	-	(803,674)	(285,108)	(1,092,029)	(2,942,168)
Restructuring transaction	(5,454,893)	-	-	-	-	-	-	(5,454,893)	(9,418,295)
Balance, end of year	3,015,256	3,817,423	26,018,586	10,397,104	147,654,234	15,428,614	10,077,231	216,408,447	210,564,920
Accumulated amortization:									
Balance, beginning of year	-	-	4,896,191	3,866,164	96,895,921	8,349,677	4,304,379	118,312,332	116,527,941
Annual amortization	-	-	458,373	158,834	2,593,423	1,205,268	563,095	4,978,993	4,382,971
Accumulated amortization on disposals	-	-	-	-	-	(731,406)	(277,746)	(1,009,152)	(2,598,580)
Balance, end of year	-	-	5,354,564	4,024,998	99,489,344	8,823,539	4,589,728	122,282,173	118,312,332
Net book value	3,015,256	3,817,423	18,996,059	6,530,940	39,128,349	6,683,128	5,458,918	94,126,274	92,252,588
2019 net book value	11,634,524	3,820,670	18,996,059	6,530,940	39,128,349	6,683,128	5,458,918	92,252,588	

During the year, tangible capital assets were acquired at an aggregate cost of \$12,390,449 (2019 - \$7,864,695), of which \$320,494 was acquired through a non-cash trade-in of equipment and the remaining \$12,069,955 (2019 - \$7,864,695) was acquired with cash. Proceeds on disposal of tangible capital assets is made up of \$170,401 (2019 - \$676,381) of cash and \$320,494 of direct trade-in of equipment.

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule III - Schedule of Property Taxes Levied

For the year ended December 31, 2020

	2020 Budget (Note 22)	2020	2019
Taxation			
Real property taxes	17,946,293	17,879,850	17,053,100
Linear property taxes	10,337,569	10,287,422	10,500,485
Local improvement levies	-	54,448	-
	28,283,862	28,221,720	27,553,585
Requisitions			
Alberta Schools Foundation Fund	7,595,768	7,631,734	7,499,824
Wetaskiwin and Area Lodge Authority	558,428	558,425	557,025
Designated Industrial Property	61,259	57,465	61,259
Net municipal property taxes	20,068,407	19,974,096	19,435,477

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2020

	2020 Budget (Note 22)	2020	2019
Operating			
Provincial	1,038,899	945,758	1,259,502
Local	-	50,043	44,464
Federal	-	1,130,254	3,057
	1,038,899	2,126,055	1,307,023
Capital			
Provincial	10,180,010	5,802,681	923,588
Federal	-	1,382,583	2,326,924
	10,180,010	7,185,264	3,250,512
Total government transfers	11,218,909	9,311,319	4,557,535

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2020

	2020	<i>2019</i> <i>Restated</i>
Salaries, wages and benefits	9,986,680	10,059,348
Contracted and general services	6,927,536	5,389,092
Restructuring transaction	5,454,893	9,418,295
Materials, goods and utilities	5,267,745	4,110,369
Amortization	4,978,993	4,382,971
Transfers to individuals and organizations	1,363,854	1,611,065
Provision for allowances	1,210,552	160,000
Interest on long-term debt	306,718	324,691
	35,496,971	35,455,831

