



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 statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flows 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 financial position of the Municipality as at December 31, 2020, 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.

Other Matter

The consolidated financial statements for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on August 11, 2020 due to the Municipality's failure to adopt account standards PS3270 - Landfill Closure and Post-Closure.

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.

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

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 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.

Wilde & Company

Vegreville, AB
April 27, 2021

Chartered Professional Accountants

CLEAR HILLS COUNTY
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash and temporary investments (Note 3)	8,952,935	6,138,265
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	498,382	300,856
Due from governments	1,129,572	2,751,855
Trade and other receivables	435,709	368,991
Land held for resale	516,977	516,977
Investments (Note 5)	33,070,229	34,731,470
	44,603,804	44,808,414
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,109,096	908,817
Accrued employee obligations (Note 7)	236,537	217,278
Deferred revenue (Note 8)	7,831	
Provision for landfill closure and post-closure costs (Note 9)	556,329	546,803
	1,909,793	1,672,898
NET FINANCIAL ASSETS	42,694,011	43,135,516
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	77,541,472	76,463,876
Inventory for consumption (Note 12)	1,313,606	1,837,259
Prepaid expenses	105,976	102,645
	78,961,054	78,403,780
ACCUMULATED SURPLUS (Note 13)	121,655,065	121,539,296

Commitments and Contingencies - See Notes 16 and 17

CLEAR HILLS COUNTY
Consolidated Statement of Operations
As at December 31, 2020

	Budget \$ (Unaudited)	2020 \$	2019 \$
Revenues			
Net municipal taxes (Schedule 3)	14,137,440	13,947,883	14,247,060
User fees and sales of goods	265,300	257,322	287,961
Government transfers for operating (Schedule 4)	480,097	463,983	503,256
Investment income	816,240	964,115	802,076
Penalties and costs on taxes	356,200	539,559	1,036,757
Licenses and permits	10,300	9,945	19,569
Rental	35,800	35,301	58,150
Well drilling taxes	15,000	71,380	64,627
Other	89,156	84,036	184,947
Total revenue	16,205,533	16,373,524	17,204,403
Expenses			
Legislative	506,254	346,601	443,880
Administration	1,492,182	2,587,580	3,196,943
Emergency services	615,413	544,572	474,088
Roads, streets, walks, lighting	9,539,544	8,643,704	8,321,227
Water supply and distribution	981,697	792,497	817,220
Wastewater treatment and disposal	53,216	32,633	37,208
Waste management	541,057	571,009	518,507
Public health and welfare	123,442	115,896	125,060
Agriculture and community service	1,394,621	1,533,910	2,124,457
Subdivision, land and development	524,960	347,359	431,330
Recreation and culture	443,798	603,499	566,535
Loss on disposal of tangible capital assets	-	138,495	27,678
Total expenses	16,216,184	16,257,755	17,084,133
Excess/(deficiency) of revenue over expenses before government transfers for capital	(10,651)	115,769	120,270
Government transfers for capital (Schedule 4)	-	-	33,187
Excess/(deficiency) of revenues over expenses	(10,651)	115,769	153,457
Accumulated surplus - beginning of the year	121,539,296	121,539,296	121,385,839
Accumulated surplus - end of the year (Schedule 1)	121,528,645	121,655,065	121,539,296

CLEAR HILLS COUNTY
Consolidated Statement of Change in Net Financial Assets
As at December 31, 2020

	Budget \$ (Unaudited)	2020 \$	2019 \$
Excess/(deficiency) of revenue over expenses	(10,651)	115,769	153,457
Acquisition of tangible capital assets	(6,579,227)	(5,337,194)	(300,522)
Proceeds on disposal of tangible capital assets	-	76,650	28,464
Amortization of tangible capital assets	4,188,077	4,044,453	4,063,632
Loss on disposal of tangible capital assets	26,398	138,495	27,678
	(2,364,752)	(1,077,596)	3,819,252
Net use/(addition) of supplies inventories	495,000	523,653	(18,997)
Net use/(addition) of prepaid assets	-	(3,331)	175,614
	495,000	520,322	156,617
Increase (decrease) in net assets	(1,880,403)	(441,505)	4,129,326
Net financial assets, beginning of year	43,135,516	43,135,516	39,006,190
Net financial assets, end of year	41,265,764	42,694,011	43,135,516

