

**CLEARWATER COUNTY**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

## 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, 2020, 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, 2020, 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.



Independent Auditors' Report to the Reeve and Council of Clearwater County (*continued*)

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  
April 27, 2021

**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.

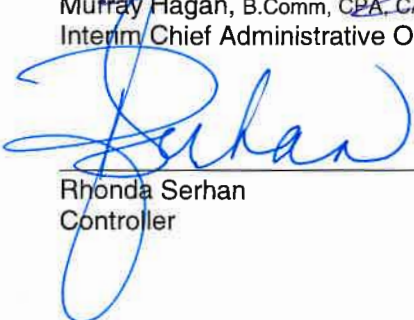
To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of consolidated financial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

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



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Murray Hagan, B.Comm, CPA, CA  
Interim Chief Administrative Officer





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Rhonda Serhan  
Controller

**CLEARWATER COUNTY**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 74,393,980	\$ 69,775,141
Accounts receivable (Note 3)	12,606,155	6,192,080
Land held for resale	4,845,305	4,611,048
Investments (Note 4)	37,475,160	49,233,715
	<u>129,320,600</u>	<u>129,811,984</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	7,690,945	3,879,932
Deferred revenue (Note 6)	5,135,805	18,803,996
Long-term debt (Note 7)	1,859,161	2,229,147
Landfill closure and post-closure costs (Note 8)	5,933,419	3,516,872
	<u>20,619,330</u>	<u>28,429,947</u>
<b>NET FINANCIAL ASSETS</b>	<u>108,701,270</u>	<u>101,382,037</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	350,889,165	340,651,695
Inventories for consumption (Note 10)	5,020,313	4,749,590
Prepaid expenses	690,164	646,772
	<u>356,599,642</u>	<u>346,048,057</u>
<b>ACCUMULATED SURPLUS (NOTE 11) (Schedule 1)</b>	<u>\$ 465,300,912</u>	<u>\$ 447,430,094</u>

ON BEHALF OF COUNCIL:

  
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**CLEARWATER COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31, 2020**

	2020 (Budget) (Note 21)	2020 (Actual)	2019 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 44,000,000	\$ 46,962,912	\$ 45,401,740
User fees and sale of goods	2,273,421	3,338,977	3,433,459
Investment income	2,010,000	2,284,197	2,424,712
Government transfers for operating (Schedule 3)	700,804	1,995,201	803,494
Well drilling taxes	1,500,000	1,964,406	2,256,295
Penalties on taxes	400,000	1,273,636	829,955
Other	352,000	594,204	944,475
Fines	225,000	228,944	317,506
Rentals	342,400	225,861	258,225
Developer levies	-	56,328	25,192
Licenses and permits	36,000	52,550	56,742
	<u>51,839,625</u>	<u>58,977,216</u>	<u>56,751,795</u>
<b>EXPENSES</b>			
Legislative	690,400	487,934	552,001
Administration (Note 3)	4,343,481	4,031,132	4,884,661
Assessment	613,752	581,666	612,145
Fire, ambulance, and protective services	3,398,063	3,603,959	2,951,258
Public works - general	2,310,787	2,009,041	2,253,151
Roads, streets, walks and lighting	12,177,665	10,700,909	10,088,080
Facilities	1,934,760	1,387,601	977,287
Water supply and distribution	120,907	103,527	94,648
Wastewater treatment and disposal	164,341	143,589	301,719
Waste management	2,528,337	4,602,108	2,279,243
Airport	136,000	62,698	38,376
Family and community support services	1,044,383	903,780	849,193
Agricultural services	2,663,631	2,332,973	2,214,154
Land use planning, zoning and development	1,755,761	1,808,150	1,720,027
Parks and recreation	3,014,676	2,811,729	1,791,786
Culture	667,391	500,243	448,848
Amortization	19,500,000	20,416,330	20,106,782
	<u>57,064,335</u>	<u>56,487,369</u>	<u>52,163,359</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE</b>	<u>(5,224,710)</u>	<u>2,489,847</u>	<u>4,588,436</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 3)	17,083,500	16,916,950	3,713,349
Contributed tangible capital assets	-	-	14,833
Loss on disposal of tangible capital assets	-	(1,535,979)	(636,696)
	<u>17,083,500</u>	<u>15,380,971</u>	<u>3,091,486</u>
<b>ANNUAL SURPLUS</b>	<u>11,858,790</u>	<u>17,870,818</u>	<u>7,679,922</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>447,430,094</u>	<u>447,430,094</u>	<u>439,750,172</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 459,288,884</u>	<u>\$ 465,300,912</u>	<u>\$ 447,430,094</u>