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2020

	General Government	Protective Services	Public Works	Utilities	Family & Community Support Services	Recreation & Cultural Services	Planning & Development	Agriculture Services	Total
Revenue									
Net municipal property taxes	19,974,096	-	-	-	-	-	-	-	19,974,097
Government grants	1,326,781	50,110	5,144,874	1,987,539	329,815	268,980	-	203,219	9,311,318
User fees and service charges	134,056	388,842	1,711,409	1,038,130	9,161	48,893	-	91,950	3,422,441
Other	345,575	9,500	-	39,244	-	-	123,650	-	517,969
Investment Income	509,190	-	-	-	-	-	-	-	509,190
Sales to other governments	167,815	17,700	-	321,375	-	-	-	-	506,890
Permits, licenses and fines	266,932	164,671	-	-	-	-	34,970	-	466,573
Gains and contributed assets	408,019	-	-	-	-	-	-	-	408,019
Rental	43,485	-	-	-	-	-	203,669	-	247,154
	23,175,949	630,823	6,856,283	3,386,288	338,976	317,873	362,289	295,169	35,363,651
Expenses									
Salaries, wages, and benefits	2,832,092	924,523	3,499,313	970,987	278,306	271,802	501,245	708,412	9,986,680
Contracted and general services	1,565,884	896,054	3,259,013	689,961	41,678	287,738	97,971	89,237	6,927,536
Restructuring transaction	-	-	-	5,454,893	-	-	-	-	5,454,893
Material, goods and utilities	191,448	138,948	4,229,820	343,171	100	161,919	90	202,249	5,267,745
Transfers to other organizations	21,506	163,697	-	-	160,839	720,212	260,740	36,860	1,363,854
Provision for allowances	1,210,552	-	-	-	-	-	-	-	1,210,552
Interest on long-term debt	306,718	-	-	-	-	-	-	-	306,718
	6,128,200	2,123,222	10,988,146	7,459,012	480,923	1,441,671	860,046	1,036,758	30,517,978
Net revenue, before amortization	17,047,749	(1,492,399)	(4,131,863)	(4,072,724)	(141,947)	(1,123,798)	(497,757)	(741,589)	4,845,673
Amortization	177,486	220,993	4,050,808	513,996	-	15,710	-	-	4,978,993
Net surplus (deficit)	16,870,263	(1,713,392)	(8,182,671)	(4,586,720)	(141,947)	(1,139,508)	(497,757)	(741,589)	(133,320)

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

The consolidated financial statements of the County of Wetaskiwin No. 10 (the "County") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to County Council for the administration of their financial affairs and resources, including Family and Community Support Services and the Wetaskiwin County Library Board.

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

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

Basis of accounting

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

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Property taxes receivable and trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Gravel inventory is valued using calculations which have some estimation involved. Accrued sick time for employees is based on historical utilization applied to total sick bank.

Pursuant to the *Environmental Protection and Enhancement Act* (Alberta), the County is required to fund the future reclamation of gravel pits. Closure activities include the final top soil cover, landscaping, and visual inspection. The requirement is being provided for based on the estimated costs and length of time until the site is expected to be inactive. Reclamation liability is valued using calculations which have significant estimates for future reclamation costs, inflation rate and the risk-free rate. The reclamation liability is an estimated cost to bring the gravel pit sites back to their original condition.

1. Significant accounting policies *(continued)*

Cash and equivalents

Cash and equivalents include balances with banks and short-term investments with maturities of three months or less.

Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the County is required to hold these funds for up to 10 years and attempt to disperse them to the former property owners.

Debt charges recoverable

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

Property tax requisition over-levy and under-levy

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

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

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

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the County is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2020.

At each financial reporting date, the County reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. Significant accounting policies *(continued)*

Revenue recognition

i. Government transfers

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

The County recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the County recognizes revenue as the liability is settled.

ii. Tax revenue

The County recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the County evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

iii. Utility service revenue

The County recognizes the provision of utility services as assets and revenue when they meet the definition of an asset and in the period the utility services are provided to the consumer.

iv. Fines and penalties

Traffic fine revenue is recorded as cash is received, which is not materially different than recording such revenue on an accrual basis.

v. Other revenue

Other sources of revenue are recorded when received or receivable.

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

1. Significant accounting policies *(continued)*

Non-financial assets *(continued)*

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings and land improvements	25 to 50 years
Equipment	1 to 30 years
Vehicles	5 to 25 years
Water and other utility systems	22 to 75 years
Roads and bridges	15 to 80 years

Half year rule is applied in the year of acquisition and no amortization is taken in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of tangible capital assets

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

iii. Leases

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

iv. Inventory for consumption

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Segments

The County conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the County's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

1. Significant accounting policies *(continued)*

Pensions

The County participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan as the plan is administered independently from the County.

Future Accounting Standards

Effective on or after April 1, 2022:

PS 3450 *Financial Instruments*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives

PS 3280 *Asset Retirement Obligations*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. 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.

