

CLEARWATER COUNTY
Consolidated Financial Statements
For the Year Ended December 31, 2019

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Reeve and Members of Council of Clearwater County

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

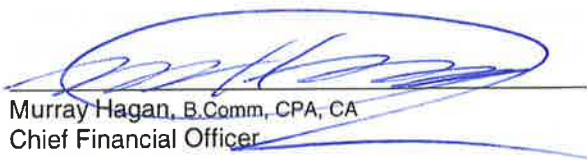
The consolidated financial statements are the responsibility of management, prepared in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of consolidated financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by County Council to express an opinion on the County's consolidated financial statements.



Rick Emmons, CLGM
Chief Administrative Officer



Murray Hagan, B.Comm, CPA, CA
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Clearwater County

Opinion

We have audited the accompanying consolidated financial statements of Clearwater County (the County), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2019, the consolidated results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditors' 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 auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

METRIX GROUP LLP


Chartered Professional Accountants

Edmonton, Alberta
June 9, 2020

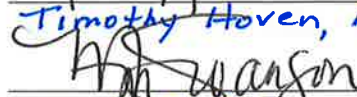
CLEARWATER COUNTY
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 69,775,141	\$ 62,257,922
Accounts receivable (Note 3)	6,192,080	4,894,768
Land held for resale	4,611,048	4,769,753
Investments (Note 4)	<u>49,233,715</u>	<u>48,347,267</u>
	129,811,984	120,269,710
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	3,879,932	6,186,325
Deferred revenue (Note 6)	18,803,996	15,974,076
Long-term debt (Note 7)	2,229,147	2,584,745
Landfill closure and post-closure costs (Note 8)	<u>3,516,872</u>	<u>3,379,122</u>
	28,429,947	28,124,268
NET FINANCIAL ASSETS	101,382,037	92,145,442
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	340,651,695	343,415,585
Inventories for consumption (Note 10)	4,749,590	3,615,129
Prepaid expenses	<u>646,772</u>	<u>574,016</u>
	346,048,057	347,604,730
ACCUMULATED SURPLUS (NOTE 11) (Schedule 1)	\$ 447,430,094	\$ 439,750,172

ON BEHALF OF COUNCIL:



 Timothy Hoven, Reeve



 Michelle Swanson, Deputy Reeve

CLEARWATER COUNTY
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2019

	2019 (Budget) <i>(Note 21)</i>	2019 (Actual)	2018 (Actual)
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 45,399,975	\$ 45,401,740	\$ 46,258,782
User fees and sale of goods	2,904,398	3,433,459	2,654,287
Investment income	1,520,000	2,424,712	1,908,775
Well drilling taxes	2,000,000	2,256,295	3,058,519
Other	329,000	944,475	996,067
Penalties on taxes	225,000	829,955	328,944
Government transfers for operating <i>(Schedule 3)</i>	642,990	803,494	2,111,351
Fines	225,000	317,506	280,590
Rentals	407,400	258,225	247,002
Licenses and permits	52,500	56,742	62,427
Developer levies	5,000	25,192	58,213
	<u>53,711,263</u>	<u>56,751,795</u>	<u>57,964,957</u>
EXPENSES			
Legislative	655,263	552,001	562,426
Administration <i>(Note 3)</i>	4,066,224	4,884,661	4,128,250
Assessment	748,099	612,145	456,451
Fire, ambulance, and protective services	2,985,427	2,951,258	2,896,100
Public works - general	2,481,969	2,253,151	1,712,974
Roads, streets, walks and lighting	11,689,130	10,088,080	9,882,122
Facilities	1,553,688	977,287	811,157
Water supply and distribution	120,730	94,648	87,676
Wastewater treatment and disposal	358,298	301,719	153,568
Waste management	2,673,178	2,279,243	2,498,545
Airport	68,000	38,376	150,602
Family and community support services	895,337	849,193	672,433
Agricultural services	2,520,390	2,214,154	2,203,184
Land use planning, zoning and development	1,885,601	1,720,027	1,417,216
Parks and recreation	2,974,648	1,791,786	2,727,036
Culture	667,081	448,848	577,812
Amortization	19,500,000	20,106,782	20,147,897
	<u>55,843,063</u>	<u>52,163,359</u>	<u>51,085,449</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>(2,131,800)</u>	<u>4,588,436</u>	<u>6,879,508</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital <i>(Schedule 3)</i>	12,026,333	3,713,349	3,226,956
Contributed tangible capital assets	-	14,833	-
Loss on disposal of tangible capital assets	-	(636,696)	(2,189,134)
	<u>12,026,333</u>	<u>3,091,486</u>	<u>1,037,822</u>
ANNUAL SURPLUS	9,894,533	7,679,922	7,917,330
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>439,750,172</u>	<u>439,750,172</u>	<u>431,832,842</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 449,644,705</u>	<u>\$ 447,430,094</u>	<u>\$ 439,750,172</u>

