

**YELLOWHEAD COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

## **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, 2020, 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, 2020, 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 ethical responsibilities in accordance with these requirements. We believe 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 the 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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*Auditor's Responsibility for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 13, 2021

YELLOWHEAD COUNTY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020

|   | <u>2020</u>           | <u>2019</u>           |
|---|-----------------------|-----------------------|
| FINANCIAL ASSETS                                  |                       |                       |
| Cash and temporary investments (Note 2)           | \$ 125,811,358        | \$ 132,557,703        |
| Receivables (Note 3)                              | 8,258,596             | 4,534,280             |
| Receivables Local Improvement (Note 4)            | 2,269,440             | 2,159,939             |
| Land held for resale                              | 1,481,266             | 1,498,192             |
| Long term investments (Note 5)                    | <u>-</u>              | <u>8,750,080</u>      |
|   | <u>137,820,660</u>    | <u>149,500,193</u>    |
| LIABILITIES                                       |                       |                       |
| Accounts payable and accrued liabilities (Note 9) | 5,017,836             | 6,959,675             |
| Deposit liabilities                               | 459,243               | 572,200               |
| Deferred revenue (Note 10)                        | 18,261,709            | 21,443,215            |
| Employee benefit obligations (Note 11)            | 726,902               | 591,281               |
| Long-term debt (Note 12)                          | <u>2,042,764</u>      | <u>2,238,289</u>      |
|   | <u>26,508,454</u>     | <u>31,804,660</u>     |
| NET FINANCIAL ASSETS                              | <u>111,312,206</u>    | <u>117,695,533</u>    |
| NON-FINANCIAL ASSETS                              |                       |                       |
| Tangible Capital Assets (Schedule 1)              | 300,176,992           | 285,856,443           |
| Inventory for consumption                         | 363,780               | 380,382               |
| Prepaid expenses (Note 6)                         | <u>488,902</u>        | <u>402,908</u>        |
|   | <u>301,029,673</u>    | <u>286,639,733</u>    |
| ACCUMULATED SURPLUS (Note 15)                     | \$ <u>412,341,879</u> | \$ <u>404,335,266</u> |

CONTINGENCIES (Note 18)

ON BEHALF OF THE COUNTY COUNCIL:

\_\_\_\_\_  
Mayor

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

See accompanying notes to financial statements



## YELLOWHEAD COUNTY

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2020

|  | <u>2020</u>           | <u>2020</u>           | <u>2019</u>           |
|--|-----------------------|-----------------------|-----------------------|
|  | Budget                | Actual                | Actual                |
|  | (Note 21)             |                       |                       |
| REVENUE  |                       |                       |                       |
| Net municipal taxes (Schedule 2)                     | \$ 54,637,766         | \$ 54,846,261         | \$ 56,380,689         |
| Government transfers for operating (Schedule 4)      | 2,467,277             | 3,346,361             | 2,635,106             |
| Oil well drilling surcharge                          | 355,000               | 665,642               | 2,835,877             |
| Sales and user charges                               | 2,645,590             | 2,567,520             | 2,817,922             |
| Investment income                                    | 1,319,976             | 1,770,184             | 3,056,757             |
| Other  | 443,825               | 296,757               | 88,424                |
| Penalties and costs on taxes                         | 142,545               | 547,622               | 377,132               |
| Total Revenue  | <u>62,011,979</u>     | <u>64,040,347</u>     | <u>68,191,908</u>     |
| EXPENSES   |                       |                       |                       |
| Public works   | 29,817,959            | 27,655,089            | 28,204,119            |
| General administration and economic development      | 17,540,319            | 14,547,571            | 16,271,473            |
| Protective services                                  | 8,632,073             | 8,029,515             | 7,258,911             |
| Recreation, parks and libraries                      | 6,594,294             | 5,716,423             | 7,131,745             |
| Water and wastewater                                 | 2,852,052             | 2,583,411             | 2,438,713             |
| Community services                                   | 2,365,045             | 1,977,503             | 2,643,714             |
| Waste management                                     | 2,401,154             | 2,112,383             | 2,242,640             |
| Planning and land                                    | 1,208,564             | 926,960               | 835,480               |
| Legislative  | 897,732               | 747,587               | 801,262               |
| Total Expenses                                       | <u>72,309,192</u>     | <u>64,296,442</u>     | <u>67,828,057</u>     |
| Excess of Revenues Over Expenses Before Other        | (10,297,214)          | (256,095)             | 363,851               |
| OTHER  |                       |                       |                       |
| Government transfers related to capital (Schedule 4) | 19,205,603            | 9,464,080             | 1,659,054             |
| Contributed assets (Note 23)                         | -                     | 1,309,848             | -                     |
| Contributions to capital from others                 | 513,500               | 276,857               | -                     |
| Gain(Loss) on disposal of assets                     | 695,500               | (2,788,077)           | (83,884)              |
| Total Other  | <u>20,414,603</u>     | <u>8,262,707</u>      | <u>1,575,170</u>      |
| Excess of Revenues Over Expenses                     | 10,117,389            | 8,006,612             | 1,939,021             |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR               | <u>404,335,266</u>    | <u>404,335,266</u>    | <u>402,396,245</u>    |
| ACCUMULATED SURPLUS, END OF YEAR (Note 15)           | \$ <u>414,452,655</u> | \$ <u>412,341,879</u> | \$ <u>404,335,266</u> |