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

2. Cash and equivalents

	2020	<i>2019</i> <i>Restated</i>
Petty cash	759	940
Cash balances	29,042,065	33,627,293
	29,042,824	33,628,233

3. Property taxes receivable

	2020	<i>2019</i>
Current taxes	2,025,070	1,391,945
Arrears taxes	1,939,767	1,656,287
	3,964,837	3,048,232
Less allowance for doubtful accounts	(2,030,591)	(820,039)
	1,934,246	2,228,193

County of Wetaskiwin No. 10
Notes to the Financial Statements
For the year ended December 31, 2020

4. Trade and other accounts receivable

	2020	<i>2019</i> <i>Restated</i>
Trade and other receivables	1,368,713	818,549
Due from governments	5,127,760	5,020,265
Less allowance for doubtful accounts	(160,000)	(160,000)
	6,336,473	5,678,814

5. Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the county is required to hold these funds for up to 10 years and attempted to disperse them to the former property owners.

6. Debt charges recoverable

The County has borrowed and loaned funds to the Wetaskiwin and Area Lodge Authority ("WALA") in accordance with section 264 of the *Municipal Government Act*.

The debenture, totaling \$6,067,048 (2019 - \$6,335,559) plus interest at a rate of 4.389% (2019 - 4.389%), recoverable in semi-annual blended instalments, matures in 2036.

The debt recoverable is secured by an assignment of insurance proceeds, an assignment of rents and leases, a general security agreement, land and buildings.

WALA has the right to requisition its members, consisting of the County of Wetaskiwin, the City of Wetaskiwin and the Town of Millet for their annual shares of budgeted operating deficits and for their annual shares of the semi-annual debt recovery payments. The annual share is calculated annually based on the equalized assessment for that year.

The estimated principal and interest repayments on debt recoverable over the next five and subsequent years are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	280,425	263,239	543,664
2022	292,868	250,796	543,664
2023	305,863	237,801	543,664
2024	319,435	224,230	543,665
2025	333,608	210,056	543,664
To maturity	4,534,849	1,173,627	5,708,476
	6,067,048	2,359,749	8,426,797

The gross interest received relating to the debt recoverable was \$275,153 (2019 - \$291,399).

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Notes to the Financial Statements
For the year ended December 31, 2020

7. Bank indebtedness

The County has a revolving line of credit with a maximum limit of \$5,000,000 and letter of credit for additional \$50,000. Interest accrues monthly on the outstanding balance at a rate of prime. The line of credit arrangement is reviewed annually by the bank with the most recent review date being September 2020. As at December 31, 2020, the prime rate was 2.45% (2019 - 3.95%).

As at December 31, 2020 the County had not drawn any funds (2019 - \$ nil) on the line of credit.

The County has an un-drawn capital loan with a maximum limit of \$5,300,000. Interest accrues monthly on the outstanding balance at a rate of prime.

The line of credits and capital loans are secured by borrowing bylaws pledging grants under the particular projects or tax revenues of the County.

8. Accounts payable and accrued liabilities

	<i>2020</i>	<i>2019</i>
Accounts payable and accrued liabilities	2,733,294	1,621,126
Payroll payables	139,922	238,476
	2,873,216	1,859,602

9. Reclamation liability

Under Provincial legislation, the County is required to reclaim certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The County owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the County. An amount of \$100,327 (2019 - \$100,327) has been accrued.

The reported liabilities are based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

10. Employee benefits plan liability

	<i>2020</i>	<i>2019</i> <i>Restated</i>
Vacation accrual and other payroll accruals	330,758	302,198
Accrued sick leave	100,921	100,921
Overtime accrual	30,033	38,161
	461,712	441,280

County of Wetaskiwin No. 10
Notes to the Financial Statements
For the year ended December 31, 2020

11. Deferred revenue

	2020	<i>2019</i> <i>Restated</i>
Municipal Sustainability Initiative	4,734,075	8,940,974
Owner contribution	1,364,133	1,244,806
Federal Gas Tax	1,215,332	2,068,792
Subdivision gravel deposits	826,578	816,579
Other	759,374	-
Agricultural services	158,674	143,095
Municipal Stimulus Program	75,000	-
Water rescue donations	73,954	129,746
Prepaid local improvement	29,411	34,142
Municipal Operating Support Transfer	19,235	-
Internship	-	22,000
	9,255,766	13,400,134

Included in the County's deferred revenue are government transfers and grant revenue which are restricted to eligible projects as approved under the funding agreements.