**CLEARWATER COUNTY**  
**Consolidated Statement of Changes in Net Financial Assets**  
**For the Year Ended December 31, 2020**

	2020 (Budget) <i>(Note 21)</i>	<b>2020 (Actual)</b>	2019 (Actual)
<b>ANNUAL SURPLUS</b>	\$ 11,858,790	<b>\$ 17,870,818</b>	\$ 7,679,922
Purchase of tangible capital assets	(51,332,159)	<b>(32,507,273)</b>	(18,719,842)
Contributed tangible capital assets	-	-	(14,833)
Proceeds on disposal of tangible capital assets	-	<b>317,494</b>	755,088
Amortization of tangible capital assets	19,500,000	<b>20,416,330</b>	20,106,782
Loss on disposal of tangible capital assets	-	<b>1,535,979</b>	636,696
	<u>(31,832,159)</u>	<u><b>(10,237,470)</b></u>	2,763,891
Acquisition of supplies inventory	-	<b>(270,723)</b>	(1,134,462)
Acquisition of prepaid expenses	-	<b>(43,392)</b>	(72,756)
	<u>-</u>	<u><b>(314,115)</b></u>	(1,207,218)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(19,973,369)	<b>7,319,233</b>	9,236,595
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	101,382,037	<b>101,382,037</b>	92,145,442
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 81,408,668</u>	<u><b>\$ 108,701,270</b></u>	<u>\$ 101,382,037</u>

**CLEARWATER COUNTY**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 17,870,818	\$ 7,679,922
Non-cash items included in annual surplus		
Loss on disposal of tangible capital assets	1,535,979	636,696
Contributed tangible capital assets	-	(14,833)
Amortization of tangible capital assets	20,416,330	20,106,782
Amortization of investment premium/discounts	21,309	63,390
Gain on sale of investments	(439,203)	-
	<u>39,405,233</u>	<u>28,471,957</u>
Changes in non-cash working capital balances:		
Accounts receivable	(6,414,076)	(1,297,312)
Prepaid expenses	(43,392)	(72,756)
Accounts payable and accrued liabilities	3,811,014	(2,301,694)
Land held for resale	(234,257)	158,704
Deferred revenue	(13,668,191)	2,829,920
Inventories for consumption	(270,723)	(1,134,462)
Provision for landfill closure and post-closure costs	2,416,547	137,750
Deposit liabilities	-	(4,700)
	<u>25,002,155</u>	<u>26,787,407</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(32,507,273)	(18,719,842)
Proceeds on disposal of tangible capital assets	317,494	755,088
	<u>(32,189,779)</u>	<u>(17,964,754)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	(369,986)	(355,598)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(21,281,068)	(949,837)
Proceeds on sale of investments	33,457,517	-
	<u>12,176,449</u>	<u>(949,837)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>4,618,839</b>	<b>7,517,218</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>69,775,141</b>	<b>62,257,923</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 74,393,980</b>	<b>\$ 69,775,141</b>



**CLEARWATER COUNTY**  
**Consolidated Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2020**

**Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,716,998	\$105,061,401	\$340,651,695	<b>\$447,430,094</b>	\$439,750,172
Annual surplus	17,870,818	-	-	<b>17,870,818</b>	7,679,922
Unrestricted funds designated for future use	(18,154,422)	18,154,422	-	-	-
Restricted funds used for operations	1,793,196	(1,793,196)	-	-	-
Current year funds used for tangible capital assets	(25,045,387)	-	25,045,387	-	-
Restricted surplus used for tangible capital assets	-	(7,461,886)	7,461,886	-	-
Disposal of tangible capital assets	1,853,473	-	(1,853,473)	-	-
Amortization	20,416,330	-	(20,416,330)	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 451,006</b>	<b>\$113,960,741</b>	<b>\$350,889,165</b>	<b>\$465,300,912</b>	<b>\$447,430,094</b>

