

WOODLANDS COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The elected Mayor and Council of Woodlands County are composed entirely of individuals who are neither management nor employees of the County. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the County's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.

Gordon Frank, Chief Administrative Officer

Alicia Bourbeau, Director, Corporate Services

Whitecourt, Alberta
April 20, 2021

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Woodlands County

Opinion

We have audited the accompanying financial statements of Woodlands County (the County), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2020, and the results of its operations, changes in net debt 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 Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

Edmonton, Alberta
April 20, 2021

WOODLANDS COUNTY
Statement of Financial Position
As at December 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 4,956,096	\$ 1,948,094
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	1,493,828	1,228,046
Trade and other receivables <i>(Note 4)</i>	3,153,431	2,829,809
Loans receivable <i>(Note 5)</i>	2,630,245	2,830,652
Investments	-	70
	<u>12,233,600</u>	<u>8,836,671</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	4,927,563	3,636,325
Deposit liabilities	210,115	756,046
Employee benefit obligations <i>(Note 8)</i>	293,448	254,769
Deferred revenue <i>(Note 9)</i>	2,973,666	1,986,876
Long-term debt <i>(Note 10)</i>	8,794,484	9,805,084
	<u>17,199,276</u>	<u>16,439,100</u>
NET DEBT	<u>(4,965,676)</u>	<u>(7,602,429)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 5)</i>	89,391,186	94,276,120
Inventory for consumption <i>(Note 11)</i>	1,302,821	1,335,765
Prepaid expenses	508,013	443,197
	<u>91,202,020</u>	<u>96,055,082</u>
ACCUMULATED SURPLUS <i>(Schedule 1, Note 14)</i>	<u>\$ 86,236,344</u>	<u>\$ 88,452,653</u>
CONTINGENCIES AND COMMITMENTS <i>(Note 16)</i>		

APPROVED ON BEHALF OF COUNCIL:

WOODLANDS COUNTY**Statement of Operations and Accumulated Surplus****For The Year Ended December 31, 2020**

	<u>2020</u> (Budget) (Note 20)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
REVENUES			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 19,495,810	\$ 19,499,206	\$ 18,754,268
Government transfers for operating <i>(Schedule 3)</i>	2,797,290	1,537,006	855,498
User fees and sale of goods and services	880,491	1,023,502	1,129,350
Other	228,160	557,606	428,541
Penalties and costs on taxes	144,840	237,652	1,023,713
Investment income	175,100	156,204	274,650
Rentals	142,495	155,449	164,399
Development levies	-	21,344	8,680
	<u>23,864,186</u>	<u>23,187,969</u>	<u>22,639,099</u>
EXPENSES			
Transportation	11,988,104	12,602,729	13,134,900
Administration	8,284,214	8,326,022	11,025,308
Utilities and waste management	1,861,598	1,581,653	1,820,397
Protective services	1,055,079	1,011,611	2,825,806
Recreation and culture	1,394,554	917,465	2,553,144
Planning and development	850,062	915,442	861,568
Legislative	652,382	652,722	643,899
Agriculture services	801,075	396,197	592,069
Community services	219,855	190,339	369,808
	<u>27,106,923</u>	<u>26,594,180</u>	<u>33,826,899</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>(3,242,737)</u>	<u>(3,406,211)</u>	<u>(11,187,800)</u>
OTHER INCOME			
Government transfers for capital <i>(Schedule 3)</i>	-	1,189,902	-
Gain (Loss) on disposal of tangible capital assets	-	-	(34,370)
Contributed tangible capital assets	-	-	4,307,005
	<u>-</u>	<u>1,189,902</u>	<u>4,272,635</u>
ANNUAL SURPLUS (DEFICIT)	<u>(3,242,737)</u>	<u>(2,216,309)</u>	<u>(6,915,165)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>88,452,653</u>	<u>88,452,653</u>	<u>95,367,818</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 1, NOTE 14)	<u>\$ 85,209,916</u>	<u>\$ 86,236,344</u>	<u>\$ 88,452,653</u>