12. Long-term debt

	2020	<i>2019</i>
Self-supported debentures, due 2022 to 2045	1,155,884	922,418
Wetaskiwin and Area Lodge Authority	6,067,048	6,335,559
	7,222,932	7,257,977

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2021	330,116	300,718	630,834
2022	344,439	286,394	630,833
2023	353,932	271,439	625,371
2024	369,204	256,166	625,370
2025	385,143	240,227	625,370
To maturity	5,440,098	1,396,404	6,836,502
	7,222,932	2,751,348	9,974,280

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging from 2.89% to 6.25% (2019 - 1.09% to 8.63%) per annum and mature in periods 2022 through 2045. The average annual interest rate is 4.59% (2019 - 5.44%). Debenture debt is issued on the credit and security of the County at large.

The County's cash payments for interest in 2020 were \$304,767 (2019 - \$324,691).

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Notes to the Financial Statements
For the year ended December 31, 2020

13. Debt limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	<i>2020</i>	<i>2019</i>
Total debt limit	42,267,581	40,044,714
Total debt	7,222,932	7,257,977
<hr/>		
Amount of debt limit unused	35,044,649	32,786,737
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Service on debt limit	7,044,597	6,561,796
Service on debt	87,170	385,624
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Amount of debt servicing limit unused	6,957,427	6,176,172
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The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

14. Inventory for consumption

	<i>2020</i>	<i>2019</i> <i>Restated</i>
Crushed gravel	4,298,371	4,795,940
Undeveloped gravel pits	4,200,735	4,321,615
Shop inventory	283,761	459,336
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	8,782,867	9,576,891
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15. Membership fee

The County acquired a non-controlling interest in West Dried Meat Lake Regional Solid Waste Authority on July 2, 1996. The purpose of the Authority is to administer and maintain a solid waste landfill. The non-controlling interest entitles the County to one vote in the operations of the Authority and the requirement to pay an annual requisition to deliver solid waste. There are currently five members, including the County. In case of dissolution, members are entitled to 20% of the remaining net assets of the Authority. The remaining net assets would be determined after settling all remaining environmental liability. The membership agreement has no expiry date.

The membership fee has been accounted for at historical cost.

The estimated value of the County's interest in the Authority is \$4 million.

County of Wetaskiwin No. 10
Notes to the Financial Statements
For the year ended December 31, 2020

16. Equity in tangible capital assets and other non-financial assets

	2020	2019
Tangible capital assets (<i>Schedule II</i>)	216,408,447	210,564,920
Accumulated amortization (<i>Schedule II</i>)	(122,282,173)	(118,312,332)
Capital long-term debt (<i>Note 11</i>)	(7,222,932)	(7,257,978)
Debt charges recoverable (<i>Note 6</i>)	6,067,049	6,335,558
Other non-financial assets	2,939,000	2,939,000
	95,909,391	94,269,168

17. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer ("CAO") and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary/ remuneration	Benefits & allowances	2020	2019
Bill Krahn, Councillor	54,877	14,275	69,152	67,920
Terry Van de Kraat, Past Reeve	61,670	14,787	76,457	76,560
Dale Woitt, Councillor	54,877	14,275	69,152	64,706
John Bishop, Reeve	56,235	10,182	66,417	63,739
Ken Adair, Councillor	54,877	14,275	69,152	67,920
Kathy Rooyakkers, Councillor	54,877	14,886	69,763	68,561
Lyle Seely, Deputy Reeve	54,877	14,886	69,763	68,561
Rodney Hawken, CAO	214,951	34,340	249,291	244,941
Designated Officers (5)	594,380	111,953	706,333	452,919

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and employer's share of the costs of additional taxable benefits.

Terry Van de Kraat was Reeve from January to October 27, 2020 with John Bishop being elected the new Reeve as at October 27, 2020. In 2019, there were three Designated Officers.