CLEARWATER COUNTY
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2019

	2019 (Budget) (Note 21)	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS	\$ 9,894,533	\$ 7,679,922	\$ 7,917,330
Purchase of tangible capital assets	(43,253,161)	(18,719,842)	(20,357,296)
Contributed tangible capital assets	-	(14,833)	-
Increase in land held for resale	-	-	3,146,432
Proceeds on disposal of tangible capital assets	-	755,087	707,762
Amortization of tangible capital assets	19,500,000	20,106,782	20,147,897
Loss on disposal of tangible capital assets	-	636,696	2,189,134
	<u>(23,753,161)</u>	<u>2,763,890</u>	<u>5,833,929</u>
Acquisition of supplies inventory	-	(1,134,461)	(49,902)
Acquisition of prepaid expenses	-	(72,756)	(51,408)
	<u>-</u>	<u>(1,207,217)</u>	<u>(101,310)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(13,858,628)	9,236,595	13,649,949
NET FINANCIAL ASSETS, BEGINNING OF YEAR	92,145,442	92,145,442	78,495,493
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 78,286,814</u>	<u>\$ 101,382,037</u>	<u>\$ 92,145,442</u>

CLEARWATER COUNTY
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 7,679,922	\$ 7,917,330
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	636,696	2,189,134
Contributed tangible capital assets	(14,833)	-
Amortization of tangible capital assets	<u>20,106,784</u>	<u>20,147,897</u>
	28,408,569	30,254,361
Changes in non-cash working capital balances:		
Accounts receivable	(1,297,313)	(690,126)
Prepaid expenses	(72,756)	(51,408)
Accounts payable and accrued liabilities	(2,306,394)	479,562
Land held for resale	158,705	595,813
Deferred revenue	2,829,920	10,521,053
Inventories for consumption	(1,134,461)	(49,902)
Provision for landfill closure and post-closure costs	137,750	377,327
Deposit liabilities	-	4,750
	<u>26,724,020</u>	<u>41,441,430</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(18,719,842)	(20,357,296)
Proceeds on disposal of tangible capital assets	<u>755,087</u>	<u>707,762</u>
	<u>(17,964,755)</u>	<u>(19,649,534)</u>
FINANCING ACTIVITIES		
Long-term debt principal repayments	<u>(355,598)</u>	<u>(341,770)</u>
INVESTING ACTIVITIES		
Purchase of investments	<u>(886,448)</u>	<u>(39,990,321)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	7,517,219	(18,540,195)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>62,257,922</u>	<u>80,798,117</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 69,775,141</u>	<u>\$ 62,257,922</u>

CLEARWATER COUNTY
Consolidated Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2019

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 1,050,304	\$ 95,284,283	\$343,415,585	\$439,750,172	\$431,832,842
Annual surplus	7,679,922	-	-	7,679,922	7,917,330
Unrestricted funds designated for future use	(16,367,549)	16,367,549	-	-	-
Current year funds used for tangible capital assets	(12,144,244)	-	12,144,244	-	-
Restricted surplus used for tangible capital assets	-	(6,590,431)	6,590,431	-	-
Disposal of tangible capital assets	1,391,783	-	(1,391,783)	-	-
Amortization	20,106,782	-	(20,106,782)	-	-
BALANCE, END OF YEAR	\$ 1,716,998	\$105,061,401	\$340,651,695	\$447,430,094	\$439,750,172

CLEARWATER COUNTY
Consolidated Schedule of Property and Other Taxes
For the Year Ended December 31, 2019

Schedule 2

	2019 (Budget) <i>(Note 21)</i>	2019 (Actual)	2018 (Actual)
TAXATION			
Real property taxes	\$ 32,228,295	\$ 32,125,440	\$ 33,357,532
Linear property taxes	34,527,672	34,579,744	32,783,405
	<u>66,755,967</u>	<u>66,705,184</u>	<u>66,140,937</u>
Less revenue sharing:			
County of Wetaskiwin	815,025	765,161	815,025
Town of Rocky Mountain House	750,000	750,000	750,000
Village of Caroline	50,000	50,000	50,000
	<u>1,615,025</u>	<u>1,565,161</u>	<u>1,615,025</u>
Taxes after revenue sharing	65,140,942	65,140,023	64,525,912
REQUISITIONS			
Alberta School Foundation Fund	18,535,042	18,518,763	17,289,335
Westview Lodge	605,919	608,297	586,481
Designated industrial property	400,634	400,576	191,942
Red Deer Catholic Regional Division No. 39	199,372	210,647	199,372
	<u>19,740,967</u>	<u>19,738,283</u>	<u>18,267,130</u>
NET MUNICIPAL TAXES	<u>\$ 45,399,975</u>	<u>\$ 45,401,740</u>	<u>\$ 46,258,782</u>