WOODLANDS COUNTY

Statement of Change in Net Debt

For The Year Ended December 31, 2020

	<u>2020</u> (Budget) (Note 20)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ (3,242,737)	\$ (2,216,309)	\$ (6,915,165)
Acquisition of tangible capital assets	(2,427,361)	(2,275,093)	(1,889,234)
Contributed tangible capital assets	-	-	(4,307,005)
Proceeds on disposal of tangible capital assets	-	-	87,150
Amortization of tangible capital assets	7,263,734	7,160,027	7,029,410
Loss (gain) on disposal of tangible capital assets	-	-	34,370
	<u>4,836,373</u>	<u>4,884,934</u>	<u>954,691</u>
Net change in inventory for consumption	-	32,944	(178,391)
Net change in prepaid expenses	-	(64,816)	(87,671)
	-	(31,872)	(266,062)
(INCREASE) DECREASE IN NET DEBT	1,593,636	2,636,753	(6,226,536)
NET DEBT, BEGINNING OF YEAR	(7,602,429)	(7,602,429)	(1,375,893)
NET DEBT, END OF YEAR	\$ (6,008,793)	\$ (4,965,676)	\$ (7,602,429)

WOODLANDS COUNTY
Statement of Cash Flows
For The Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (2,216,309)	\$ (6,915,165)
Non-cash items included in annual surplus (deficit):		
Loss (gain) on disposal of tangible capital assets	-	34,370
Amortization of tangible capital assets	7,160,027	7,029,410
Tangible capital assets received as contributions	-	(4,307,005)
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(265,782)	2,682,760
Trade and other receivables	(323,622)	(1,093,532)
Deposit liabilities	(545,931)	(186,165)
Prepaid expenses	(64,816)	(87,671)
Inventory for consumption	32,944	(178,391)
Accounts payable and accrued liabilities	1,291,238	1,331,258
Loans receivable	200,407	138,483
Employee benefit obligations	38,679	38
Deferred revenue	986,790	1,901,764
	<u>6,293,625</u>	<u>350,154</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,275,093)	(1,889,234)
Proceeds on disposal of tangible capital assets	-	87,150
	<u>(2,275,093)</u>	<u>(1,802,084)</u>
INVESTING ACTIVITIES		
Proceeds from investments	70	5,019,608
FINANCING ACTIVITIES		
Long-term debt repayments	(1,010,600)	(984,751)
Repayment of bank indebtedness	-	(634,833)
	<u>(1,010,530)</u>	<u>3,400,024</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,008,002	1,948,094
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,948,094</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,956,096</u>	<u>\$ 1,948,094</u>

WOODLANDS COUNTY
Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2020

SCHEDULE 1

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Equity in Tangible Capital Assets</u>	<u>2020</u>	<u>2019</u>
BALANCE, BEGINNING OF YEAR	\$ (10,601,828)	\$ 12,421,688	\$ 86,632,793	\$ 88,452,653	\$ 95,367,818
Annual surplus (deficit)	(2,216,309)	-	-	(2,216,309)	(6,915,165)
Purchase of tangible capital assets	(2,275,093)	-	2,275,093	-	-
Annual amortization expense	7,160,027	-	(7,160,027)	-	-
Disposal of tangible capital assets	-	-	-	-	-
Restricted funds designated for current year use	(308,640)	308,640	-	-	-
Long-term debt repaid	(1,010,600)	-	1,010,600	-	-
Debt recoverable payments	<u>122,434</u>	<u>-</u>	<u>(122,434)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	\$ <u>(9,130,009)</u>	\$ <u>12,730,328</u>	\$ <u>82,636,025</u>	\$ <u>86,236,344</u>	\$ <u>88,452,653</u>

