

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of Clear Hills County

Opinion

We have audited the consolidated financial statements of Clear Hills County (the Municipality), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated statements of retained earnings and income for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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Independent Auditor's Report to the Reeve and Council of Clear Hills County *(continued)*

- 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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.

Vegreville, AB
April 26, 2022

Wilde + Company
Chartered Professional Accountants

CLEAR HILLS COUNTY
Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 4)	4,662,747	8,952,935
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	527,069	498,382
Due from governments	61,112	1,129,572
Trade and other receivables	410,976	435,709
Land held for resale	471,309	516,977
Investments (Note 6)	44,288,580	33,070,229
	50,421,793	44,603,804
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,009,143	1,109,096
Accrued employee obligations (Note 8)	214,396	236,537
Deferred revenue (Note 9)	23,469	7,831
Provision for landfill closure and post-closure costs (Note 10)	565,854	556,329
	1,812,862	1,909,793
NET FINANCIAL ASSETS	48,608,931	42,694,011
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	73,567,620	77,541,472
Inventory for consumption (Note 13)	976,585	1,313,606
Prepaid expenses	119,717	105,976
	74,663,922	78,961,054
ACCUMULATED SURPLUS (Note 14)	123,272,853	121,655,065

Commitments and Contingencies - See Notes 17 and 18

CLEAR HILLS COUNTY
Consolidated Statement of Operations
As at December 31, 2021

	Budget \$ (Unaudited)	2021 \$	2020 \$
Revenues			
Net municipal taxes (Schedule 3)	13,608,504	13,588,797	13,947,883
User fees and sales of goods	248,300	239,386	257,322
Government transfers for operating (Schedule 4)	327,780	785,179	463,983
Investment income	943,609	870,881	964,115
Penalties and costs on taxes	504,500	1,375,015	539,559
Licenses and permits	8,100	9,666	9,945
Rental	35,800	51,604	35,301
Well drilling taxes	-	-	71,380
Other	30,348	133,593	84,036
Gain on disposal of tangible capital assets	10,630	5,520	-
Total revenue	15,717,571	17,059,641	16,373,524
Expenses			
Legislative	494,592	368,058	346,601
Administration	2,376,098	3,569,379	2,587,580
Emergency services	665,143	550,242	544,572
Roads, streets, walks, lighting	9,527,652	8,491,066	8,643,704
Water supply and distribution	1,011,983	842,202	792,497
Wastewater treatment and disposal	48,196	31,491	32,633
Waste management	704,346	493,664	571,009
Public health and welfare	120,500	121,451	115,896
Agriculture and community service	787,404	1,076,700	1,533,910
Subdivision, land and development	392,063	385,561	347,359
Recreation and culture	478,881	481,056	603,499
Loss on disposal of tangible capital assets	-	-	138,495
Total expenses	16,606,858	16,410,870	16,257,755
Excess (deficiency) of revenue over expenses before government transfers for capital	(889,287)	648,771	115,769
Government transfers for capital (Schedule 4)	-	969,017	-
Excess (deficiency) of revenues over expenses	(889,287)	1,617,788	115,769
Accumulated surplus - beginning of the year	121,655,065	121,655,065	121,539,296
Accumulated surplus - end of the year (Schedule 1)	120,765,778	123,272,853	121,655,065

CLEAR HILLS COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2021

	Budget \$ (Unaudited)	2021 \$	2020 \$
Excess of revenue over expenses	(889,287)	1,617,788	115,769
Acquisition of tangible capital assets	(975,650)	(337,277)	(5,337,194)
Proceeds on disposal of tangible capital assets	-	92,650	76,650
Amortization of tangible capital assets	4,187,713	4,223,999	4,044,453
(Gain) Loss on disposal of tangible capital assets	(10,630)	(5,520)	138,495
	3,201,433	3,973,852	(1,077,596)
Net use of supplies inventories	-	337,021	523,653
Net addition of prepaid assets	-	(13,741)	(3,331)
	-	323,280	520,322
Increase (decrease) in net assets	2,312,146	5,914,920	(441,505)
Net financial assets, beginning of year	42,694,011	42,694,011	43,135,516
Net financial assets, end of year	45,895,444	48,608,931	42,694,011

