

# **YELLOWHEAD COUNTY**

## **Financial Statements**

**For The Year Ended December 31, 2021**

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Yellowhead County

### *Opinion*

We have audited the financial statements of Yellowhead County (the "County"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2021, and the results of its operations and accumulated surplus and the changes in its net financial assets and 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

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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 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 used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 19, 2022

**YELLOWHEAD COUNTY**  
**Statement of Financial Position**  
**As at December 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 138,807,502	\$125,811,358
Accounts receivable (Note 3)	9,778,865	8,258,597
Local improvement receivable (Note 4)	2,124,453	2,269,440
Land held for resale	<u>1,481,266</u>	<u>1,481,266</u>
	<u>152,192,086</u>	<u>137,820,661</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	5,939,840	5,017,838
Deposit liabilities	208,718	459,243
Deferred revenue (Note 9)	17,212,385	18,261,710
Employee benefit obligation (Note 10)	717,627	726,902
Long-term debt (Note 11)	<u>1,838,287</u>	<u>2,042,764</u>
	<u>25,916,857</u>	<u>26,508,457</u>
<b>NET FINANCIAL ASSETS</b>	<u>126,275,229</u>	<u>111,312,204</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	322,887	363,780
Prepaid expenses (Note )	547,385	488,902
Tangible capital assets (Schedule 1)	<u>295,097,443</u>	<u>300,176,993</u>
	<u>295,967,715</u>	<u>301,029,675</u>
<b>ACCUMULATED SURPLUS (Note 14)</b>	<u>\$422,242,944</u>	<u>\$412,341,879</u>

**ON BEHALF OF THE COUNTY COUNCIL:**

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer



**YELLOWHEAD COUNTY**  
**Statement of Operations and Accumulated Surplus**  
**For The Year Ended December 31, 2021**

	Budget 2021 (Note 19)	Actual 2021	Actual 2020
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 54,282,688	\$ 54,295,323	\$ 54,846,261
Sales and user charges	2,633,635	2,640,770	2,567,520
Government transfers for operating (Schedule 4)	1,957,382	2,335,558	3,346,361
Investment income	928,741	1,050,859	1,770,184
Penalties and costs on taxes	254,676	529,469	547,622
Other	181,500	373,104	296,757
Oil well drilling surcharge	-	-	665,642
	<u>60,238,622</u>	<u>61,225,083</u>	<u>64,040,347</u>
<b>EXPENSES</b>			
Public works	31,235,798	28,540,352	27,655,089
General administration and economic development	15,194,632	9,313,480	14,547,571
Protective services	8,246,380	7,873,766	8,029,515
Recreation, parks and libraries	5,549,904	4,817,499	5,716,423
Community services	2,706,244	2,447,427	1,977,503
Water and wastewater	2,942,139	2,377,138	2,583,411
Waste management	2,432,197	1,915,754	2,112,383
Legislative	875,600	809,962	747,587
Planning and land	1,326,408	714,962	926,960
	<u>70,509,302</u>	<u>58,810,340</u>	<u>64,296,442</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	<u>(10,270,680)</u>	<u>2,414,743</u>	<u>(256,095)</u>
<b>OTHER REVENUE (EXPENSES)</b>			
Government transfers for capital (Schedule 4)	15,168,353	7,218,570	9,464,080
Contributions to capital from others	258,383	267,752	276,857
Gain (loss) on disposal of tangible capital assets	40,240	-	(2,788,077)
Contributed assets	-	-	1,309,848
	<u>15,466,976</u>	<u>7,486,322</u>	<u>8,262,708</u>
<b>ANNUAL SURPLUS</b>	5,196,296	9,901,065	8,006,613
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>412,341,879</u>	<u>412,341,879</u>	<u>404,335,266</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 14)</b>	<u>\$417,538,175</u>	<u>\$422,242,944</u>	<u>\$412,341,879</u>