CLEARWATER COUNTY
Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2019

Schedule 3

	2019 (Budget) <i>(Note 21)</i>	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 642,990	\$ 803,494	\$ 2,111,351
TRANSFERS FOR CAPITAL			
Provincial government	<u>12,026,333</u>	<u>3,713,349</u>	<u>3,226,956</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 12,669,323</u>	<u>\$ 4,516,843</u>	<u>\$ 5,338,307</u>

CLEARWATER COUNTY
Consolidated Schedule of Segmented Information
For the Year Ended December 31, 2019

Schedule 4

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
REVENUE									
Net municipal taxes	\$ 45,401,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,401,740
User fees and sales of goods	568,577	-	3,600	391,048	1,125,613	7,706	978,038	358,512	3,433,094
All other	1,090,417	-	1,035,192	86,886	205,532	-	3,600	10,833	2,432,460
Investment income	2,258,079	-	-	-	-	-	166,633	-	2,424,712
Oil well drilling taxes	2,256,295	-	-	-	-	-	-	-	2,256,295
Government transfers	312,313	-	268,380	-	-	-	-	222,801	803,494
	<u>51,887,421</u>	<u>-</u>	<u>1,307,172</u>	<u>477,934</u>	<u>1,331,145</u>	<u>7,706</u>	<u>1,148,271</u>	<u>592,146</u>	<u>56,751,795</u>
EXPENSES									
Salaries, wages and benefits	3,254,700	122,679	1,953,409	4,168,560	818,262	182,856	1,315,850	1,211,629	13,027,945
Contract and general services	1,541,715	542	305,121	6,529,223	621,099	12,419	828,189	506,881	10,345,189
Materials, goods and supplies	204,709	2,792	692,729	2,620,735	12,708	11,506	285,800	491,513	4,322,492
Transfers to individuals/organizations	34,230	528,575	-	-	-	2,033,852	-	4,130	2,600,787
Bad debts - provision for allowances	1,277,491	-	-	-	-	-	-	-	1,277,491
Transfers to other governments	1,819	38,376	-	-	-	-	106,214	-	146,409
Interest on long-term debt	-	99,394	-	-	-	-	-	-	99,394
Transfers to local boards & agencies	-	95,211	-	-	-	-	-	-	95,211
Other expenses	2,103	-	-	-	-	-	139,556	-	141,659
	<u>6,316,767</u>	<u>887,569</u>	<u>2,951,259</u>	<u>13,318,518</u>	<u>1,452,069</u>	<u>2,240,633</u>	<u>2,675,609</u>	<u>2,214,153</u>	<u>32,056,577</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	45,570,654	(887,569)	(1,644,087)	(12,840,584)	(120,924)	(2,232,927)	(1,527,338)	(1,622,007)	24,695,218
Amortization	393,189	17,509	317,154	18,258,486	126,749	69,454	739,951	184,290	20,106,782
NET REVENUE (DEFICIT)	<u>\$ 45,177,465</u>	<u>\$ (905,078)</u>	<u>\$ (1,961,241)</u>	<u>\$ (31,099,070)</u>	<u>\$ (247,673)</u>	<u>\$ (2,302,381)</u>	<u>\$ (2,267,289)</u>	<u>\$ (1,806,297)</u>	<u>\$ 4,588,436</u>

CLEARWATER COUNTY
Consolidated Schedule of Segmented Information
For The Year Ended December 31, 2018