CLEAR HILLS COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2021

	2021 \$	2020 \$
Operating		
Excess of revenue over expenses	1,617,788	115,769
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	4,223,999	4,044,453
(Gain) loss on disposal of tangible capital assets	(5,520)	138,495
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(28,688)	(197,527)
Decrease in government receivables	1,068,460	1,622,283
Decrease (increase) in trade and other receivables	24,733	(66,718)
Decrease in inventories	337,021	523,653
Decrease in land held for resale	45,668	-
Increase in prepaid expenses	(13,741)	(3,331)
Increase (decrease) in accounts payable and accrued liabilities	(99,953)	200,279
Increase (decrease) in accrued employee obligations	(22,140)	19,260
Increase in deferred revenue	15,638	7,831
Increase in provision for landfill closure/post-closure	9,525	9,526
<i>Net cash provided by operating transactions</i>	7,172,790	6,413,973
Capital		
Acquisition of tangible capital assets	(337,277)	(5,337,194)
Proceeds on sale of tangible capital assets	92,650	76,650
<i>Net cash applied to capital transactions</i>	(244,627)	(5,260,544)
Investing		
Decrease (increase) in investments	(11,218,351)	1,661,241
<i>Net cash provided by (applied to) investing transactions</i>	(11,218,351)	1,661,241
Change in cash and cash equivalents during the year	(4,290,188)	2,814,670
Cash and cash equivalents, beginning of year	8,952,935	6,138,265
Cash and cash equivalents, end of year	4,662,747	8,952,935
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 4)	4,662,747	8,952,935
Cash flows supplementary information:		
Interest received	870,881	964,105

See accompanying notes

CLEAR HILLS COUNTY

Schedule of Changes in Accumulated Surplus

As at December 31, 2021

(Schedule 1)

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital Assets	2021 \$	2020 \$
Balance, beginning of year	5,961,988	3,688,577	34,463,028	77,541,472	121,655,065	121,539,296
Excess of revenues over expenses	1,617,788	-	-	-	1,617,788	115,769
Reallocation of prior year surplus	(115,769)	115,769	-	-	-	-
Unrestricted funds designated for future use	(5,091,230)	(451,000)	5,542,230	-	-	-
Restricted funds used for Tangible Capital Assets	-	-	(337,277)	337,277	-	-
Net book value of Tangible Capital Assets disposed of	87,130	-	-	(87,130)	-	-
Annual amortization expense	4,223,999	-	-	(4,223,999)	-	-
Balance, end of year	6,683,906	3,353,346	39,667,981	73,567,620	123,272,853	121,655,065

CLEAR HILLS COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2021

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2021 \$	2020 \$
Cost							
Balance, beginning of year	616,864	2,524,583	141,167,248	3,313,304	727,789	148,349,788	143,357,300
Acquisition of tangible capital assets	-	-	178,727	149,605	-	328,332	5,319,513
Construction in progress	-	-	8,945	-	-	8,945	17,681
Disposal of tangible capital assets	-	-	-	(163,330)	-	(163,330)	(344,706)
Balance, end of year	616,864	2,524,583	141,354,920	3,299,579	727,789	148,523,735	148,349,788
Accumulated amortization							
Balance, beginning of year	-	1,959,400	66,451,633	1,928,547	468,736	70,808,316	66,893,424
Annual amortization	-	50,650	3,967,023	170,841	35,485	4,223,999	4,044,453
Accumulated amortization on disposals	-	-	-	(76,200)	-	(76,200)	(129,561)
Balance, end of year	-	2,010,050	70,418,656	2,023,188	504,221	74,956,115	70,808,316
Net book value of tangible capital assets	616,864	514,533	70,936,264	1,276,391	223,568	73,567,620	77,541,472
2020 Net book value of tangible capital assets	616,864	565,183	74,715,615	1,384,757	259,053		77,541,472

CLEAR HILLS COUNTY
Schedule of Property and Other Taxes
As at December 31, 2021

(Schedule 3)

	Budget	2021	2020
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	17,326,499	5,610,945	5,590,321
Linear property	-	11,690,821	11,991,635
Government grants in place of property taxes	-	5,026	8,831
	17,326,499	17,306,792	17,590,787
Requisitions			
Alberta School Foundation Fund	3,116,943	3,116,943	3,062,229
North Peace Housing Foundation	534,214	534,214	511,538
Designated Industrial Property	66,838	66,838	69,137
	3,717,995	3,717,995	3,642,904
Net municipal taxes	13,608,504	13,588,797	13,947,883

CLEAR HILLS COUNTY
Schedule of Government Transfers
As at December 31, 2021

(Schedule 4)