**YELLOWHEAD COUNTY**  
**Statement of Changes in Net Financial Assets**  
**For The Year Ended December 31, 2021**

	Budget 2021 (Note 19)	Actual 2021	Actual 2020
<b>ANNUAL SURPLUS</b>	<u>\$ 5,196,296</u>	<u>\$ 9,901,065</u>	<u>\$ 8,006,613</u>
Acquisition of tangible capital assets	(34,768,202)	(12,150,900)	(32,902,314)
Contributed tangible capital assets	-	-	(1,309,848)
Proceeds on disposal of tangible capital assets	-	-	751,600
(Gain) loss on disposal of tangible capital assets	-	-	2,788,077
Amortization of tangible capital assets	<u>16,351,934</u>	<u>17,230,451</u>	<u>16,351,935</u>
	<u>(18,416,268)</u>	<u>5,079,552</u>	<u>(14,320,550)</u>
Use (acquisition) of inventory	-	40,890	16,601
Use (acquisition) of prepaid expenses	-	(58,483)	(85,993)
	-	(17,593)	(69,392)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(13,219,972)	14,963,024	(6,383,329)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>111,312,204</u>	<u>111,312,204</u>	<u>117,695,533</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 98,092,232</u>	<u>\$ 126,275,229</u>	<u>\$ 111,312,204</u>

**YELLOWHEAD COUNTY**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 9,901,065	\$ 8,006,613
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	17,230,451	16,351,935
Contributed tangible capital assets	-	(1,309,848)
Loss on disposal of tangible capital assets	<u>-</u>	<u>2,788,077</u>
	<u>27,131,517</u>	<u>25,836,777</u>
Change in non-cash working capital balances:		
Accounts receivable	(1,520,268)	(3,724,316)
Local improvement receivable	144,987	(109,501)
Land held for resale	-	16,926
Accounts payable and accrued liabilities	922,003	(1,941,839)
Deposit liabilities	(250,525)	(112,957)
Deferred revenue	(1,049,325)	(3,181,506)
Employee benefit obligation	(9,275)	135,620
Inventory for consumption	40,890	16,601
Prepaid expenses	<u>(58,483)</u>	<u>(85,993)</u>
	<u>(1,779,996)</u>	<u>(8,986,965)</u>
	<u>25,351,520</u>	<u>16,849,813</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(204,476)</u>	<u>(195,524)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(12,150,900)	(32,902,314)
Proceeds on disposal of tangible capital assets	-	751,600
Change in long term investments	<u>-</u>	<u>8,750,080</u>
	<u>(12,150,900)</u>	<u>(23,400,634)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS FOR THE YEAR</b>	<b>12,996,144</b>	<b>(6,746,346)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<b><u>125,811,358</u></b>	<b><u>132,557,704</u></b>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<b><u>\$138,807,502</u></b>	<b><u>\$125,811,358</u></b>