See accompanying notes to financial statements

YELLOWHEAD COUNTY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

|   | <u>2020</u><br>Budget<br>(Note 21) | <u>2020</u><br>Actual | <u>2019</u><br>Actual |
|---|------------------------------------|-----------------------|-----------------------|
| EXCESS OF REVENUES OVER EXPENSES                | \$ <u>10,117,389</u>               | \$ <u>8,006,612</u>   | \$ <u>1,939,021</u>   |
| Acquisition of tangible capital assets          | (64,394,626)                       | (32,902,314)          | (18,009,938)          |
| Contributed tangible capital assets             | -                                  | (1,309,848)           | -                     |
| Proceeds on disposal of tangible capital assets | -                                  | 751,600               | 67,906                |
| Gain (loss) on sale of tangible capital assets  | -                                  | 2,788,077             | 83,884                |
| Amortization of tangible capital assets         | <u>16,269,380</u>                  | <u>16,351,935</u>     | <u>16,269,383</u>     |
|   | <u>(48,125,246)</u>                | <u>(14,320,549)</u>   | <u>(1,588,765)</u>    |
| Change in inventories for consumption           | -                                  | 16,602                | 20,548                |
| Change in prepaid expenses                      | <u>-</u>                           | <u>(85,993)</u>       | <u>16,302</u>         |
|   | <u>-</u>                           | <u>(69,391)</u>       | <u>36,850</u>         |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS     | (38,007,857)                       | (6,383,328)           | 387,106               |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR         | <u>117,695,533</u>                 | <u>117,695,533</u>    | <u>117,308,427</u>    |
| NET FINANCIAL ASSETS, END OF YEAR               | \$ <u>79,687,676</u>               | \$ <u>111,312,206</u> | \$ <u>117,695,533</u> |