CLEAR HILLS COUNTY
Consolidated Statement of Cash Flows
As at December 31, 2020

	2020 \$	2019 \$
Operating		
Excess of revenue over expenses	115,769	153,457
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	4,044,453	4,063,632
Loss on disposal of tangible capital assets	138,495	27,678
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(197,527)	(30,152)
Decrease in government receivables	1,622,283	1,425,148
Increase in trade and other receivables	(66,718)	(590)
Decrease in inventories	523,653	175,614
Increase in prepaid expenses	(3,331)	(18,996)
Increase (decrease) in accounts payable and accrued liabilities	200,279	(669,984)
Increase (decrease) in accrued employee obligations	19,260	(30,752)
Increase in deferred revenue	7,831	-
Increase in provision for landfill closure/post-closure	9,526	9,790
<i>Net cash provided by operating transactions</i>	6,413,973	5,104,845
Capital		
Acquisition of tangible capital assets	(5,337,194)	(300,522)
Proceeds on sale of tangible capital assets	76,650	28,464
<i>Net cash applied to capital transactions</i>	(5,260,544)	(272,058)
Investing		
Decrease (increase) in investments	1,661,241	(2,698,363)
<i>Net cash provided by/(applied to) investing transactions</i>	1,661,241	(2,698,363)
Financing		
Long term debt repaid	-	(390,584)
<i>Net cash applied to financing transactions</i>	-	(390,584)
Change in cash and cash equivalents during the year	2,814,670	1,743,840
Cash and cash equivalents, beginning of year	6,138,265	4,394,425
Cash and cash equivalents, end of year	8,952,935	6,138,265
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	8,952,935	6,138,265
Cash flows supplementary information:		
Interest received	964,105	802,076

See accompanying notes

CLEAR HILLS COUNTY
Schedule of Changes in Accumulated Surplus
As at December 31, 2020

(Schedule 1)

	Unrestricted Surplus	Restricted Operating	Restricted Capital	Equity in Capital Assets	2020 \$	2019 \$
Balance, beginning of year	6,060,481	3,893,863	35,121,076	76,463,876	121,539,296	121,385,839
Excess of revenues over expenses	115,769	-	-	-	115,769	153,457
Reallocation of prior year surplus	(153,454)	153,454	-	-	-	-
Unrestricted funds designated for future use	(4,320,406)	(358,740)	4,679,146	-	-	-
Restricted funds used for Tangible Capital Assets	-	-	(5,337,194)	5,337,194	-	-
Net book value of Tangible Capital Assets disposed of	215,145	-	-	(215,145)	-	-
Annual amortization expense	4,044,453	-	-	(4,044,453)	-	-
Balance, end of year	5,961,988	3,688,577	34,463,028	77,541,472	121,655,065	121,539,296

CLEAR HILLS COUNTY
Schedule of Tangible Capital Assets
As at December 31, 2020

(Schedule 2)

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020 \$	2019 \$
Cost							
Balance, beginning of year	616,864	2,494,465	136,103,747	3,361,056	781,168	143,357,300	143,167,007
Acquisition of tangible capital assets	-	30,118	5,187,252	65,643	36,500	5,319,513	271,799
Construction in progress	-	-	17,681	-	-	17,681	28,723
Disposal of tangible capital assets	-	-	(141,432)	(113,395)	(89,879)	(344,706)	(110,229)
Balance, end of year	616,864	2,524,583	141,167,248	3,313,304	727,789	148,349,788	143,357,300
Accumulated amortization							
Balance, beginning of year	-	1,908,750	62,692,813	1,795,558	496,303	66,893,424	62,883,880
Annual amortization	-	50,650	3,758,820	191,167	43,816	4,044,453	4,063,632
Accumulated amortization on disposals	-	-	-	(58,178)	(71,383)	(129,561)	(54,088)
Balance, end of year	-	1,959,400	66,451,633	1,928,547	468,736	70,808,316	66,893,424
Net book value of tangible capital assets	616,864	565,183	74,715,615	1,384,757	259,053	77,541,472	76,463,876
2019 Net book value of tangible capital assets	616,864	585,715	73,410,934	1,565,498	284,865		76,463,876

CLEAR HILLS COUNTY
Schedule of Property and Other Taxes
As at December 31, 2020

(Schedule 3)