**YELLOWHEAD COUNTY**  
**Schedule of Tangible Capital Assets**  
**For The Year Ended December 31, 2021**

**Schedule 1**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery &amp; Equipment</u>	<u>Vehicles</u>	<u>2021</u>	<u>2020</u>
<b>COST:</b>								
Balance, Beginning of Year	\$ 8,491,961	\$ 11,935,183	\$ 61,670,058	\$ 1,178,506,527	\$ 16,834,498	\$ 12,566,164	\$ 1,290,004,389	\$ 1,278,408,706
Acquisition of tangible capital assets	12,191	626,233	465,342	10,053,387	561,541	432,206	12,150,900	32,902,314
Contributed tangible capital assets	-	-	-	-	-	-	-	1,309,848
Disposal of tangible capital assets	-	-	-	(2,824,313)	-	-	(2,824,313)	(22,616,479)
Balance, End of Year	<u>8,504,152</u>	<u>12,561,416</u>	<u>62,135,399</u>	<u>1,185,735,604</u>	<u>17,396,039</u>	<u>12,998,369</u>	<u>1,299,330,978</u>	<u>1,290,004,389</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	5,520,377	9,398,530	964,588,408	5,290,870	5,029,210	989,827,397	992,552,264
Annual amortization	-	477,156	1,227,946	13,156,688	1,464,039	904,621	17,230,451	16,351,935
Accumulated amortization on disposals	-	-	-	(2,824,313)	-	-	(2,824,313)	(19,076,801)
Balance, End of Year	-	<u>5,997,533</u>	<u>10,626,476</u>	<u>974,920,784</u>	<u>6,754,909</u>	<u>5,933,831</u>	<u>1,004,233,535</u>	<u>989,827,397</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 8,504,152</u>	<u>\$ 6,563,883</u>	<u>\$ 51,508,923</u>	<u>\$ 210,814,820</u>	<u>\$ 10,641,130</u>	<u>\$ 7,064,537</u>	<u>\$ 295,097,443</u>	<u>\$ 300,176,993</u>
<b>2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 8,491,961</u>	<u>\$ 6,414,806</u>	<u>\$ 52,271,528</u>	<u>\$ 213,918,119</u>	<u>\$ 11,543,629</u>	<u>\$ 7,536,954</u>	<u>\$ 300,176,993</u>	

Cost includes construction in progress of \$17,049,493 (2020 - \$18,616,036). These amounts are not amortized until the asset is complete and in use.

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

7.



**YELLOWHEAD COUNTY**  
**Schedule of Property Taxes**  
**For The Year Ended December 31, 2021**

**Schedule 2**

	<u>2021</u> (Budget) (Note 19)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
<b>TAXATION</b>			
Linear	\$28,406,388	<b>\$28,815,136</b>	\$28,732,059
Non-residential levy	20,437,528	<b>20,437,528</b>	20,047,716
Machinery and equipment	17,340,585	<b>17,347,252</b>	18,005,550
Non-residential	5,036,039	<b>4,631,875</b>	4,656,979
Evergreens Foundation levy	4,253,917	<b>4,254,747</b>	4,166,908
Residential school levy	3,841,992	<b>3,841,992</b>	3,735,779
Residential / farmland	3,499,676	<b>3,499,691</b>	3,473,165
Designated Industrial Property levy	<u>613,374</u>	<u><b>614,178</b></u>	<u>604,076</u>
	<u>83,429,499</u>	<u><b>83,442,400</b></u>	<u>83,422,232</u>
<b>REQUISITIONS:</b>			
Alberta School Foundation Fund	24,279,520	<b>24,279,520</b>	23,783,495
Evergreens Foundation	4,253,917	<b>4,253,917</b>	4,176,949
Designated Industrial Property	<u>613,374</u>	<u><b>613,640</b></u>	<u>615,528</u>
	<u>29,146,812</u>	<u><b>29,147,077</b></u>	<u>28,575,972</u>
<b>NET MUNICIPAL TAXES</b>	<u><b>\$54,282,688</b></u>	<u><b>\$54,295,323</b></u>	<u><b>\$54,846,261</b></u>

**YELLOWHEAD COUNTY**  
**Schedule of Expenses by Object**  
**For The Year Ended December 31, 2021**

**Schedule 3**

	<u>2021</u> (Budget) (Note 19)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
<b>EXPENSES</b>			
Contracted and general services	\$ 19,289,825	\$ 15,478,548	\$ 17,533,712
Salaries, wages and benefits	13,579,935	12,640,955	12,206,842
Grants	9,991,622	9,557,101	10,883,412
Materials, goods and utilities	7,491,987	5,644,800	5,169,075
Purchases from other governments	801,716	801,716	534,094
Interest on long-term debt	92,783	92,379	101,347
Bank charges and short-term interest	7,000	5,707	5,521
Other expenditures (recovery)	2,902,500	(2,641,317)	1,510,504
Amortization of tangible capital assets	<u>16,351,934</u>	<u>17,230,451</u>	<u>16,351,935</u>
	<u>\$ 70,509,302</u>	<u>\$ 58,810,340</u>	<u>\$ 64,296,442</u>