Schedule 5

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
REVENUE									
Net municipal taxes	\$ 46,258,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,258,782
Well drilling taxes	3,058,519	-	-	-	-	-	-	-	3,058,519
User fees and sales of goods	588,362	-	-	392,636	256,440	10,516	1,082,417	323,916	2,654,287
Government transfers	510,075	-	1,349,966	-	-	16,800	-	234,510	2,111,351
All other	462,915	-	879,984	359,288	253,016	420	5,400	12,220	1,973,243
Investment income	1,908,775	-	-	-	-	-	-	-	1,908,775
	<u>52,787,428</u>	<u>-</u>	<u>2,229,950</u>	<u>751,924</u>	<u>509,456</u>	<u>27,736</u>	<u>1,087,817</u>	<u>570,646</u>	<u>57,964,957</u>
EXPENSES									
Salaries, wages and benefits	3,008,552	94,514	1,769,726	3,720,977	789,207	165,918	1,275,637	1,158,124	11,982,655
Contracted and general services	1,133,928	-	548,004	5,882,822	403,654	7,666	791,500	478,586	9,246,160
Materials, goods and utilities	188,002	2,810	578,369	2,802,454	23,402	12,885	273,992	556,439	4,438,353
Transfers to individuals/organizations	46,450	377,199	-	-	-	3,118,380	-	10,035	3,552,064
Bad debts - provision for allowances	964,464	-	-	-	-	-	-	-	964,464
Other expenses	4,899	-	-	-	-	-	398,660	-	403,559
Transfers to other governments	1,785	150,602	-	-	-	-	-	-	152,387
Interest on long-term debt	-	113,247	-	-	-	-	-	-	113,247
Transfers to local boards & agencies	-	84,663	-	-	-	-	-	-	84,663
	<u>5,348,080</u>	<u>823,035</u>	<u>2,896,099</u>	<u>12,406,253</u>	<u>1,216,263</u>	<u>3,304,849</u>	<u>2,739,789</u>	<u>2,203,184</u>	<u>30,937,552</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION	47,439,348	(823,035)	(666,149)	(11,654,329)	(706,807)	(3,277,113)	(1,651,972)	(1,632,538)	27,027,405
Amortization	354,259	23,487	324,771	18,099,696	78,867	61,705	1,031,865	173,247	20,147,897
NET REVENUE (DEFICIT)	<u>\$ 47,085,089</u>	<u>\$ (846,522)</u>	<u>\$ (990,920)</u>	<u>\$ (29,754,025)</u>	<u>\$ (785,674)</u>	<u>\$ (3,338,818)</u>	<u>\$ (2,683,837)</u>	<u>\$ (1,805,785)</u>	<u>\$ 6,879,508</u>

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

Clearwater County (the "County") is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

These consolidated financial statements include the assets, liabilities, non-financial assets, revenues, expenses and accumulated surplus of the County which comprises all the organizations that are owned or controlled by the County and are, therefore, accountable to the County for the administration of their financial affairs and resources.

Rocky Mountain House Airport Commission	50.0%
Clearwater Regional Fire Rescue Services	47.5%
Clearwater Regional Emergency Management Agency	67.0%
The Rocky Mountain Regional Solid Waste Authority	63.3%

The County accounts for government partnerships using the proportionate consolidation method. Under this method, the County's proportionate share of assets, liabilities, non-financial assets, revenues, expenses and accumulated surplus are included in the consolidated financial statements. The consolidated financial statements include the County's share of the The Rocky Mountain Regional Solid Waste Authority. Condensed financial information is provided in *Note 20*.

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

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

Effective April 1, 2020, a new Clearwater Regional Fire Rescue Services agreement was signed by Clearwater County, the Town of Rocky Mountain House and the Village of Caroline. Clearwater County's proportionate share of operations under this new agreement is 75.75%.

The agreement between Clearwater County, the Town of Rocky Mountain House and the Village of Caroline governing the Rocky Mountain Regional Solid Waste Authority was terminated March 31, 2020. A new agreement is currently under negotiation between the three parties.

(b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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

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

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Cash and Cash Equivalents

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(d) Investments

Investments are recorded at amortized cost. Where there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment, and forms part of the deferred revenue balance.

(e) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as tangible capital assets under their respective function.

(f) Inventories for Consumption

Inventories held for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method for gravel and sign inventory and the first-in first-out method for shop inventory.

(g) 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 their estimated useful lives as follows:

Buildings	10 - 50 years
Engineered structures	
Roadway systems	3- 80 years
Water systems	45 - 75 years
Wastewater systems	34 - 75 years
Cell development	10 - 15 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 25 years

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Tax Revenue

Property tax revenue is based on assessed value determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

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

(i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual school tax originally levied on behalf of the province and the levy after all adjustments have been processed throughout the year. If the difference is an over-levy or over-collection, the overage is accrued as a liability and property tax revenue is reduced in the following year. If the difference is an under-levy or under-collection, the underage is accrued as a receivable and reflected as property tax revenue in the following year.

(j) Pensions

The County participates in two multi-employer defined benefit pension plans. Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. See *Note 15* for details of these pension plans.