**CLEARWATER COUNTY**  
**Consolidated Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2020**

**Schedule 2**

	2020 (Budget) (Note 21)	<b>2020 (Actual)</b>	2019 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 27,255,708	<b>\$ 27,625,599</b>	\$ 32,125,440
Linear property taxes	36,266,775	<b>38,863,027</b>	34,579,744
	<u>63,522,483</u>	<u><b>66,488,626</b></u>	<u>66,705,184</u>
Less revenue sharing:			
County of Wetaskiwin	739,425	<b>739,425</b>	765,161
Town of Rocky Mountain House	-	-	750,000
Village of Caroline	-	-	50,000
	<u>739,425</u>	<u><b>739,425</b></u>	<u>1,565,161</u>
Taxes after revenue sharing	62,783,058	<b>65,749,201</b>	65,140,023
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	17,566,242	<b>17,569,383</b>	18,518,763
Westview Lodge	625,301	<b>625,399</b>	608,297
Designated industrial property	388,951	<b>388,943</b>	400,576
Red Deer Catholic Regional Division No. 39	202,564	<b>202,564</b>	210,647
	<u>18,783,058</u>	<u><b>18,786,289</b></u>	<u>19,738,283</u>
<b>NET MUNICIPAL TAXES</b>	<u><b>\$ 44,000,000</b></u>	<u><b>\$ 46,962,912</b></u>	<u>\$ 45,401,740</u>

**CLEARWATER COUNTY**  
**Consolidated Schedule of Government Transfers**  
**For the Year Ended December 31, 2020**

**Schedule 3**

	2020 (Budget) (Note 21)	<b>2020 (Actual)</b>	2019 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 700,804	\$ 1,995,201	\$ 803,494
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>17,083,500</u>	<u><b>16,916,950</b></u>	<u>3,713,349</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 17,784,304</u>	<u><b>\$ 18,912,151</b></u>	<u>\$ 4,516,843</u>

**CLEARWATER COUNTY**  
**Consolidated Schedule of Segmented Information**  
**For the Year Ended December 31, 2020**

**Schedule 4**

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 46,962,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,962,912
User fees and sales of goods	568,174	-	-	267,020	1,306,178	-	827,725	369,880	3,338,977
All other	1,418,571	-	500,095	287,218	217,817	-	200	7,622	2,431,523
Investment income	2,192,535	-	-	-	-	-	91,662	-	2,284,197
Government transfers	1,441,430	-	412,361	-	-	-	-	141,410	1,995,201
Oil well drilling taxes	1,964,406	-	-	-	-	-	-	-	1,964,406
	<u>54,548,028</u>	<u>-</u>	<u>912,456</u>	<u>554,238</u>	<u>1,523,995</u>	<u>-</u>	<u>919,587</u>	<u>518,912</u>	<u>58,977,216</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	3,221,771	98,606	2,544,649	4,400,833	913,717	132,187	1,227,845	1,262,700	13,802,308
Contract and general services	1,576,658	30,636	404,706	6,663,614	596,224	31,398	942,579	472,583	10,718,398
Materials, goods and supplies	206,700	7,972	613,126	3,033,104	15,489	21,999	261,916	579,504	4,739,810
Transfers to individuals/organizations	27,586	595,800	-	-	-	3,126,388	-	18,186	3,767,960
Other expenses	1,503	-	-	-	-	-	2,416,884	-	2,418,387
Bad debts - provision for allowances	344,469	-	-	-	-	-	-	-	344,469
Transfers to other governments	4,764	62,698	41,478	-	-	-	-	-	108,940
Transfers to local boards & agencies	-	85,786	-	-	-	-	-	-	85,786
Interest on long-term debt	-	84,981	-	-	-	-	-	-	84,981
	<u>5,383,451</u>	<u>966,479</u>	<u>3,603,959</u>	<u>14,097,551</u>	<u>1,525,430</u>	<u>3,311,972</u>	<u>4,849,224</u>	<u>2,332,973</u>	<u>36,071,039</u>
<b>NET REVENUE (DEFICIT)</b>									
<b>BEFORE AMORTIZATION</b>	49,164,577	(966,479)	(2,691,503)	(13,543,313)	(1,435)	(3,311,972)	(3,929,637)	(1,814,061)	22,906,177
Amortization	350,778	16,726	324,203	18,660,939	125,072	71,578	673,156	193,878	20,416,330
<b>NET REVENUE (DEFICIT)</b>	<u>\$ 48,813,799</u>	<u>\$ (983,205)</u>	<u>\$ (3,015,706)</u>	<u>\$ (32,204,252)</u>	<u>\$ (126,507)</u>	<u>\$ (3,383,550)</u>	<u>\$ (4,602,793)</u>	<u>\$ (2,007,939)</u>	<u>\$ 2,489,847</u>