**YELLOWHEAD COUNTY**  
**Schedule of Government Transfers**  
**For The Year Ended December 31, 2021**

**Schedule 4**

	<u>2021</u> (Budget) (Note 19)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial	\$ 1,243,451	\$ 1,384,409	\$ 2,244,668
Other Local Governments	<u>713,931</u>	<u>951,149</u>	<u>1,101,693</u>
	<u>1,957,382</u>	<u>2,335,558</u>	<u>3,346,361</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial	15,168,353	7,217,168	9,387,608
Other Local Governments	<u>-</u>	<u>1,402</u>	<u>76,472</u>
	<u>15,168,353</u>	<u>7,218,570</u>	<u>9,464,080</u>
	<u>\$ 17,125,735</u>	<u>\$ 9,554,128</u>	<u>\$ 12,810,441</u>

**YELLOWHEAD COUNTY**  
**Schedule of Segmented Information**  
**For The Year Ended December 31, 2021**

*Schedule 5*

	Public Works	Administration and Legislation Services	Protective and Community Services	Water, Wastewater and Waste Services	Community Planning and Land Services	2021	2020
<b>REVENUE</b>							
Net municipal taxes	\$ 22,804,036	\$ 10,859,065	\$ 15,202,690	\$ 4,343,626	\$ 1,085,906	\$ 54,295,323	\$ 54,846,261
Government transfers	5,832,627	1,644,406	2,077,094	-	-	9,554,127	12,810,441
Sales and user charges	297,064	626,465	747,431	855,180	114,629	2,640,769	2,567,520
Other	288,894	1,589,041	339,827	3,424	-	2,221,186	4,866,910
	<u>29,222,621</u>	<u>14,718,977</u>	<u>18,367,042</u>	<u>5,202,230</u>	<u>1,200,535</u>	<u>68,711,405</u>	<u>75,091,132</u>
<b>EXPENSES</b>							
Goods and services	11,770,169	3,069,731	4,881,006	2,126,043	78,116	21,925,065	23,236,881
Salaries and benefits	3,254,880	2,259,561	5,864,235	625,432	636,847	12,640,955	12,206,842
Grants to groups and governments	174,728	6,371,689	2,456,314	554,370	-	9,557,101	10,883,412
Amortization	13,303,865	1,058,072	1,914,519	953,994	-	17,230,451	16,351,935
Other (recovery)	36,708	(2,635,610)	22,617	33,053	-	(2,543,232)	4,405,449
	<u>28,540,350</u>	<u>10,123,443</u>	<u>15,138,691</u>	<u>4,292,892</u>	<u>714,963</u>	<u>58,810,340</u>	<u>67,084,519</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 682,271</u>	<u>\$ 4,595,534</u>	<u>\$ 3,228,351</u>	<u>\$ 909,338</u>	<u>\$ 485,572</u>	<u>\$ 9,901,065</u>	<u>\$ 8,006,613</u>

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



## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) *Reporting Entity*

The County is a local government authority providing municipal services. The County is empowered by bylaws and policies as enacted by Council and is subject to the provisions of the *Municipal Government Act*.

The financial statements reflect the assets, liabilities, revenues and expenses, and surplus/deficit of the entity.

The schedule of taxes levied also includes requisitions by education and housing external organizations that are not part of the reporting entity.

### (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.

### (c) *Local Improvements*

Construction and borrowing costs associated with local improvement projects are recovered through special levies that are approved by bylaw. These levies are collectible from the affected property owners and are levied over the estimated lifetime of the project. Under the accrual basis of accounting, revenues to be received from the local improvement levies, are recognized in full in the period in which the local improvement project is completed.

### (d) *Deferred Revenue*

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation and agreement and may only be used in completion of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. These funds and the earnings thereon are accounted for as deferred revenue until related expenses are incurred, the services are performed or the tangible assets are acquired.

### (e) *Investments*

Investments are recorded at amortized cost. Investment premiums or discounts, if any, are amortized over the term of the respective instruments.