Schedule of Property Taxes Levied

For The Year Ended December 31, 2020

	<u>2020</u> (Budget) (Note 20)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
TAXATION			
Commercial and industrial taxes	\$ 9,664,464	\$ 11,083,102	\$ 11,062,279
Linear property taxes	13,634,156	10,547,641	10,024,049
Residential and farmland property	2,382,817	3,768,736	3,684,338
Government grants in place of property taxes	<u>-</u>	<u>10,911</u>	<u>11,992</u>
	<u>25,681,437</u>	<u>25,410,390</u>	<u>24,782,658</u>
REQUISITIONS			
Alberta School Foundation Fund	(5,552,926)	(5,306,733)	(5,408,095)
Seniors Foundation	(507,030)	(490,681)	(497,088)
Designated Industrial Property	<u>(125,671)</u>	<u>(113,770)</u>	<u>(123,207)</u>
	<u>(6,185,627)</u>	<u>(5,911,184)</u>	<u>(6,028,390)</u>
NET MUNICIPAL TAXES	\$ <u>19,495,810</u>	\$ <u>19,499,206</u>	\$ <u>18,754,268</u>

Schedule of Government Transfers

For The Year Ended December 31, 2020

	<u>2020</u> (Budget) (Note 20)	<u>2020</u> (Actual)	<u>2019</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,747,290	\$ 1,536,576	\$ 805,498
Local government	<u>50,000</u>	<u>430</u>	<u>50,000</u>
	<u>2,797,290</u>	<u>1,537,006</u>	<u>855,498</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>-</u>	<u>1,189,902</u>	<u>-</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,797,290</u>	<u>\$ 2,726,908</u>	<u>\$ 855,498</u>

WOODLANDS COUNTY
Schedule of Segmented Disclosure
For The Year Ended December 31, 2020

SCHEDULE 4

	Administration	Legislative	Agriculture Services	Community Services	Planning and Development	Protective Services	Recreation and Culture	Transportation	Utilities and Waste Management	2020	2019
REVENUE											
Net municipal property taxes	\$ 19,499,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,499,206	\$ 18,754,268
Government transfers operating	-	-	123,907	1,268,531	-	63,407	10,950	70,211	-	1,537,006	855,498
User fees and sales of goods	101,764	-	6,529	-	33,367	22,751	(252)	581,089	278,254	1,023,502	1,129,350
Other revenues	557,606	-	-	-	21,344	-	-	-	-	578,950	437,221
Penalties and costs on taxes	237,652	-	-	-	-	-	-	-	-	237,652	1,023,713
Investment income	139,853	-	-	-	-	-	-	-	16,351	156,204	274,650
Rentals	1,849	-	3,980	-	-	-	-	149,620	-	155,449	164,399
	<u>20,537,930</u>	<u>-</u>	<u>134,416</u>	<u>1,268,531</u>	<u>54,711</u>	<u>86,158</u>	<u>10,698</u>	<u>800,920</u>	<u>294,605</u>	<u>23,187,969</u>	<u>22,639,099</u>
EXPENSES											
Amortization	111,461	-	47,039	-	1,778	199,342	113,185	6,216,994	470,228	7,160,027	7,029,410
Salaries, wages and benefits	1,132,440	406,725	215,179	6,623	351,467	348,406	179,605	2,467,377	475,187	5,583,009	6,940,848
Contracted and general services	844,905	98,400	52,421	32,706	556,205	261,590	49,840	2,049,532	183,832	4,129,431	3,981,186
Transfers to local governments	2,924,418	-	-	27,709	-	-	50,900	-	359,096	3,362,123	4,027,702
Provision for allowances	3,081,756	-	-	-	-	-	-	-	18,126	3,099,882	7,271,382
Materials, goods, supplies and utilities	71,408	3,213	65,058	37,433	5,992	187,008	29,090	1,630,667	136,036	2,165,905	3,435,458
Transfers to other organizations	15,000	144,384	16,500	85,868	-	15,265	494,845	-	-	771,862	787,906
Interest on long-term debt	104,253	-	-	-	-	-	-	91,263	86,045	281,561	309,053
Bank charges	40,380	-	-	-	-	-	-	-	-	40,380	43,954
	<u>8,326,021</u>	<u>652,722</u>	<u>396,197</u>	<u>190,339</u>	<u>915,442</u>	<u>1,011,611</u>	<u>917,465</u>	<u>12,455,833</u>	<u>1,728,550</u>	<u>26,594,180</u>	<u>33,826,899</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	12,211,909	(652,722)	(261,781)	1,078,192	(860,731)	(925,453)	(906,767)	(11,654,913)	(1,433,945)	(3,406,211)	(11,187,800)
OTHER INCOME											
Government transfers for capital	-	-	-	-	-	-	-	1,189,902	-	1,189,902	-
Contributed tangible capital assets	-	-	-	-	-	-	-	-	-	-	4,307,005
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	(34,370)
ANNUAL SURPLUS (DEFICIT)	<u>\$ 12,211,909</u>	<u>\$ (652,722)</u>	<u>\$ (261,781)</u>	<u>\$ 1,078,192</u>	<u>\$ (860,731)</u>	<u>\$ (925,453)</u>	<u>\$ (906,767)</u>	<u>\$ (10,465,011)</u>	<u>\$ (1,433,945)</u>	<u>\$ (2,216,309)</u>	<u>\$ (6,915,165)</u>