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

**Schedule 5**

	General Government	Community Services	Emergency & Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Agricultural Services	Total
<b>REVENUE</b>									
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
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>
<b>EXPENSES</b>									
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
Contracted 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 utilities	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
Other expenses	2,103	-	-	-	-	-	139,556	-	141,659
Interest on long-term debt	-	99,394	-	-	-	-	-	-	99,394
Transfers to local boards & agencies	-	95,211	-	-	-	-	-	-	95,211
	<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>
<b>NET REVENUE (DEFICIT)</b>									
<b>BEFORE AMORTIZATION</b>	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
<b>NET REVENUE (DEFICIT)</b>	<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>

The accompanying notes are an integral part of the financial statements

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

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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 original 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 30, 2020. Four new agreements were entered into in April 2021.

*(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, 2020**

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**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, 2022, *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, 2023, *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, 2020**

**2. CASH AND CASH EQUIVALENTS**

	<u>2020</u>	<u>2019</u>
Notice on demand accounts	<b>\$ 49,556,228</b>	\$ 54,935,569
High interest savings account	<b>15,495,339</b>	5,310,891
Operating bank accounts	<b>9,341,913</b>	9,528,181
Cash on hand	<b>500</b>	500
	<b><u>\$ 74,393,980</u></b>	<b><u>\$ 69,775,141</u></b>

The above amounts include grant funding of \$5,135,805 (2019 - \$18,803,996) which is externally restricted per *Note 6*.

**3. ACCOUNTS RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Taxes and grants in place of taxes	<b>\$ 7,750,969</b>	\$ 3,622,017
Trade and other	<b>4,203,171</b>	1,943,799
Goods and Services Tax	<b>652,015</b>	626,264
	<b><u>\$ 12,606,155</u></b>	<b><u>\$ 6,192,080</u></b>

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

Current taxes	<b>\$ 7,900,885</b>	\$ 4,766,066
Tax arrears	<b>1,440,564</b>	1,688,712
	<b>9,341,449</b>	6,454,778
Less: Allowance for doubtful accounts	<b><u>(1,590,480)</u></b>	<b><u>(2,832,761)</u></b>
	<b><u>\$ 7,750,969</u></b>	<b><u>\$ 3,622,017</u></b>

Administration expenses reported on the Consolidated Statement of Operations include a provision for bad debts in the amount of \$344,469 (2019 - \$1,277,491).

**4. INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Government and corporate bonds	<b>\$ 37,467,659</b>	\$ 24,037,736
Rocky Mountain House Co-op Association Limited	<b>7,501</b>	7,500
Guaranteed Investment Certificates	-	25,188,409
Alberta Capital Finance Authority shares	-	70
	<b><u>\$ 37,475,160</u></b>	<b><u>\$ 49,233,715</u></b>

The stated coupon interest rates on government and corporate bonds are between 2.05% - 3.30% per annum, maturing between March 2022 - June 2030. The market value of the government and corporate bonds at December 31, 2020 was \$39,119,144 (2019 - \$24,873,563).