See accompanying notes to financial statements

YELLOWHEAD COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

|  | <u>2020</u>           | <u>2019</u>           |
|--|-----------------------|-----------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:          |                       |                       |
| OPERATING  |                       |                       |
| Excess of revenues over expenses   | \$ 8,006,612          | \$ 1,939,021          |
| Non-cash charges included in excess (shortfall) of revenues over expenses: |                       |                       |
| Amortization of tangible capital assets                                    | 16,351,935            | 16,269,383            |
| Contributed tangible capital assets  | (1,309,848)           | -                     |
| Loss (net) on disposal of tangible capital assets                          | <u>2,788,077</u>      | <u>83,884</u>         |
|  | 25,836,777            | 18,292,288            |
| Net changes in non-cash charges to operations :                            |                       |                       |
| Receivables  | (3,724,316)           | (106,156)             |
| Receivables Local Improvement  | (109,501)             | 142,583               |
| Land held for resale   | 16,926                | -                     |
| Prepaid expenses   | (85,993)              | 16,302                |
| Accounts payable and accrued liabilities                                   | (1,941,838)           | 2,791,899             |
| Inventory for consumption  | 16,602                | 20,548                |
| Deposit liabilities  | (112,957)             | (382,561)             |
| Deferred revenue   | (3,181,506)           | 5,100,873             |
| Employee benefit obligations   | <u>135,621</u>        | <u>71,867</u>         |
| Cash provided by operating transactions                                    | <u>16,849,814</u>     | <u>25,947,644</u>     |
| CAPITAL  |                       |                       |
| Acquisition of tangible capital assets                                     | (32,902,314)          | (18,009,938)          |
| Proceeds on disposal of tangible capital assets                            | <u>751,600</u>        | <u>67,906</u>         |
| Cash applied to capital transactions                                       | <u>(32,150,714)</u>   | <u>(17,942,032)</u>   |
| FINANCING  |                       |                       |
| Long term debt repaid  | <u>(195,525)</u>      | <u>(186,967)</u>      |
| Cash provided by (applied to) financing transactions                       | <u>(195,525)</u>      | <u>(186,967)</u>      |
| INVESTING  |                       |                       |
| Decrease (increase) in investments   | <u>8,750,080</u>      | <u>31,000,000</u>     |
| Cash provided by (applied to) investing transactions                       | <u>8,750,080</u>      | <u>31,000,000</u>     |
| CHANGE IN CASH DURING THE YEAR   | (6,746,345)           | 38,818,644            |
| CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR                          | <u>132,557,703</u>    | <u>93,739,059</u>     |
| CASH AND TEMPORARY INVESTMENTS, END OF YEAR                                | \$ <u>125,811,358</u> | \$ <u>132,557,703</u> |

See accompanying notes to financial statements

YELLOWHEAD COUNTY

SCHEDULE OF TANGIBLE CAPITAL ASSETS - SCHEDULE 1

FOR THE YEAR ENDED DECEMBER 31, 2020

|  | Land         | Land Improvements | Buildings     | Engineered Structures | Machinery & Equipment | Vehicles     | 2020           | 2019             |
|--|--------------|-------------------|---------------|-----------------------|-----------------------|--------------|----------------|------------------|
| <b>COST:</b>                                   |              |                   |               |                       |                       |              |                |                  |
| BALANCE, BEGINNING OF YEAR                     | \$ 8,486,005 | 11,159,804        | 54,809,830    | 1,175,670,301         | 17,054,005            | 11,228,763   | 1,278,408,706  | \$ 1,260,926,275 |
| Acquisition of tangible capital assets         | 5,956        | 775,378           | 5,565,631     | 23,099,390            | 2,006,703             | 1,459,256    | 32,902,314     | 18,009,938       |
| Contributed tangible capital assets            |              |                   | 1,309,848     |                       |                       |              | 1,309,848      | -                |
| Disposal of tangible capital assets            |              |                   | (5,250)       | (20,263,163)          | (2,226,211)           | (121,855)    | (22,616,479)   | (527,507)        |
| BALANCE, END OF YEAR                           | 8,491,961    | 11,935,182        | 61,670,058    | 1,178,506,528         | 16,834,497            | 12,566,164   | 1,290,004,389  | 1,278,408,706    |
| <b>ACCUMULATED AMORTIZATION:</b>               |              |                   |               |                       |                       |              |                |                  |
| BALANCE, BEGINNING OF YEAR                     | -            | 5,075,936         | 8,249,305     | 969,453,817           | 5,524,357             | 4,248,847    | 992,552,264    | 976,658,596      |
| Annual amortization                            | -            | 444,440           | 1,150,381     | 12,740,047            | 1,138,229             | 878,837      | 16,351,935     | 16,269,383       |
| Accumulated amortization on disposals          | -            |                   | (1,155)       | (17,605,456)          | (1,371,717)           | (98,474)     | (19,076,801)   | (375,716)        |
| BALANCE, END OF YEAR                           | -            | 5,520,376         | 9,398,531     | 964,588,409           | 5,290,869             | 5,029,210    | 989,827,397    | 992,552,264      |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS      | \$ 8,491,961 | \$ 6,414,806      | \$ 52,271,527 | \$ 213,918,119        | \$ 11,543,628         | \$ 7,536,953 | \$ 300,176,992 | \$ 285,856,443   |
| 2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 8,486,005 | \$ 6,083,868      | \$ 46,560,525 | \$ 206,216,484        | \$ 11,529,649         | \$ 6,979,916 | \$ 285,856,443 |                  |