	Budget	2020	2019
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	17,874,034	5,590,321	6,102,474
Linear property	-	11,991,635	11,630,019
Government grants in place of property taxes	-	8,831	8,215
	17,874,034	17,590,787	17,740,708
Requisitions			
Alberta School Foundation Fund	3,176,269	3,062,229	2,940,454
North Peace Housing Foundation	491,307	511,538	480,174
Designated Industrial Property	69,018	69,137	73,020
	3,736,594	3,642,904	3,493,648
Net municipal taxes	14,137,440	13,947,883	14,247,060

CLEAR HILLS COUNTY
Schedule of Government Transfers
As at December 31, 2020

(Schedule 4)

	Budget	2020	2019
	\$	\$	\$
	(Unaudited)		
Transfers for Operating			
Provincial Government	462,587	463,983	503,256
	462,587	463,983	503,256
Transfers for Capital			
Provincial Government	-	-	33,187
	-	-	33,187
Total government transfers	462,587	463,983	536,443

CLEAR HILLS COUNTY
Schedule of Consolidated Expenses by Object
As at December 31, 2020

(Schedule 5)

	Budget \$ (Unaudited)	2020 \$	2019 \$
Consolidated Expenses by Object			
Salaries, wages and benefits	2,668,033	2,146,632	2,377,346
Contracted and general services	5,534,433	4,400,921	4,429,921
Materials, goods, supplies and utilities	1,759,087	1,654,337	1,434,022
Transfers to local boards and agencies	2,057,554	2,497,888	2,766,432
Bank charges and short term interest	9,000	5,447	232
Amortization of tangible capital assets	4,188,077	4,044,453	4,063,632
Allowance for doubtful accounts	-	1,369,582	1,984,870
Loss on disposal of tangible capital assets	26,398	138,495	27,678
	16,242,582	16,257,755	17,084,133

CLEAR HILLS COUNTY
Schedule of Segmented Disclosure
As at December 31, 2020

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmenta l Services	Public Health	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	13,947,883	13,947,883
Government transfers	136,203	-	-	-	93,873	233,907	-	-	463,983
User fees and sales of goods	-	900	23,515	228,162	-	4,745	-	-	257,322
Investment income	10,403	903	515,004	253,995	805	163,626	-	19,379	964,115
Other revenues	22,170	14,016	33,801	3,502	-	36,288	17,500	612,944	740,221
	168,776	15,819	572,320	485,659	94,678	438,566	17,500	14,580,206	16,373,524
Expenses									
Salaries, wages and benefits	1,008,023	108,234	548,840	106,596	3,743	371,196	-	-	2,146,632
Contracted and general services	501,401	81,353	3,170,912	449,745	578	179,732	17,200	-	4,400,921
Materials, goods, supplies and utilities	13,187	28,463	1,461,317	115,621	-	35,609	140	-	1,654,337
Transfers to local boards and agencies	-	240,708	3,707	283,899	122,575	1,260,840	586,159	-	2,497,888
Other expenses	1,373,809	-	1,220	-	-	-	-	-	1,375,029
Loss on disposal of assets	-	(9,100)	68,469	79,126	-	-	-	-	138,495
	2,896,420	449,658	5,254,465	1,034,987	126,896	1,847,377	603,499	-	12,213,302
Net revenue before amortization and adjustments	(2,727,644)	(433,839)	(4,682,145)	(549,328)	(32,218)	(1,408,811)	(585,999)	14,580,206	4,160,222
Amortization of tangible capital assets	37,761	85,814	3,457,708	440,278	-	22,892	-	-	4,044,453
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
2019 Net revenue (expense)	(2,207,694)	(1,747,342)	(8,110,302)	(1,142,349)	(42,186)	(2,195,493)	(549,036)	14,247,060	(1,747,342)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2020

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
For the Year Ended December 31, 2020

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
For the Year Ended December 31, 2020

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.

(*continues*)

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2020

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
For the Year Ended December 31, 2020

2. 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 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.

3. Cash and temporary investments

	2020	2019
Cash	\$ 6,243,684	\$ 696,705
Temporary investments	2,709,251	5,442,560
	\$ 8,952,935	\$ 6,139,265

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

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2020

4. Taxes and grants in place of taxes receivable

	2020	2019
Current taxes and grants in place of taxes	\$ 2,040,418	\$ 2,419,100
Arrears taxes	8,384,222	6,438,432
	10,424,640	8,857,532
Less: allowance for doubtful accounts	(9,926,258)	(8,556,676)
	\$ 498,382	\$ 300,856

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

5. Investments

	2020		2019	
	Cost	Market value	Cost	Market value
Alberta Municipal Financing Corporation shares	\$ 100	\$ 100	\$ 100	\$ 100
Government and government guaranteed bonds	4,008,562	4,318,999	2,460,596	2,513,456
Long term deposits	29,061,567	29,988,871	32,270,774	31,349,461
	\$ 33,070,229	\$ 34,307,970	\$ 34,731,470	\$ 33,863,017

Investments have effective interest rates of 0.8% to 3.30% (2019 – 1.95% to 3.30%) with maturity dates from April 3, 2021 to September 20, 2029.