The accompanying notes are an integral part of the financial statements.

WOODLANDS COUNTY
Schedule of Tangible Capital Assets
For The Year Ended December 31, 2020

SCHEDULE 5

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
COST:								
Balance, Beginning of Year	\$ 2,216,470	\$ 2,985,299	\$ 12,926,827	\$ 257,689,900	\$ 9,435,612	\$ 5,990,337	\$291,244,445	\$285,394,883
Additions	696,000	-	-	1,579,093	-	-	2,275,093	1,889,234
Contributed assets	-	-	-	-	-	-	-	4,307,005
Disposals	-	-	-	(19,964)	-	-	(19,964)	(346,677)
Balance, End of Year	<u>2,912,470</u>	<u>2,985,299</u>	<u>12,926,827</u>	<u>259,249,029</u>	<u>9,435,612</u>	<u>5,990,337</u>	<u>293,499,574</u>	<u>291,244,445</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	972,367	2,847,954	185,907,961	4,640,061	2,599,982	196,968,325	190,164,072
Amortization	-	106,435	279,934	6,060,349	398,808	314,501	7,160,027	7,029,410
Disposals	-	-	-	(19,964)	-	-	(19,964)	(225,157)
Balance, End of Year	-	<u>1,078,802</u>	<u>3,127,888</u>	<u>191,948,346</u>	<u>5,038,869</u>	<u>2,914,483</u>	<u>204,108,388</u>	<u>196,968,325</u>
2020 NET BOOK VALUE	<u>\$ 2,912,470</u>	<u>\$ 1,906,497</u>	<u>\$ 9,798,939</u>	<u>\$ 67,300,683</u>	<u>\$ 4,396,743</u>	<u>\$ 3,075,854</u>	<u>\$ 89,391,186</u>	<u>\$ -</u>
2019 NET BOOK VALUE	<u>\$ 2,216,470</u>	<u>\$ 2,012,932</u>	<u>\$ 10,078,873</u>	<u>\$ 71,781,939</u>	<u>\$ 4,795,551</u>	<u>\$ 3,390,355</u>	<u>\$ -</u>	<u>\$ 94,276,120</u>

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Woodlands County (the "County") are the representations of 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

The financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of County operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the government reporting entity.

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

(b) Basis of accounting

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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(c) Cash and cash equivalents

Cash and cash equivalents 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 three months or less at acquisition.

(d) Investments

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

(e) Government transfers

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

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

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Use of estimates

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

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets and the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(g) Tax revenue

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

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(h) Pension expenses

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

(i) Loans receivable

Loans receivable are recorded at cost. Interest revenue is recognized as revenue in the year it is earned.