18. Local Authorities Pension Plan

Employees of the County participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP serves approximately 274,151 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The County is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2020 were \$636,053 (2019 - \$622,628). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2020 were \$571,253 (2019 - \$565,004).

At December 31, 2019, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$7,913,261,000 (2018 - \$3,469,347,000).

19. Segments

The County provides a range of services to its ratepayers. For each reported segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to Schedule VI - Schedule of Segmented Disclosure.

20. Commitments and contingencies

The County has been named as a defendant in an action seeking damages from the County and other unrelated parties. These claims have been forwarded to the County's insurers who are defending the claims. No liability to the County is foreseen in any of these claims.

Capital commitments are not reflected in the financial statements. These capital commitments were included in the County's capital budget and will be funded from government transfers for capital, reserves, and debt in future years.

21. Restructuring transactions

The County disposed of tangible capital assets including engineering structures that were part of the South Pigeon Lake Regional Wastewater sewer system, with a cost of \$5,454,893 (2019 - engineering structures \$10,337,549 and land \$280,006) and accumulated amortization of \$nil (2019 - \$1,199,260), a net book value of \$5,454,893 (2019 - \$9,418,295), to the South Pigeon Lake Regional Wastewater Commission ("the Commission") for consideration of \$1.

The County was the main contractor during the construction phase of the South Pigeon Lake Regional Wastewater sewer system and had accounted for the grant revenues and capital costs in the accounting records of the County. Legal title of the sewer assets were transferred to the South Pigeon Lake Regional Wastewater Commission upon completion of construction.

22. Funds held in trust

The County performs administrative functions and held \$470,749 (2019 - \$425,716) in trust for the Joint Economic Development Initiative (JEDI), a society.

23. Budget information

The disclosed budget information was approved by Council. The following is a reconciliation between the budget approved and that showing in the financial statements:

	Budget
	2020
Approved budgeted net surplus	1
Operating and capital reserve transfers	(3,423,273)
Debenture principal payments	590,122
Capital purchases	2,042,000
Other adjustments	(12,000)
Excess of revenue over expenses (<i>Statement of Operations</i>)	(803,150)

24. Significant event

During the year there was a global outbreak of COVID-19, which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding travel, isolation/quarantine orders, closures of County facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the County as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of County facility closures, program and service disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

25. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

26. Correction of errors

During the year, the following errors were identified and corrected:

- a) The underlying assumptions used to assess the employee sick time accrual resulted in an overstatement of the employee benefit obligations of \$741,079 as of January 1, 2019.
- b) In 2015, expenditures related to gravel crushing were recorded as undeveloped gravel pits rather than added to the cost of crushed gravel. This gravel would have been partially consumed annually by the County resulting in an overstatement of undeveloped gravel pit assets of \$55,538 as of January 1, 2019, an overstatement of undeveloped gravel pit assets of \$74,050 and an understatement of expenses of \$18,513 as of December 31, 2019.
- c) In the prior year, expenditures related to gravel crushing were expensed rather than added to the cost of crushed gravel inventory, resulting in an understatement of crushed gravel assets of \$156,642.
- d) Trade receivables and related revenue was recorded for local improvement levies in advance of the authorization of the levies through budget or bylaw, resulting in an overstatement in trade receivables of \$720,588 as of January 1, 2019, and an overstatement in trade receivables of \$794,779 and other revenue of \$74,191 as of December 31, 2019.

The net effect of the correction of these errors are summarized as follows:

	January 1, 2019			December 31, 2019		
	Originally stated	Correction	Restated	Originally stated	Correction	Restated
Trade and other accounts receivable	8,111,241	(720,588)	7,390,653	6,475,593	(794,779)	5,678,814
Employee benefit obligation	1,096,743	(741,079)	355,664	1,182,359	(741,079)	441,280
Inventory for consumption	9,287,453	(55,538)	9,231,915	9,494,299	82,592	9,576,891
Accumulated surplus	130,950,308	(35,0407)	130,915,261	125,377,526	28,892	125,406,418
Other revenue				803,445	(74,191)	729,254
Materials, goods, and utility expenses				4,248,499	(138,130)	4,110,369