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	<b>\$ 6,280,092</b>	\$ 2,645,003
Accrued wages and benefits	<b>1,408,603</b>	1,225,679
Deposit	<b>2,250</b>	9,250
	<b><u>\$ 7,690,945</u></b>	<b><u>\$ 3,879,932</u></b>

**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>2019</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2020</u>
Municipal Sustainability Initiative	\$ 17,917,333	\$ 91,762	\$ (13,848,662)	<b>\$ 4,160,433</b>
Strategic Transportation Infrastructure Program	27,211	839,111	(206,308)	<b>660,014</b>
Other	305,975	413,105	(403,722)	<b>315,358</b>
Alberta Community Partnership Program	553,477	-	(553,477)	-
	<b><u>\$ 18,803,996</u></b>	<b><u>\$ 1,343,978</u></b>	<b><u>\$ (15,012,169)</u></b>	<b><u>\$ 5,135,805</u></b>

**7. LONG-TERM DEBT**

	<u>2020</u>	<u>2019</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$227,808 including interest at 4.006% maturing in 2025.	<b><u>\$ 1,859,161</u></b>	<b><u>\$ 2,229,147</u></b>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2025	223,335	4,473	227,808
	<b><u>\$ 1,859,161</u></b>	<b><u>\$ 191,115</u></b>	<b><u>\$ 2,050,276</u></b>

Interest on long-term debt amounted to \$84,981 (2019 - \$99,394).

The County's total cash payments for interest in 2020 were \$85,631 (2019 - \$100,019).

**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 2.41% (2019 - 3.16%) and assuming annual inflation of 2.00% (2019 - 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 2.467 (2019 - 2.162) million cubic metres. The existing landfill is expected to reach capacity in approximately the year 2036.

	<u>2020</u>	<u>2019</u>
County's share of estimated closure costs	<b>\$ 3,277,922</b>	\$ 2,331,901
County's share of estimated post-closure costs	<b>4,735,016</b>	<u>3,088,919</u>
Estimated total County's share of liability	<b>\$ 8,012,938</b>	<b>\$ 5,420,820</b>
Percentage of liability accrued	<b>74.05%</b>	<u>64.88%</u>
Amount accrued	<b>\$ 5,933,419</b>	<u>\$ 3,516,872</u>
Estimated liability still to be accrued	<b>\$ 2,079,519</b>	<u>\$ 1,903,948</u>

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**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**9. TANGIBLE CAPITAL ASSETS**

	<b>2020 Net Book Value</b>	2019 Net Book Value
Engineered structures		
Roadways and bridges	<b>\$ 235,469,932</b>	\$ 232,657,466
Wastewater systems	<b>13,003,710</b>	10,211,594
All other	<b>21,427,170</b>	19,187,162
Water systems	<b>5,168,317</b>	5,042,482
	<b>275,069,129</b>	267,098,704
Land and land improvements	<b>44,177,626</b>	43,573,623
Buildings	<b>18,113,539</b>	16,241,184
Machinery and equipment	<b>12,327,176</b>	12,665,338
Vehicles	<b>1,201,695</b>	1,072,846
	<b>\$ 350,889,165</b>	\$ 340,651,695

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures					
Roadways and bridges	\$ 624,848,467	\$ 21,588,920	\$ (9,157,746)	-	\$ 637,279,641
Wastewater systems	12,614,124	3,076,655	(41,466)	-	15,649,313
All other	26,234,547	2,557,679	-	-	28,792,226
Water systems	5,910,254	222,339	-	-	6,132,593
	669,607,392	27,445,593	(9,199,212)	-	687,853,773
Machinery and equipment	23,560,531	1,785,909	(1,784,114)	-	23,562,326
Vehicles	2,654,932	383,233	(100,482)	-	2,937,683
Buildings	19,345,319	2,288,535	(13,398)	-	21,620,456
Land	43,573,623	604,003	-	-	44,177,626
	<b>\$ 758,741,797</b>	<b>\$ 32,507,273</b>	<b>\$ (11,097,206)</b>	<b>\$ -</b>	<b>\$ 780,151,864</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways and bridges	\$ 392,191,001	\$ 17,569,942	\$ (7,951,234)	-	\$ 401,809,709
Wastewater systems	2,402,530	264,415	(21,342)	-	2,645,603
All other	7,047,385	317,671	-	-	7,365,056
Water systems	867,772	96,504	-	-	964,276
	402,508,688	18,248,532	(7,972,576)	-	412,784,644
Machinery, equipment, and furnishings	10,895,193	1,514,534	(1,174,577)	-	11,235,150
Vehicles	1,582,086	238,372	(84,470)	-	1,735,988
Buildings	3,104,135	414,892	(12,110)	-	3,506,917
	<b>\$ 418,090,102</b>	<b>\$ 20,416,330</b>	<b>\$ (9,243,733)</b>	<b>\$ -</b>	<b>\$ 429,262,699</b>