Council has designated funds of \$34,463,028 (2019 - \$35,121,076) for capital projects and funds of \$3,688,577 (2019 - \$3,893,863) for operations. These are supported by investments, cash and temporary investments.

6. Accounts payable and accrued liabilities

Included in accounts payable are the following:

	2020	2019
Trade accounts payable and accrued liabilities	\$ 1,106,111	\$ 892,019
Government payroll remittance payable	2,985	16,798
	\$ 1,109,096	\$ 908,817

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

7. Employee benefit obligations

	2020	2019
Vacation and sick time accrual	\$ 236,537	\$ 217,278

The vacation and sick time liability is comprised of the vacation and sick time 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.

8. Deferred revenue

	2020	2019
FCSS	\$ 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).

9. 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.

	2020	2019
Estimated closure costs	\$ 278,165	\$ 273,402
Estimated post-closure costs	278,164	273,401
Estimated total liability	\$ 556,329	\$ 546,803

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2020

10. 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:

	2020	2019
Total debt limit	\$ 24,339,748	\$ 25,814,863
Debt servicing limit	\$ 4,056,625	\$ 4,302,477

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.

11. Equity in tangible capital assets

	2020	2019
Tangible capital assets (Schedule 2)	\$148,349,788	\$143,357,300
Accumulated amortization (Schedule 2)	(70,808,316)	(66,893,424)
	\$ 77,541,472	\$ 76,463,876

12. Inventory for consumption

	2020	2019
Gravel	\$ 1,150,184	\$ 1,744,421
Public Works	136,518	61,106
Agriculture Service Board	26,904	31,732
	\$ 1,313,606	\$ 1,837,259

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2020

13. Accumulated surplus

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

	2020	2019
Unrestricted surplus	\$ 5,961,988	\$ 6,060,481
Restricted surplus		
Operating reserves	3,688,577	3,893,863
Capital reserves	34,463,028	35,121,076
Equity in tangible capital assets	77,541,472	76,463,876
	\$121,655,065	\$121,539,296

14. 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:

			2020	2019
	Salary	(1)	Benefits & allowances (2)	
Deputy Reeve and Former Reeve - Division 1	\$ 40,365	\$ 4,438	\$ 44,803	\$ 49,646
Councillor - Division 2	31,525	4,506	36,031	39,657
Reeve and Former Deputy Reeve - Division 3	42,314	1,801	44,115	46,830
Councillor - Division 4	26,891	4,506	31,397	32,310
Councillor - Division 5	33,926	4,506	38,432	45,011
Former Deputy Reeve - Division 6	13,706	2,969	16,675	37,661
Councillor - Division 6	8,497	2,253	10,750	-
Councillor - Division 7	30,649	4,438	35,087	38,725
Chief Administrative Officer	257,814	46,458	304,272	301,502
	\$ 485,687	\$ 75,875	\$ 561,562	\$ 591,342

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.

CLEAR HILLS COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2020

15. 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 2020 were \$246,979 (2019 - \$256,219).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

16. Commitments

The Municipality is committed to make a 2021 payment of \$121,800 to Mackenzie Municipal Services Agency as the County's planning consultant.

The Municipality is committed to make an annual requisition payment to the North Peace Housing Foundation on an ongoing basis. The requisition amount for 2021 is \$534,214

The Municipality is committed to make monthly payments of \$6,510 for the period of April 2020 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 2021 is \$119,724.

The Municipality is committed to make annual grant payments of \$100,000 to STARS for 2021 to 2023.

The Municipality is committed to make a grant payment of \$50,000 to the North-West Species at Risk Committee for 2021 and 2022.

The Municipality is committed to make an annual payment of \$5,000 to the Alberta Conservation Association for 2021 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 2021 to 2024.

17. 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
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18. 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).

19. 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.

20. Budget amounts

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

21. Comparative figures

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

22. Approval of financial statements

Council and Management have approved these financial statements.