### (f) *Pension*

The County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

### (g) *Government Transfers*

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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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) 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.

Requisitions tax rates in the subsequent year are adjusted to reflect any over-levy or under-levy.

**(i) Land Held for Resale**

Inventories of land held for resale are recorded at the lower of cost or net realizable value. Cost includes costs for land acquisitions and improvements required to prepare the land for servicing. Related development costs incurred to provide infrastructure such as water and wastewater services and roads are recorded as tangible capital assets under the respective class.

**(j) 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 annual surplus, provides the consolidated change in net financial assets for the year.

**i) 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:

Land improvements	10 - 50 years
Buildings	5 - 50 years
Engineered structures:	
Road systems	7 - 100 years
Water/wastewater systems	10 - 80 years
Machinery and equipment	5 - 75 years
Vehicles	5 - 25 years

Assets under construction are not amortized until the asset is available for productive use.

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

**ii) Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair market value at the date of the certificate of completion or transfer of title and are also recorded as revenue.

**iii) Cultural and Historical Tangible Capital Assets**

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

**iv) Inventories**

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method. Inventories largely represent the stockpile of gravel maintained for County purposes.

(Continues)



**YELLOWHEAD COUNTY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2021**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. These estimates and assumptions are based on the County's best information and judgement and actual results could differ from these estimates. Such estimates include amortization of tangible capital assets, inventory for consumption and contaminated sites.

**(l) Contaminated Sites**

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Cash	\$ 138,807,502	\$ 4,999,384
Temporary investments	<u>-</u>	<u>120,811,974</u>
	<u>\$ 138,807,502</u>	<u>\$ 125,811,358</u>

**3. ACCOUNTS RECEIVABLE**

	<u>2021</u>	<u>2020</u>
Taxes and grants in lieu receivable	\$ 4,990,769	\$ 5,605,208
Allowance for uncollectible	<u>(1,503,917)</u>	<u>(4,700,000)</u>
	<u>3,486,852</u>	<u>905,208</u>
Trade and other receivables		
Miscellaneous	915,783	1,095,556
Utilities	94,314	89,881
Interest receivable	<u>-</u>	<u>12,511</u>
	1,010,097	1,197,948
Allowance for doubtful accounts	<u>(21,623)</u>	<u>(6,623)</u>
	<u>988,474</u>	<u>1,191,325</u>
Government receivables		
Grants	4,915,026	5,421,184
Goods and Services Tax rebate	<u>388,513</u>	<u>740,880</u>
	<u>5,303,539</u>	<u>6,162,064</u>
	<u>\$ 9,778,865</u>	<u>\$ 8,258,597</u>

**YELLOWHEAD COUNTY**  
**Notes to Financial Statements**  
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**4. LOCAL IMPROVEMENT RECEIVABLE**

	<u>2021</u>	<u>2020</u>
Local improvement bylaw 05.11, expiring 2034	\$ 765,693	\$ 824,562
Local improvement bylaw 04.13, expiring 2037	451,392	479,604
Local improvement bylaw 05.18, expiring 2042	320,291	330,851
Local improvement bylaw 02.12, expiring 2031	280,662	308,728
Local improvement bylaw 02.21, expiring 2046	217,191	230,097
Local improvement bylaw 06.11, expiring 2035	<u>89,225</u>	<u>95,598</u>
	<u>\$ 2,124,453</u>	<u>\$ 2,269,440</u>

**5. PREPAID EXPENSES**

	<u>2021</u>	<u>2020</u>
Prepaid insurance	\$ 403,436	\$ 343,838
Prepaid deposits	143,649	143,949
Prepaid contracted services	<u>300</u>	<u>1,115</u>
	<u>\$ 547,385</u>	<u>\$ 488,902</u>

**6. CULTURAL ASSETS**

The County owns numerous pieces of artwork that were purchased in 2006 and are on display at the Edson Administration facility. The artworks are not recorded as tangible capital assets in the financial statements and are not amortized.