Construction of tangible capital assets in progress for 2020 totals \$14,585,581 (2019 - \$14,383,817). These amounts are not being amortized.

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**10. INVENTORIES FOR CONSUMPTION**

	<u>2020</u>	<u>2019</u>
Gravel	\$ 4,345,543	\$ 4,020,179
Parts, chemicals, and other	<u>674,770</u>	<u>729,411</u>
	<u>\$ 5,020,313</u>	<u>\$ 4,749,590</u>

**11. ACCUMULATED SURPLUS**

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 451,006	\$ 1,716,998
Restricted surplus ( <i>Note 12</i> )	<u>113,960,741</u>	<u>105,061,401</u>
Equity in tangible capital assets ( <i>Schedule 1</i> )	<u>350,889,165</u>	<u>340,651,695</u>
	<u>\$465,300,912</u>	<u>\$447,430,094</u>

**12. RESTRICTED SURPLUS**

	<u>2020</u>	<u>2019</u>
Bridge infrastructure	\$ 14,393,477	\$ 13,231,477
Public works - Paving	<u>14,295,046</u>	14,295,046
High speed internet	<u>13,337,797</u>	9,900,000
Tax rate stabilization	<u>12,898,394</u>	12,898,394
Sewer	<u>9,952,328</u>	8,525,697
County facilities - capital	<u>7,218,327</u>	5,495,266
Work in progress	<u>5,784,840</u>	4,429,655
Vehicles and equipment	<u>5,762,995</u>	6,352,995
Public works- Gravel reclamation	<u>5,667,762</u>	5,650,493
Resource roads	<u>5,000,000</u>	5,000,000
Public works - Gravel	<u>4,407,553</u>	4,407,553
Agricultural services	<u>3,717,000</u>	4,000,000
Fire - capital	<u>3,225,452</u>	4,550,017
Core infrastructure	<u>3,000,000</u>	-
Rocky Mountain Regional Solid Waste Authority	<u>2,015,964</u>	3,015,964
Emergency funding	<u>2,000,000</u>	2,000,000
Municipal, recreation, and school	<u>1,328,765</u>	1,272,437
Airport	<u>980,000</u>	380,000
North Saskatchewan River park	<u>900,000</u>	900,000
West country roads	<u>855,723</u>	555,723
Public works - capital	<u>800,000</u>	800,000
Leslieville Sewer	<u>153,765</u>	90,919
Geographic information system air photos	<u>152,000</u>	152,000
Search and rescue equipment	<u>100,000</u>	100,000
Regional fire	-	105,547
Nordegg	<u>(3,986,447)</u>	<u>(3,047,782)</u>
	<u>\$113,960,741</u>	<u>\$105,061,401</u>

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

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**13. CREDIT FACILITY**

The County has a demand revolving operating credit facility to a maximum of \$4,920,000 bearing interest at prime plus 1.00% per annum. The credit facility was not drawn upon as of December 31, 2020 or 2019.

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**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 2020 financial statements, the Group has raised \$82,005.

(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.

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**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 2020 were \$959,290 (2019 - \$889,233). Total current service contributions by the employees of the County to the LAPP in 2020 were \$871,327 (2019 - \$807,514).

At December 31, 2019 the Plan disclosed an actuarial surplus of \$7.913 billion (2018 - \$3.469 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 2020 were \$11,905 (2019 - \$11,437). Contributions by the employees of the County to the APEX in 2020 were \$8,071 (2019 - \$8,592).