(k) Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(l) Use of Estimates

The preparation of the 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The County has used estimates to determine an allowance for doubtful accounts, accrued liabilities, and the useful lives of tangible capital assets.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2021, *PS 3280 Asset Retirement Obligations* provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2022, *PS 3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

2. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
Notice on demand accounts	\$ 54,935,569	\$ 48,900,960
Operating bank accounts	9,528,181	13,131,237
High interest savings account	5,310,891	225,225
Cash on hand	500	500
	<u>\$ 69,775,141</u>	<u>\$ 62,257,922</u>

The above amounts include grant funding of \$18,803,996 (2018 - \$15,974,076) which is externally restricted per *Note 6*.

3. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Taxes and grants in place of taxes	\$ 3,622,017	\$ 1,292,376
Trade and other	1,943,799	3,086,782
Goods and Services Tax	626,264	515,610
	<u>\$ 6,192,080</u>	<u>\$ 4,894,768</u>

Taxes and grants in place of taxes consist of the following:

Current taxes	\$ 4,766,066	\$ 1,952,675
Tax arrears	1,688,712	895,275
	6,454,778	2,847,950
Less: Allowance for doubtful accounts	<u>(2,832,761)</u>	<u>(1,555,574)</u>
	<u>\$ 3,622,017</u>	<u>\$ 1,292,376</u>

Administration expenses reported on the Consolidated Statement of Operations include a provision for bad debts in the amount of \$1,277,491 (2018 - \$964,464).

4. INVESTMENTS

	<u>2019</u>	<u>2018</u>
Government and corporate bonds	\$ 24,037,736	\$ 23,968,095
Guaranteed Investment Certificates	25,188,409	24,226,836
Rocky Mountain House Co-op Association Limited	7,500	7,500
Alberta Capital Finance Authority shares	70	70
Muniserp Pension Assets	-	144,766
	<u>\$ 49,233,715</u>	<u>\$ 48,347,267</u>

Guaranteed Investment Certificates bear interest at 2.22% - 3.10% per annum, maturing between June and September 2020. The stated coupon interest rates on government and corporate bonds are between 2.10% - 3.40% per annum, maturing between April 2021 - June 2027. The market value of the government and corporate bonds at December 31, 2019 was \$24,873,563 (2018 - \$24,168,523).

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade payables and accrued liabilities	\$ 2,645,003	\$ 4,953,654
Accrued wages and benefits	1,225,679	1,218,721
Deposit	9,250	13,950
	<u>\$ 3,879,932</u>	<u>\$ 6,186,325</u>

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>2018</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2019</u>
Municipal Sustainability Initiative	\$ 15,796,004	\$ 3,251,614	\$ (1,130,285)	\$ 17,917,333
Alberta Community Partnership Program	-	1,350,000	(796,523)	553,477
Other	146,638	433,900	(274,563)	305,975
Strategic Transportation Infrastructure Program	31,434	1,100,000	(1,104,223)	27,211
	<u>\$ 15,974,076</u>	<u>\$ 6,135,514</u>	<u>\$ (3,305,594)</u>	<u>\$ 18,803,996</u>

7. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$227,808 including interest at 4.006% maturing in 2025.	<u>\$ 2,229,147</u>	<u>\$ 2,584,745</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 369,986	\$ 85,631	\$ 455,617
2021	384,956	70,661	455,617
2022	400,532	55,085	455,617
2023	416,738	38,879	455,617
2024	433,600	22,017	455,617
Thereafter	223,335	4,473	227,808
	<u>\$ 2,229,147</u>	<u>\$ 276,746</u>	<u>\$ 2,505,893</u>

Interest on long-term debt amounted to \$99,394 (2018 - \$113,247).

The County's total cash payments for interest in 2019 were \$100,019 (2018 - \$113,847).

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

8. LANDFILL CLOSURE AND POST CLOSURE COSTS

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

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.16% (2018 - 3.26%) and assuming annual inflation of 2.00% (2018 - 2.00%).

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 3.333 million cubic metres. The estimated used capacity of the landfill site is 2.162 (2018 - 2.136) million cubic metres. The existing landfill is expected to reach capacity in approximately the year 2042.