(j) Requisition over-levy and under-levy

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

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

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

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Non-financial assets

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

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15 - 40
Buildings	25 - 50
Engineered structures	
Roadway system	0 - 50
Water and wastewater system	30 - 75
Machinery and equipment	5 - 20
Vehicles	10 - 25

No amortization is charged in the year of acquisition and a full year amortization is charged in the year of disposal.

Historical artifacts owned by the County are not recorded in tangible capital assets, but are disclosed.

Inventory

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

(l) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The County will continue to assess the impact and prepare for the adoption of these standards.

i) Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Future Accounting Standard Pronouncements (cont'd)

ii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iii) Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iv) Financial Instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

v) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

vi) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,792,227	\$ 1,948,094
Cash equivalents	<u>163,869</u>	<u>-</u>
	<u>\$ 4,956,096</u>	<u>\$ 1,948,094</u>

Cash equivalents are short-term deposits with original maturities of three months or less, bearing interest at 0.80% - 0.90%.

WOODLANDS COUNTY
Notes to Financial Statements
Year Ended December 31, 2020

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	\$ 3,758,620	\$ 4,866,622
Arrears taxes	<u>313,391</u>	<u>4,263,317</u>
	4,072,011	9,129,939
Less: Allowance for doubtful accounts	<u>(2,578,183)</u>	<u>(7,901,893)</u>
	<u>\$ 1,493,828</u>	<u>\$ 1,228,046</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
Trade accounts receivable	\$ 1,154,498	\$ 2,080,996
Receivables from other governments	2,041,568	714,096
Goods and Services Tax recoverable	<u>5,993</u>	<u>85,387</u>
	3,202,059	2,880,479
Less: Allowance for doubtful accounts	<u>(48,628)</u>	<u>(50,670)</u>
	<u>\$ 3,153,431</u>	<u>\$ 2,829,809</u>

5. LOANS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Lac Ste. Anne Foundation	\$ 2,068,248	\$ 2,192,250
Airport Sudvision Connections	381,997	418,402
Whitecourt Woodlands Winter Recreation Park Society	<u>180,000</u>	<u>220,000</u>
	<u>\$ 2,630,245</u>	<u>\$ 2,830,652</u>

The loan receivable from Lac Ste. Anne Foundation includes accrued interest of \$28,925 (2019 - \$30,493).

The County passed Bylaw 2016/06 on July 4, 2006 authorizing Council to lend \$3,250,000 to the Lac Ste. Anne Foundation for the purpose of assisting the Foundation to undertake and complete the construction of the Seniors' Lodge in Onoway, Alberta. The loan was advanced during 2007 and is repayable in 50 semi-annual installments of \$113,333; including interest of 4.89% per annum, commencing March 15, 2008. The loan was financed by an equivalent borrowing from the Alberta Capital Finance Authority (Note 10).

The County passed motion C-15-648-15 on October 20, 2015 authorizing Council to lend \$280,000 to the Whitecourt Woodlands Winter Recreation Park Society for the purpose of assisting this community group. The loan is non-interest bearing and repayable in 14 annual installments of \$20,000 commencing November 1, 2016.

WOODLANDS COUNTY
Notes to Financial Statements
Year Ended December 31, 2020

6. LINE OF CREDIT

The County has a revolving demand credit facility of \$10,000,000. The demand loan bears interest at the bank's prime rate minus 0.25% per annum, and was not drawn on at December 31, 2020 (2019 - \$NIL) and is unsecured.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables	\$ 3,914,073	\$ 1,126,903
Payables to other governments	665,905	2,297,926
Salaries and wages payable	201,717	168,396
Requisition over (under) levies	145,868	35,100
Holdback liabilities	-	8,000
	<u>\$ 4,927,563</u>	<u>\$ 3,636,325</u>

8. EMPLOYEE BENEFITS OBLIGATION

	<u>2020</u>	<u>2019</u>
Vacation	\$ 281,882	\$ 226,760
Overtime	11,566	28,009
	<u>\$ 293,448</u>	<u>\$ 254,769</u>

Employee benefits obligation is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The County does not provide post-employment benefits to employees.

9. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2019</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2020</u>
Municipal Sustainability Initiative	\$ 1,062,904	\$ 1,642,120	\$ (1,561,845)	\$ 1,143,179
Federal Gas Tax Fund	537,205	267,812	-	805,017
Municipal Stimulus Program	-	565,104	(28,805)	536,299
Other Deferred Amounts	352,637	1,300	(1,704)	352,233
Municipal Operating Support	-	486,385	(364,111)	122,274
Fire Suppression	34,130	14,663	(34,129)	14,664
	<u>\$ 1,986,876</u>	<u>\$ 2,977,384</u>	<u>\$ (1,990,594)</u>	<u>\$ 2,973,666</u>

WOODLANDS COUNTY
Notes to Financial Statements
Year Ended December 31, 2020

10. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Airport expansion		
Province of Alberta		
Interest rate 2.27%, due September 2022	\$ 248,154	\$ 368,093
Water and sewer extension		
Province of Alberta		
Interest rate 2.35%, due June 2031	1,103,814	1,195,491
Interest rate 3.84%, due September 2030	1,069,332	1,155,541
Interest rate 2.15%, due September 2031	710,408	767,080
County administration and workshop expansions		
Province of Alberta		
Interest rate 2.35%, due June 2031	1,471,752	1,593,988
Interest rate 2.15%, due September 2031	1,685,652	1,820,124
Interest rate 1.26%, due September 2021	102,503	203,753
Interest rate 2.27%, due September 2022	363,546	539,257
Lac Ste. Anne Foundation		
Province of Alberta		
Interest rate 4.89%, due September 2032	<u>2,039,323</u>	<u>2,161,757</u>
	<u>\$ 8,794,484</u>	<u>\$ 9,805,084</u>

The current portion of the long-term debt amounts to \$1,037,230 (2019 - \$1,010,600).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,037,230	\$ 261,350	\$ 1,298,580
2022	960,839	234,237	1,195,076
2023	671,438	209,060	880,498
2024	692,028	188,469	880,497
2025	713,335	167,163	880,498
Thereafter	<u>4,719,614</u>	<u>525,582</u>	<u>5,245,196</u>
	<u>\$ 8,794,484</u>	<u>\$ 1,585,861</u>	<u>\$ 10,380,345</u>

Debenture debt is issued on the credit and security of the County at large. Debentures were issued by the Alberta Capital Finance Authority which was dissolved on October 30, 2020 and all loans were transferred to the Province of Alberta.

Interest on long-term debt paid amounted to \$281,562 (2019 - \$309,052)

The County's total cash payments for interest is \$287,980 (2019 - \$299,726).

WOODLANDS COUNTY
Notes to Financial Statements
Year Ended December 31, 2020

11. INVENTORY FOR CONSUMPTION

	<u>2020</u>	<u>2019</u>
Gravel	\$ 966,939	\$ 1,153,333
Material and supplies	<u>335,882</u>	<u>182,432</u>
	<u>\$ 1,302,821</u>	<u>\$ 1,335,765</u>

12. DEBT LIMITS

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

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 34,781,954	\$ 33,958,649
Total debt	<u>(8,794,484)</u>	<u>(9,805,084)</u>
Amount of debt limit unused	<u>\$ 25,987,470</u>	<u>\$ 24,153,565</u>
Service on debt limit	\$ 5,796,992	\$ 5,659,775
Service on debt	<u>(1,298,580)</u>	<u>(1,298,580)</u>
Amount of service on debt limit unused	<u>\$ 4,498,412</u>	<u>\$ 4,361,195</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these 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.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Net book value of tangible capital assets	\$ 89,391,186	\$ 94,276,120
Long-term debt	<u>(8,794,484)</u>	<u>(9,805,084)</u>
Debt recoverable	<u>2,039,323</u>	<u>2,161,757</u>
	<u>\$ 82,636,025</u>	<u>\$ 86,632,793</u>