**7. BANK INDEBTEDNESS**

The bank indebtedness is payable on demand with interest payable monthly at prime minus 0.25%. The County has an authorized bank indebtedness limit of \$3,000,000 at December 31, 2021. No amounts were drawn upon as of December 31, 2021 (2020 - \$NIL).

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2021</u>	<u>2020</u>
Trade	\$ 4,803,217	\$ 3,081,130
Construction holdbacks	1,132,862	1,932,540
Accrued debenture debt interest	<u>3,762</u>	<u>4,168</u>
	<u>\$ 5,939,840</u>	<u>\$ 5,017,838</u>



**YELLOWHEAD COUNTY**  
**Notes to Financial Statements**  
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**9. DEFERRED REVENUE**

Deferred revenue consists of the following amounts which have been restricted by third parties for a specific purpose. These amounts are recognized as revenue in the period in which they are used for the purpose specified.

	<u>2021</u>	<u>2020</u>
Province of Alberta Municipal Sustainability grant	\$11,352,372	\$13,248,662
Province of Alberta bridge funding	2,416,800	2,400,000
Province of Alberta AMWWP funding	2,375,622	2,375,622
Province of Alberta MSP	976,071	141,888
Other	81,208	7,892
Family and Community Support Services grant	10,021	36,294
Province of Alberta MOST	<u>291</u>	<u>51,352</u>
	<u>\$17,212,385</u>	<u>\$18,261,710</u>

**10. EMPLOYEE BENEFIT OBLIGATION**

	<u>2021</u>	<u>2020</u>
Vacation pay outstanding	\$ <u>717,627</u>	\$ <u>726,902</u>

**11. LONG-TERM DEBT**

	<u>2021</u>	<u>2020</u>
Debenture debt held by the Province of Alberta, supported by a general tax levy, repayable in semi-annual installments of \$84,069 including interest at 4.365%; due December 15, 2026.	\$ 747,993	\$ 879,171
Debenture debt held by the Province of Alberta, supported by a special levy, repayable in semi-annual installments of \$34,303 including interest at 5.240%; due December 15, 2033.	605,455	640,935
Debenture debt held by the Province of Alberta, supported by a general tax levy, repayable in semi-annual installments of \$30,258 including interest at 4.422%; due December 15, 2031.	<u>484,839</u>	<u>522,658</u>
Issued to finance capital assets	<u>\$ 1,838,287</u>	<u>\$ 2,042,764</u>

Principal and interest repayments due in each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 213,838	\$ 83,422	\$ 297,260
2023	223,632	73,628	297,260
2024	233,877	63,383	297,260
2025	244,593	52,667	297,260
2026	255,804	41,456	297,260
Thereafter	<u>666,543</u>	<u>116,283</u>	<u>782,826</u>
	<u>\$ 1,838,287</u>	<u>\$ 430,839</u>	<u>\$ 2,269,127</u>

**YELLOWHEAD COUNTY**  
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**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>2021</u>	<u>2020</u>
Total debt limit	\$ 91,837,625	\$ 96,060,521
Total debt	<u>1,838,287</u>	<u>2,042,764</u>
Unused debt limit	<u>89,999,338</u>	<u>94,017,757</u>
Percentage of debt limit used	2.00 %	2.13 %
Service on debt limit	\$ 15,306,271	\$ 16,010,087
Service on debt	<u>297,260</u>	<u>297,260</u>
Unused service on debt limit	<u>\$ 15,009,011</u>	<u>\$ 15,712,827</u>
Percentage of debt servicing limit used	1.94 %	1.86 %

**13. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 1)	\$1,299,330,978	\$1,290,004,389
Accumulated amortization (Schedule 1)	(1,004,233,535)	989,827,397)
Long-term debt (Note 11)	(1,838,287)	(2,042,764)
Local improvements receivable (Note 4)	<u>2,124,453</u>	<u>2,269,440</u>
	<u>\$295,383,609</u>	<u>\$300,403,668</u>