	<u>2019</u>	<u>2018</u>
County's share of estimated closure costs	\$ 2,331,901	\$ 2,283,228
County's share of estimated post-closure costs	3,088,919	2,988,224
Estimated total County's share of liability	\$ 5,420,820	\$ 5,271,452
Percentage of liability accrued	64.88%	64.10%
Amount accrued	\$ 3,516,872	\$ 3,379,122
Estimated liability still to be accrued	\$ 1,903,948	\$ 1,892,330

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

9. TANGIBLE CAPITAL ASSETS

	2019 Net Book Value	2018 Net Book Value
Engineered structures		
Roadways and bridges	\$ 240,027,364	\$ 249,584,466
Wastewater systems	10,211,594	10,426,564
All other	11,817,264	9,428,979
Water systems	5,042,482	5,137,163
	267,098,704	274,577,172
Land and land improvements	43,573,623	42,891,326
Buildings	16,241,185	12,781,444
Machinery and equipment	12,665,338	12,136,925
Vehicles	1,072,845	1,028,718
	\$ 340,651,695	\$ 343,415,585

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Roadways and bridges	\$ 626,943,313	\$ 8,156,475	\$ (2,881,423)	-	\$ 632,218,365
Wastewater systems	12,591,757	22,367	-	-	12,614,124
All other	16,176,462	2,861,586	(173,400)	-	18,864,648
Water systems	5,910,254	-	-	-	5,910,254
	661,621,786	11,040,428	(3,054,823)	-	669,607,391
Machinery and equipment	22,104,887	2,857,716	(1,402,071)	-	23,560,532
Vehicles	2,473,165	313,650	(131,883)	-	2,654,932
Buildings	15,581,857	3,840,584	(77,121)	-	19,345,320
Land	42,891,326	682,297	-	-	43,573,623
	\$ 744,673,021	\$ 18,734,675	\$ (4,665,898)	\$ -	\$ 758,741,798

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways and bridges	\$ 377,358,847	\$ 17,317,875	\$ (2,485,721)	-	\$ 392,191,001
Wastewater systems	2,165,193	237,337	-	-	2,402,530
All other	6,747,483	299,901	-	-	7,047,384
Water systems	773,091	94,681	-	-	867,772
	387,044,614	17,949,794	(2,485,721)	-	402,508,687
Machinery, equipment, and furnishings	9,967,962	1,574,564	(647,332)	-	10,895,194
Vehicles	1,444,447	233,739	(96,099)	-	1,582,087
Buildings	2,800,413	348,687	(44,965)	-	3,104,135
	\$ 401,257,436	\$ 20,106,784	\$ (3,274,117)	\$ -	\$ 418,090,103

Construction of tangible capital assets in progress for 2019 totals \$14,383,817 (2018 - \$11,288,074). These amounts are not being amortized.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

10. INVENTORIES FOR CONSUMPTION

	<u>2019</u>	<u>2018</u>
Gravel	\$ 4,020,179	\$ 3,086,019
Parts, chemicals, and other	729,411	529,110
	<u>\$ 4,749,590</u>	<u>\$ 3,615,129</u>

11. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ 1,716,998	\$ 1,050,304
Restricted surplus (<i>Note 12</i>)	105,061,401	95,284,283
Equity in tangible capital assets (<i>Schedule 1</i>)	340,651,695	343,415,585
	<u>\$447,430,094</u>	<u>\$439,750,172</u>

12. RESTRICTED SURPLUS

	<u>2019</u>	<u>2018</u>
Public works - Paving	\$ 14,295,046	\$ 14,295,046
Bridge deficit	13,231,477	8,413,577
Tax rate stabilization	12,898,394	12,000,000
High speed internet	9,900,000	8,900,000
Sewer	8,525,697	8,821,055
Vehicles and equipment	6,352,995	6,502,995
Public works- Gravel reclamation	5,650,493	5,446,457
County facilities - capital	5,495,266	3,603,975
Resource roads	5,000,000	5,000,000
Fire - capital	4,550,017	7,058,411
Work in progress	4,429,655	3,297,005
Public works - Gravel	4,407,553	4,407,553
Agricultural services	4,000,000	4,000,000
Rocky Mountain Regional Solid Waste Authority	3,015,964	2,623,803
Disaster	2,000,000	2,000,000
Municipal, recreation, and school	1,272,437	1,250,845
North Saskatchewan River park	900,000	700,000
Public works - capital	800,000	-
West country roads	555,723	-
Airport	380,000	300,000
Geographic information system air photos	152,000	76,000
Regional fire	105,547	60,547
Search and rescue equipment	100,000	100,000
Leslieville Sewer	90,919	64,273
Facility - Operating Rental Income	-	260,000
Nordegg	(3,047,782)	(3,897,259)
	<u>\$105,061,401</u>	<u>\$ 95,284,283</u>

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

13. CREDIT FACILITY

The County has a demand revolving operating credit facility to a maximum of \$4,920,000 bearing interest at prime less 0.25% per annum. The credit facility was not drawn upon as of December 31, 2019 or 2018.