WOODLANDS COUNTY
Notes to Financial Statements
Year Ended December 31, 2020

14. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus (deficit)	\$ <u>(9,130,009)</u>	\$ <u>(10,601,828)</u>
Restricted surplus		
Infrastructure services	4,452,369	4,404,088
Working capital	2,970,317	2,747,333
General operating	1,674,788	1,674,788
Fire protection	1,308,142	1,308,142
Property tax stabilization	633,622	633,622
Sewer	430,375	393,000
General capital	402,136	402,136
Family and community support services	344,845	344,845
Recreation boards, parks and facilities	241,755	241,755
Planning/land use	205,719	205,719
Economic/agricultural	66,260	66,260
	<u>12,730,328</u>	<u>12,421,688</u>
Equity in tangible capital assets	<u>82,636,025</u>	<u>86,632,793</u>
	<u>\$ 86,236,344</u>	<u>\$ 88,452,653</u>

15. TRUST FUNDS

The County administers the following trust funds:

	<u>2020</u>	<u>2019</u>
Golden triangle	\$ 87,430	\$ 107,300
Huestis demo forest trust	24,228	24,228
Proceeds from tax forfeitures held in trust	19,209	29,268
Fort Assiniboine fire club social trust	<u>4,264</u>	<u>4,228</u>
	<u>\$ 135,131</u>	<u>\$ 165,024</u>

Trust funds administered by the County have not been included in the Statement of Financial Position nor have their operations have been included in the Statement of Operations.

16. CONTINGENCIES AND COMMITMENTS

- a) The County is committed to sharing the capital and operating costs of the Whitecourt Regional Waste Management Authority (the "Authority") with the Town of Whitecourt (the "Town"). The Authority is responsible for the management of a regional landfill site serving the County and the Town. Capital and operating costs for the Authority are shared by the County and the Town on a pro-rated per capita basis, calculated on the current population of the Town and the County. The County's share of the Authority's capital and operating costs for the year ended December 31, 2020 was \$359,096 (2019 - \$335,511) which was 31.78% (2019 - 31.79%) of the total operating deficit of the Authority.
- b) The County is committed to sharing the capital and operating costs for certain functions with the Town of Whitecourt (the "Town") on a pro-rated per capita basis, calculated on the current population of the Town and the County. The County's commitment under these cost-sharing arrangements varies from year to year. The County's cost sharing payments to the Town for the year ended December 31, 2020 was \$2,924,418 (2019 - \$3,057,612).
- c) The County is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by MUNIX. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- d) In the normal conduct of operations, various legal claims are pending against the County in connection with road maintenance and construction and other matters. The County carries liability insurance, subject to certain deductibles and policy limits, against such claims. Administration believes that the County has recognized adequate provisions for probable and reasonably estimable liabilities associated with these claims, and that their ultimate resolutions will not materially exceed insurance coverage nor have a material adverse effect on the financial position of the County or its financial activities.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the Plan of 9.39% (2019 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2019 - 13.84%) for the excess. Employees of the County are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 12.84% (2019 - 12.84%) on pensionable earnings above this amount.

Total current service contributions made by the County to the LAPP in 2020 were \$371,772 (2019 - \$435,658). Total current service contributions made by the employees of the County to the LAPP in 2020 were \$329,788 (2019 - \$402,090).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion (2018 - \$3.47 billion).

18. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Transportation

Transportation provides and maintains a safe and reliable road network for the travelling public. Transportation is responsible for winter and summer road maintenance as well as bridge maintenance. The County's road construction program operates through the summer months.

(b) Administration

Administration is responsible for the administration of the County as a whole. Administration includes assessment services, financial services, records management and general administration.