	Budget \$ (Unaudited)	2021 \$	2020 \$
Transfers for Operating			
Provincial Government	327,780	785,179	463,983
	327,780	785,179	463,983
Transfers for Capital			
Provincial Government	-	969,017	-
	-	969,017	-
Total government transfers	327,780	1,754,196	463,983

CLEAR HILLS COUNTY
Schedule of Consolidated Expenses by Object
As at December 31, 2021

(Schedule 5)

	Budget \$ (Unaudited)	2021 \$	2020 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	2,572,705	2,140,338	2,146,632
Contracted and general services	5,359,073	4,547,120	4,400,921
Materials, goods, supplies and utilities	1,707,696	1,380,703	1,654,337
Transfers to local boards and agencies	1,794,639	1,809,222	2,497,888
Bank charges and short term interest	7,750	13,887	5,447
Amortization of tangible capital assets	4,187,713	4,223,999	4,044,453
Allowance for doubtful accounts	977,282	2,295,601	1,369,582
Loss on disposal of tangible capital assets	-	-	138,495
	16,606,858	16,410,870	16,257,755

CLEAR HILLS COUNTY
Schedule of Segmented Disclosure
As at December 31, 2021

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Other	Total
									\$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	13,588,797	13,588,797
Government transfers	458,156	-	969,017	-	93,116	233,907	-	-	1,754,196
User fees and sales of goods	-	1,626	6,900	224,331	-	6,529	-	1,365,441	1,604,827
Investment income	9,031	746	475,821	220,090	701	141,274	185	23,033	870,881
Other revenues	16,740	13,475	85,746	4,830	-	37,257	33,831	12,558	204,437
Gain on disposal of assets	-	-	-	-	-	-	-	5,520	5,520
	483,927	15,847	1,537,484	449,251	93,817	418,967	34,016	14,995,349	18,028,658
Expenses									
Salaries, wages and benefits	1,015,170	129,580	534,764	114,195	1,888	331,332	13,409	-	2,140,338
Contracted and general services	557,010	84,288	3,141,166	508,802	564	177,241	78,049	-	4,547,120
Materials, goods, supplies and utilities	18,443	58,985	1,157,413	122,951	-	14,648	8,263	-	1,380,703
Transfers to local boards and agencies	-	208,717	4,178	181,131	118,999	914,862	381,335	-	1,809,222
Other expenses	2,309,053	-	235	-	-	200	-	-	2,309,488
	3,899,676	481,570	4,837,756	927,079	121,451	1,438,283	481,056	-	12,186,871
Net revenue before amortization and adjustments	(3,415,749)	(465,723)	(3,300,272)	(477,828)	(27,634)	(1,019,316)	(447,040)	14,995,349	5,841,787
Amortization of tangible capital assets	37,761	68,672	3,653,310	440,278	-	23,978	-	-	4,223,999
2021 Net revenue (expense)	(3,453,510)	(534,395)	(6,953,582)	(918,106)	(27,634)	(1,043,294)	(447,040)	14,995,349	1,617,788
2020 Net revenue (expense)	(2,765,405)	(519,653)	(8,139,853)	(989,606)	(32,218)	(1,431,703)	(585,999)	14,580,206	115,769

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. Significant accounting policies

Basis of presentation

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the Municipality are the following:

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

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

Basis of accounting

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

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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. Significant accounting policies (*continued*)

Use of estimates

The preparation of the 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 measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant estimates include:

- Amortization of tangible capital assets
- Estimated useful life of tangible capital assets
- Allowance for doubtful accounts

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments maturing within 90 days and are valued at cost plus accrued interest.

Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

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

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. Significant accounting policies (*continued*)

Investment revenue recognition

The Municipality recognizes revenues when they are earned, specifically when all the following conditions are met:

- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

An interest accrual is recorded in order to recognize interest that has been earned but has not been received by year end.

Inventories 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 physical assets under the respective function.

Landfill closure and post-closure liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Contaminated sites liability

Contaminated sites are a result of a 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.

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.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. Significant accounting policies (*continued*)

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 consolidated Change in Net Financial Assets for the year.

a) Tangible capital assets

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

	YEARS
Vehicles	10
Machinery and equipment	15
Buildings	25
Engineered structures	
Other engineered structures	25
Water systems	30-75
Wastewater systems	75

Annual amortization is not charged in the year of acquisition and full amortization is charged in the year of disposition. Assets under construction are not amortized until the asset is available for productive use.

b) Contributions of tangible capital assets

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

c) Leases

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

d) Inventories

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

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

2. Adoption of recent accounting pronouncements

Section PS 1150 – Generally Accepted Accounting Principles

This section has been amended to position International Public Sector Accounting Standards as the first accounting framework to consult in situations not covered by primary sources of GAAP to specific circumstances and it is necessary to consult pronouncements issued by other bodies authorized to issue accounting standards. The amendment is effective for fiscal years beginning on or after April 1, 2021.

3. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC) but are not yet effective. The Municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3450 - Financial Instruments

The new Section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new Section, Section PS1201, Section PS 2601 and Section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new Section. The new Section and the related amendments are effective for fiscal periods beginning on or after April 1, 2022.

Section PS 3280 - Asset Retirement Obligations

This new Section establishes standards on how to account for and report a liability for asset retirement obligations. This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. As a consequence of the issuance of Section PS3280, Solid Waste Landfill Closure and Post-Closure Liability, Section PS3270, has been withdrawn. Section PS3270 will remain in effect until the adoption of Section PS3280.

Section PS 1201 - Financial Statement Presentation

Section PS1201 and section PS2601 have been amended to introduce an irrevocable accounting policy election arising from a foreign currency transaction. These amendments are effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

Section 3400 - Revenue

This new Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This Section applies to fiscal years beginning on or after April 1, 2023.

Section PS 1000 – Financial Statement Concepts

This section has been amended to allow for recognition of purchased intangibles in financial statements. In conjunction with section 1201 there have been amendments made to remove disclosure requirements for unrecognized purchased intangibles. These amendments are effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

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CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

3. Recent accounting pronouncements published but not yet adopted (*continued*)

Section PS 3160 – Public Private Partnerships

This new section establishes standards on how to account for public private partnership agreements. This new section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

4. Cash and temporary investments

	2021	2020
Cash	\$ 732,899	\$ 6,243,684
Temporary investments	3,929,848	2,709,251
	\$ 4,662,747	\$ 8,952,935

Temporary investments are investments that mature in three months or less.

5. Taxes and grants in place of taxes receivable

	2021	2020
Current taxes and grants in place of taxes	\$ 2,677,839	\$ 2,040,418
Arrears taxes	10,071,089	8,384,222
	12,748,928	10,424,640
Less: allowance for doubtful accounts	(12,221,859)	(9,926,258)
	\$ 527,069	\$ 498,382

Allowance for doubtful accounts is determined by management through identification of specific accounts in arrears.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

6. Investments

	2021		2020	
	Cost	Market value	Cost	Market value
Alberta Municipal Financing Corporation shares	\$ -	\$ -	\$ 100	\$ 100
Government and government guaranteed bonds	15,851,551	15,786,916	4,008,562	4,318,999
Long term deposits	28,437,029	28,673,739	29,061,567	29,988,871
	\$ 44,288,580	\$ 44,460,655	\$ 33,070,229	\$ 34,307,970

Investments have effective interest rates of 0.8% to 3.30% (2020 – 0.8% to 3.30%) with maturity dates from April 15, 2022 to June 1, 2030.

Council has designated funds of \$39,667,981 (2020 - \$34,463,028) for capital projects and funds of \$3,353,346 (2020 - \$3,688,577) for operations. These are supported by investments, cash and temporary investments.

7. Accounts payable and accrued liabilities

Included in accounts payable are the following:

	2021	2020
Trade accounts payable and accrued liabilities	\$ 985,304	\$ 1,106,111
Government payroll remittance payable	23,839	2,985
	\$ 1,009,143	\$ 1,109,096

8. Employee benefit obligations

	2021	2020
Vacation and sick time accrual	\$ 214,396	\$ 236,537
	\$ 214,396	\$ 236,537

The vacation and overtime liability 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.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

9. Deferred revenue

	2021	2020
FCSS	\$ 23,469	\$ 7,831

Funding received from the grant program noted above is restricted to eligible projects as approved in the funding agreement. Unexpended funds related to the funding advances are supported by restricted cash and investments (Note 5).

10. Landfill closure and post-closure liability

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.

Post closure costs are expected to occur for 25 years beyond the closure of each landfill.

The accrued liability portion is based on the remaining useful lives and estimated closure and post closure costs of the landfill sites. The existing landfill sites have estimated useful lives ranging from 1 to 36 years.

The Municipality has not designated assets for settling closure and post-closure liabilities.