14. CONTINGENCIES

(a) Friends of the Corridor Schools

Wild Rose School Division is planning to replace existing schools in Leslieville and Condor. To augment the essential infrastructure, the Friends of the Corridor Schools, a committee of people working to upgrade schools and educational facilities in the community, was formed (the "Group") and has embarked on a fundraising campaign. In 2019, Clearwater County Council committed to match total funds raised by the Group. As of reporting date of the 2019 financial statements, the Group has raised \$81,355.

(b) Lawsuits

The County is a defendant in various lawsuits. Where the outcome of a claim against the County is considered likely to result in a loss and the amount of the loss can be reasonably estimated, accrued liabilities have been recorded. Where the resulting potential losses, if any, cannot be determined or the occurrence of future events is unknown, accrued liabilities have not been established.

15. PENSION PLANS

(a) 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 *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The County is required to make current service contributions to the 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 earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2019 were \$889,233 (2018 - \$892,783). Total current service contributions by the employees of the County to the LAPP in 2019 were \$807,514 (2018 - \$817,301).

At December 31, 2018 the Plan disclosed an actuarial surplus of \$3.469 billion (2017 - \$4.835 billion).

(b) Alberta Urban Municipalities Association Apex Supplementary Pension Plan

Certain employees of the County are eligible to participate in the Alberta Urban Municipalities Association Apex Supplementary Pension Plan (APEX), a multi-employer pension plan. This plan provides defined pension benefits to employees based on their length of service and rate of pay.

Contributions by the County to APEX in 2019 were \$11,437 (2018 - \$6,421). Contributions by the employees of the County to the APEX in 2019 were \$8,592 (2018 - \$4,824).

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

15. PENSION PLANS (CONT'D)

(c) Alberta Urban Municipalities Association Municipal Supplementary Executive Retirement Plan
 Certain employees of the County were previously eligible to participate in the Alberta Urban Municipalities Association MuniSERP pension plan, a multi-employer pension plan. This plan provides defined pension benefits to employees based on their length of service and rate of pay. The County ceased participation in this plan during 2018.

Contributions by the County to MuniSERP in 2019 were \$NIL (2018 - \$3,864).

16. REMUNERATION AND BENEFITS DISCLOSURE

Disclosure of remuneration and benefits for elected municipal officials, the County Manager and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	2019 Benefits and Allowances	Total	2018 Total
Reeve and Councilors				
Duncan (Division 1)	\$ 56,365	\$ 7,275	\$ 63,640	\$ 54,795
Laird (Division 2)	49,420	6,921	56,341	49,874
Lougheed (Division 3)	39,128	6,396	45,524	43,218
Vandermeer (Division 4)	40,652	4,522	45,174	60,061
Laing (Division 5)	43,392	6,614	50,006	47,976
Hoven (Division 6)	49,135	6,906	56,041	51,155
Swanson (Division 7)	52,908	7,098	60,006	53,998
	<u>\$ 331,000</u>	<u>\$ 45,732</u>	<u>\$ 376,732</u>	<u>\$ 361,077</u>
County Manager	<u>\$ 209,223</u>	<u>\$ 35,221</u>	<u>\$ 244,444</u>	<u>\$ 252,880</u>

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration including per diem amounts.
 - 2) Employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
 - 3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, and the employer's share of the costs of any additional taxable benefits.
-

17. SEGMENTED INFORMATION

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

(a) General Government

General Government is comprised of Council, the office of the CAO and Corporate Services. Corporate Services includes Financial Services, Communications, Assessment, Geographic Information System, and Information Technology Services. Council makes governance decisions regarding service delivery and service levels on behalf of the County in order to balance the needs and wants of the County residents in a financially responsible manner.

(b) Community Services

Community Services consists of seniors' funding, economic development and tourism activities, animal control, shared costs for the airport and special request funding. The Community Services area also provides services mandated by Family and Community Support Services throughout Alberta through a shared funding model between the Province of Alberta, the County, the Town of Rocky Mountain House, and the Village of Caroline.

(c) Emergency and Legislative Services

Emergency and Protective Services is comprised of Fire, Emergency Management, and Municipal Enforcement Services. The regional fire service provides fire suppression along with fire prevention training and education programs. The regional emergency management agency prepares for emergency situations in order to maintain safe communities. The Municipal Enforcement Services provides infrastructure protection, bylaw enforcement and education programs as well as provincial statute enforcement with the authorities granted by the Solicitor General of Alberta.

(d) Transportation Services

Transportation is comprised of services in the Public Works areas. This includes the County's infrastructure (roads and bridges), facilities and maintenance programs, including paving and gravel.