(c) Recreation and culture

Recreation and culture provides recreational and cultural services, activities that promote the health and well-being of its citizens, and activities related to parks and cemetery maintenance and operation.

(d) Protective services

Protective services comprises of enhanced policing, enforcement services, fire, disaster and emergency management. The purpose of enhanced policing is to provide additional manpower targeted towards specific enforcement initiatives. Enforcement services provides enforcement in the areas of Provincial Acts and Municipal Bylaws. Fire is responsible to provide fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishments of fires. The mandate of emergency management is to help maintain safe communities and manage risk.

(e) Utilities and waste management

The County is responsible for environmental programs such as the engineering and operation of water and wastewater systems and waste management. This includes water conservation, efficiency, and protection and promoting green construction, energy and technology, identifying natural areas for preservation, restoration and rehabilitation, and promoting awareness regarding environmental protection, conservancy, recycling and other initiatives.

(f) Planning and development

Planning and development manages current and long-term planning, and subdivision development permits.

(g) Agriculture services

Agriculture services develops and promotes agricultural policies that will control vegetation growth on County land, control pests that have a detrimental effect on the agricultural industry and work towards preservation of the County's agricultural environment. The department also provides information on agricultural concerns.

(h) Legislative

County Council makes decisions regarding service delivery and service levels on behalf of the County in order to balance the needs and wants of County residents in a financially responsible manner.

(CONT'D)

18. SEGMENTED INFORMATION (CONT'D)

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Revenue. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

19. FINANCIAL INSTRUMENTS

The County's financial instruments include cash and cash equivalents, taxes and grants in place of taxes, trade and other accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant liquidity, market, interest or currency risk arising from these financial instruments.

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

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

20. BUDGET

The budget presented in these financial statements are based on the budget approved by Council on April 29, 2020. Amortization was included in the budget but was removed for the calculation on the taxation requirement.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

22. COMPARATIVE FIGURES

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

23. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials and the chief administrative officer as required by *Alberta Regulation 313/2000* is as follows:

	<u>Salary⁽¹⁾</u>	<u>Benefits⁽²⁾</u>	<u>Total 2020</u>	<u>Total 2019</u>
John Burrows, Mayor (3)	\$ 69,443	\$ 8,236	\$ 77,679	\$ 11,196
Dale McQueen, Goose Lake	54,453	8,384	62,837	50,134
Ron Govenlock, Whitecourt Central	52,900	8,341	61,241	18,510
Bruce Prestidge, Blue Ridge	51,003	8,221	59,224	69,294
Jim Rennie, Whitecourt East	51,003	6,703	57,706	49,787
Dale Kluin, Fort Assiniboine/Timeu	51,693	4,165	55,858	42,681
David Kusch, Anselmo	50,485	7,622	58,107	-
Sylvia Bonnett, Anselmo	-	-	-	57,991
Ron Govenlock, Mayor (5)	-	-	-	55,530
John Burrows, Whitecourt West	-	-	-	55,978
Jim Rennie, Mayor (4)	-	-	-	4,526
	<u>\$ 380,980</u>	<u>\$ 51,672</u>	<u>\$ 432,652</u>	<u>\$ 415,627</u>
Designated officer	<u>\$ 101,947</u>	<u>\$ 18,241</u>	<u>\$ 120,188</u>	<u>\$ 115,171</u>
Chief Administrative Officer:	<u>\$ 198,346</u>	<u>\$ 29,815</u>	<u>\$ 228,161</u>	<u>\$ 227,630</u>

(1) - Salary includes regular base pay, bonuses, lump sum payments, honoraria, and any other direct cash remuneration.

(2) - Benefits include the employer's share of all employee benefits and contributions or payments including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term and short-term disability plans, professional membership dues, and tuition.

(3) Mayor from October 22, 2019 to present.

(4) Mayor from January 1, 2019 to February 5, 2019.

(5) Mayor from February 5, 2019 to October 22, 2019.