In 2002, the Municipality joined the North Peace Regional Landfill Commission (NPRLC). This commission was established to construct a new regional landfill to replace the aging landfills within the Municipality. Clear Hills County has constructed nine transfer stations to date and intends to continue to construct more transfer stations on the existing landfill sites, thus delaying the post-closure requirements for a number of these landfills.

	2021	2020
Estimated closure costs	\$ 282,927	\$ 278,165
Estimated post-closure costs	282,927	278,164
Estimated total liability	\$ 565,854	\$ 556,329

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

11. 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 Municipality be disclosed as follows:

	2021	2020
Total debt limit	\$ 25,589,462	\$ 24,339,748
Debt servicing limit	\$ 4,264,910	\$ 4,056,625

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statements must be interpreted as a whole.

12. Equity in tangible capital assets

	2021	2020
Tangible capital assets (Schedule 2)	\$ 148,523,735	\$ 148,349,788
Accumulated amortization (Schedule 2)	(74,956,115)	(70,808,316)
	\$ 73,567,620	\$ 77,541,472

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

13. Inventory for consumption

	2021	2020
Gravel	\$ 762,992	\$ 1,150,184
Public Works	184,715	136,518
Agriculture Service Board	28,878	26,904
	\$ 976,585	\$ 1,313,606

14. Accumulated surplus

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

	2021	2020
Unrestricted surplus	\$ 6,683,906	\$ 5,961,988
Restricted surplus		
Operating reserves	3,353,346	3,688,577
Capital reserves	39,667,981	34,463,028
Equity in tangible capital assets	73,567,620	77,541,472
	\$123,272,853	\$121,655,065

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

15. Salary and benefits disclosure

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

	Salary	(1)	Benefits & allowances (2)	2021 Total	2020 Total
Councillor and former Deputy Reeve - Division 1	\$ 29,160	\$	4,176	\$ 33,336	\$ 44,803
Councillor - Division 1	4,642		-	4,642	-
Councillor - Division 2	27,568		4,240	31,808	36,031
Councillor - Division 2	4,860		-	4,860	-
Reeve - Division 3	46,362		1,848	48,210	44,115
Councillor - Division 4	31,120		4,625	35,745	31,397
Deputy Reeve - Division 5	33,738		4,625	38,363	38,432
Councillor - Division 6	24,325		3,528	27,853	16,675
Former councillor - Division 6	-		-	-	10,750
Councillor - Division 7	25,170		3,797	28,967	35,087
Councillor - Division 7	3,334		-	3,334	-
Chief Administrative Officer	265,004		48,596	313,600	304,272
	\$ 495,283	\$	75,435	\$ 570,718	\$ 561,562

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
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. An automobile is provided and no amount is included in the benefits and allowances figure.
4. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

16. Local Authorities Pension Plan

Employees of the Municipality 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 by investment earnings of the LAPP Fund.

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

The Municipality 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.

Total current service contributions by the Municipality to the LAPP in 2021 were \$225,747 (2020 - \$246,979).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$5 billion.

17. Commitments

The Municipality is committed to make a 2022 payment of \$126,672 to Mackenzie Municipal Services Agency as the County's planning consultant.

The Municipality is committed to make monthly payments of \$6,510 for the period of April 2021 to March 2025 to Alliance Assessment for contracted assessment services.

The Municipality is committed to make an annual requisition payment to the North Peace Regional Landfill Commission based on the County's usage. The requisition amount for 2022 is \$111,812.

The Municipality is committed to make annual grant payments of \$100,000 to STARS for 2022 & 2023.

The Municipality is committed to make a grant payment of \$50,000 to the North-West Species at Risk Committee for 2022.

The Municipality is committed to make an annual payment of \$5,000 to the Alberta Conservation Association for 2022 to 2024.

The Municipality is committed to make an annual payment of \$10,000 to Northern Lights County for the operation of the Manning airport for 2022 to 2024.

The Municipality is committed to make a grant payment of \$87,190 to Carter's Camp Recreational Society in 2022.

The Municipality is committed to make a general grant payment of \$450,000 to the Village of Hines Creek in 2022 and \$300,000 from 2023 to 2025.

18. Contingent liability

The Municipality is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

19. Segmented disclosure

The Municipality provides a 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.

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

20. Financial instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the Municipality is not exposed to significant interest or currency risk arising from these financial instruments.

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

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

21. Budget amounts

Budget amounts are included for information purposes only and are not audited.

22. Approval of financial statements

Council and Management have approved these financial statements.