(e) Planning and Development

This area conducts the County's planning and development functions, working with developers to foster sustainable growth within the County. Planning and Development also oversees the ongoing Nordegg development program, as well as the heritage activities, including the Nordegg Museum and Brazeau Collieries Mine Site.

(f) Recreation and Culture

The County contributes to the local recreation programs, libraries and museums in partnership with the Town of Rocky Mountain House, and the Village of Caroline. Through cost-sharing partnerships, the Rocky Mountain House Parks, Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens.

(g) Environmental Services

Environmental Services are comprised of water, wastewater and regional solid waste management collection and recycling.

(h) Agricultural Services and Landcare

Agricultural Services and Landcare administers programs that strengthen relationships in the rural areas as well as relationships with urban communities. This includes vegetation and pest management, environmental stewardship programs, educational workshops, specialized equipment rental, cattle data management and awards such as Century Farms, Farm Family, and Rural Beautification.

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

18. 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:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 85,127,693	\$ 86,947,436
Total debt	(2,229,147)	(2,584,745)
Amount of debt limit unused	\$ 82,898,546	\$ 84,362,691
Debt servicing limit	\$ 14,187,949	\$ 14,491,239
Service on debt	(455,617)	(455,617)
Amount of debt servicing limit unused	\$ 13,732,332	\$ 14,035,622

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt servicing limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

19. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant market or currency risk arising from these financial instruments. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2019.

(a) Credit risk

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The County is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes the County's credit risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises when the County invests in interest-bearing financial instruments. The County is directly exposed to interest risk on its fixed income securities and long-term debt.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The County is exposed to price risk on its investments in fixed income securities.

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

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

20. GOVERNMENT PARTNERSHIP

The County's financial statements include its share of operations 2019 - 63.3% (2018 - 63.3%) of The Rocky Mountain Regional Solid Waste Authority. Condensed financial information of the Authority is as follows:

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 12,339,454	\$ 10,738,336
Receivables	239,539	625,044
Goods and Services Tax recoverable	9,812	-
	<u>12,588,805</u>	<u>11,363,380</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	450,007	381,331
Deferred revenue	-	5,053
Landfill closure and post-closure costs	5,560,115	5,342,334
	<u>6,010,122</u>	<u>5,728,718</u>
	<u>6,578,683</u>	<u>5,634,662</u>
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets	3,189,964	3,714,862
Prepaid expenses and deposits	23,757	21,987
	<u>3,213,721</u>	<u>3,736,849</u>
	<u>\$ 9,792,404</u>	<u>\$ 9,371,511</u>
ACCUMULATED SURPLUS		
REVENUE		
Municipal requisition	\$ 2,982,172	\$ 3,217,262
Sales and user charges	1,178,098	1,293,615
Investment income	263,444	199,078
Other	129,853	133,712
Government transfers	-	58,796
Gain on disposal of tangible capital assets	4,826	-
	<u>4,558,393</u>	<u>4,902,463</u>
EXPENSES		
Salaries and benefits	1,960,292	1,866,922
Amortization of tangible capital assets	612,229	1,077,532
Landfill closure and post-closure provision	217,781	596,548
All other	1,347,198	1,165,430
	<u>4,137,500</u>	<u>4,706,432</u>
	<u>\$ 420,893</u>	<u>\$ 196,031</u>
ANNUAL SURPLUS		

CLEARWATER COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

21. BUDGET FIGURES

The budget figures are presented for information purposes only. The 2019 budget, prepared by the County, reflects all municipal activities including capital projects, debt repayments, and reserve transfers. The reconciliation below is provided to encompass these items.

	2019 Original (Budget)	2019 Final (Budget)	2019 (Actual)
Annual surplus	\$ 12,218,724	\$ 9,894,533	\$ 7,679,922
Add back (deduct):			
Amortization expense	19,500,000	19,500,000	20,106,782
Purchase of tangible capital assets	(42,411,427)	(43,253,161)	(18,719,842)
Net transfers from reserves to fund capital projects	14,613,701	16,407,779	(6,590,431)
Net transfers from reserves to fund operations	1,000,000	2,310,000	13,180,862
Net transfers to reserve for future purchases	(4,565,400)	(4,503,553)	(16,367,549)
Principal debt repayments	(355,598)	(355,598)	(355,598)
Results of Operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,065,854)</u>

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.

23. COMPARATIVE FIGURES

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

24. SUBSEQUENT EVENT

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the County. An estimate of the potential financial impact cannot be made at this time.