**14. ACCUMULATED SURPLUS**

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

	<u>2021</u>	<u>2020</u>
<b>UNRESTRICTED SURPLUS</b>	<u>\$ 16,974,985</u>	<u>\$ 16,816,203</u>
<b>RESTRICTED SURPLUS</b>		
Infrastructure	40,069,132	33,717,637
Facility replacement	19,005,993	14,750,751
Tax rate stabilization	18,765,562	16,124,245
Water	11,154,162	8,986,158
Sewer	9,534,975	9,718,275
Equipment replacement	5,068,209	4,064,546
Capital deficit replacement	2,573,662	3,449,859
Land	2,393,602	2,280,602
Human resources	753,712	992,436
Community services	490,240	963,141
Requisitions	<u>75,101</u>	<u>74,358</u>
	<u>109,884,350</u>	<u>95,122,008</u>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (Note 13)</b>	<u>295,383,609</u>	<u>300,403,668</u>
	<u>\$422,242,944</u>	<u>\$412,341,879</u>

**YELLOWHEAD COUNTY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2021**

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**15. SALARIES 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:

	<u>Honorarium</u>	<u>Benefits and allowances</u>	<u>2021 Total</u>	<u>2020 Total</u>
Mayor	\$ 89,927	\$ 2,795	\$ 92,722	\$ 85,998
Councillors				
Evansburg	63,892	11,108	75,000	75,667
Wildwood	63,276	10,943	74,219	73,833
Niton / Carrot Creek	62,376	10,943	73,319	72,933
Shining Bank / Peers	62,376	10,943	73,319	72,933
Wolf Creek / Pinedale	59,092	950	60,042	65,781
Edson Area	64,491	11,246	75,737	72,760
Edson West	62,217	8,459	70,676	69,999
Hinton / Cadomin / Robb	63,614	5,533	69,147	73,833
	<u>Salary</u>	<u>Benefits and allowances</u>		
Chief Administrative Officer ( <i>former</i> )	\$ 240,583	\$ 12,593	\$ 253,176	\$ 309,439
Chief Administrative Officer ( <i>curent</i> )	189,995	7,564	197,559	-

Municipal official amounts include honorariums for meetings and benefits. Benefits include the employer's share of Canada Pension Plan, RSP benefits, health and dental benefits and insurance benefits

The Chief Administrative Officer salary includes regular base pay. Benefits and allowances includes the employer's share of all payroll source deductions and employee benefits, including coverage for medical plans, life insurance, auto allowance and professional memberships. In 2021, the former Chief Administrative Officer retired.



**YELLOWHEAD COUNTY**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2021**

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**16. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The County is required to make current service contributions to the Plan of 9.39% (2020 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2020 - 13.84%) for the excess. Employees of the County are required to make current service contributions of 8.39% (2020 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 12.84% (2020 - 12.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2021 were \$888,337 (2020 - \$876,025). Total current and past service contributions made by the employees of the County to the LAPP in 2021 were \$804,866 (2020 - \$794,441).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion (2019 - \$7.91 billion).

The County participates in the APEX Supplementary Pension Plan ("APEX"). APEX participation is optional and is offered to management employees who participate in LAPP. Total contributions made by the County to APEX in 2021 were \$32,626 (2020 - \$27,875). Total contributions made by the employees in 2021 were \$22,118 (2020 - \$18,898).

**17. FINANCIAL INSTRUMENTS**

The County's financial instruments consists of cash and temporary investments, long term investments, receivables, accounts payable and accrued liabilities and long term debt. It is the opinion of management that the County is not exposed to significant interest, currency, or credit risk arising from these financial instruments. Unless otherwise noted the fair value of these financial instruments approximates their carrying value.

**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.

**19. BUDGET**

The budget figures presented in these financial statements are based on the 2021 Final Budget adopted by Council on April 13, 2021.

**20. SEGMENTED INFORMATION**

The County provides a range of services to its residents. 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*. For additional information see the Schedule of Segment Disclosure (*Schedule 5*).

**21. COMPARATIVE FIGURES**

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