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

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**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	2020 Benefits and Allowances	Total	2019 Total
<b>Reeve and Councilors</b>				
Duncan (Division 1)	\$ 39,297	\$ 6,715	\$ 46,012	\$ 63,640
Laird (Division 2)	49,516	7,251	56,767	56,341
Lougheed (Division 3)	37,594	6,625	44,219	45,524
Vandermeer (Division 4)	43,573	4,772	48,345	45,174
Laing (Division 5)	42,308	6,873	49,181	50,006
Hoven (Division 6)	52,849	7,426	60,275	56,041
Swanson (Division 7)	41,100	6,810	47,910	60,006
	<b>\$ 306,237</b>	<b>\$ 46,472</b>	<b>\$ 352,709</b>	<b>\$ 376,732</b>
<b>County Manager</b>	<b>\$ 210,917</b>	<b>\$ 36,350</b>	<b>\$ 247,267</b>	<b>\$ 244,444</b>

- 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.
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**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, 2020**

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**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>2020</u>	<u>2019</u>
Total debt limit	<b>\$ 88,465,824</b>	\$ 85,127,693
Total debt	<b>(1,859,161)</b>	(2,229,147)
Amount of debt limit unused	<b>\$ 86,606,663</b>	\$ 82,898,546
Debt servicing limit	<b>\$ 14,744,304</b>	\$ 14,187,949
Service on debt	<b>(455,617)</b>	(455,617)
Amount of debt servicing limit unused	<b>\$ 14,288,687</b>	\$ 13,732,332

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.

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**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, 2020.

*(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.

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**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**20. GOVERNMENT PARTNERSHIP**

The County's financial statements include its share of operations 2020 - 63.3% (2019 - 63.3%) of The Rocky Mountain Regional Solid Waste Authority. Condensed financial information of the Authority is as follows:

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	\$ 11,024,634	\$ 12,339,454
Receivables	3,744,248	239,539
Goods and Services Tax recoverable	83,521	9,812
	<u>14,852,403</u>	<u>12,588,805</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	2,785,502	450,007
Landfill closure and post-closure costs	9,380,634	5,560,115
	<u>12,166,136</u>	<u>6,010,122</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,686,267</u>	<u>6,578,683</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	4,925,770	3,189,964
Prepaid expenses and deposits	23,603	23,757
	<u>4,949,373</u>	<u>3,213,721</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 7,635,640</u>	<u>\$ 9,792,404</u>
<b>REVENUE</b>		
Municipal requisition	\$ 2,933,686	\$ 2,982,172
Government transfers for capital	1,341,910	-
Sales and user charges	924,121	1,178,098
Investment income	144,916	263,444
Other	118,481	129,853
Gain (loss) on disposal of tangible capital assets	(4,239)	4,826
	<u>5,458,875</u>	<u>4,558,393</u>
<b>EXPENSES</b>		
Salaries and benefits	1,803,867	1,960,292
Amortization of tangible capital assets	454,553	612,229
Landfill closure and post-closure provision	3,820,519	217,781
All other	1,536,700	1,347,198
	<u>7,615,639</u>	<u>4,137,500</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (2,156,764)</u>	<u>\$ 420,893</u>

**CLEARWATER COUNTY**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

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**21. BUDGET FIGURES**

The budget figures are presented for information purposes only. The 2020 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.

	2020 Original (Budget)	2020 Final (Budget)	2020 <b>(Actual)</b>
Annual surplus	\$ 12,458,696	\$ 11,858,790	\$ <b>17,870,818</b>
Add back (deduct):			
Amortization expense	19,500,000	19,500,000	<b>20,416,330</b>
Purchase of tangible capital assets	(51,596,728)	(51,332,159)	<b>(32,507,273)</b>
Net transfers from reserves to fund capital projects	22,786,628	23,121,965	<b>(7,461,886)</b>
Net transfers from reserves to fund operations	763,490	763,490	<b>16,716,968</b>
Net transfers to reserve for future purchases	(3,541,800)	(3,541,800)	<b>(18,154,422)</b>
Principal debt repayments	(370,286)	(370,286)	<b>(369,986)</b>
Results of Operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ <b>(3,489,451)</b></u>

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**22. UNCERTAINTY DUE TO COVID-19**

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the County's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the County's activities, operations and financial condition in the future.

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**23. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council.

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