Included in the balance at the end of the year are \$18,616,036 of assets under construction. The assets under construction consist of \$15,099,880 in 2020 and \$3,516,156 from prior years. No amortization has been taken on assets under construction

See accompanying notes to financial statements



YELLOWHEAD COUNTY

SCHEDULE OF PROPERTY TAXES LEVIED - SCHEDULE 2

FOR THE YEAR ENDED DECEMBER 31, 2020

|   | <u>2020</u>          | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|----------------------|
|   | Budget               | Actual               | Actual               |
|   | (Note 21)            |                      |                      |
| <b>TAXATION</b>                         |                      |                      |                      |
| Linear                                  | \$ 28,706,786        | \$ 28,732,059        | \$ 29,829,750        |
| Machinery and equipment                 | 18,036,890           | 18,005,550           | 18,061,804           |
| Residential/farmland                    | 3,475,323            | 3,473,165            | 3,678,346            |
| Non-residential                         | 4,808,398            | 4,656,979            | 4,801,167            |
| Non-residential school levy             | 19,558,216           | 20,047,716           | 19,249,434           |
| Residential school levy                 | 3,834,418            | 3,735,779            | 3,811,938            |
| Evergreens Foundation levy              | 4,178,179            | 4,166,908            | 4,102,551            |
| Designated Industrial Property levy     | <u>617,525</u>       | <u>604,076</u>       | <u>628,173</u>       |
|   | <u>83,215,735</u>    | <u>83,422,233</u>    | <u>84,163,162</u>    |
| <b>REQUISITIONS</b>                     |                      |                      |                      |
| Alberta School Foundation Fund          | 23,783,495           | 23,783,495           | 23,045,816           |
| Evergreens Foundation                   | 4,176,949            | 4,176,949            | 4,116,201            |
| Designated Industrial Property          | <u>617,525</u>       | <u>615,528</u>       | <u>620,457</u>       |
|   | <u>28,577,970</u>    | <u>28,575,972</u>    | <u>27,782,474</u>    |
| <b>NET TAXES FOR MUNICIPAL PURPOSES</b> | <u>\$ 54,637,766</u> | <u>\$ 54,846,261</u> | <u>\$ 56,380,689</u> |

See accompanying notes to financial statements

YELLOWHEAD COUNTY  
SCHEDULE OF EXPENSES BY OBJECT - SCHEDULE 3  
FOR THE YEAR ENDED DECEMBER 31, 2020

|   | <u>2020</u>          | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|----------------------|
|   | Budget               | Actual               | Actual               |
|   | (Note 21)            |                      |                      |
| EXPENSES                                |                      |                      |                      |
| Contracted and general services         | \$ 21,153,484        | \$ 17,533,712        | \$ 18,863,911        |
| Salaries, wages and benefits            | 12,859,335           | 12,206,842           | 12,480,699           |
| Materials, goods and utilities          | 5,998,768            | 5,169,075            | 5,747,244            |
| Grants                                  | 11,943,048           | 10,883,412           | 11,289,042           |
| Purchases from other governments        | 534,094              | 534,094              | 200,000              |
| Interest on long-term debt              | 101,736              | 101,347              | 109,921              |
| Other expenditures                      | 3,441,347            | 1,510,504            | 2,861,407            |
| Bank charges and short-term interest    | 8,000                | 5,521                | 6,449                |
| Amortization of tangible capital assets | <u>16,269,380</u>    | <u>16,351,935</u>    | <u>16,269,383</u>    |
|   | \$ <u>72,309,192</u> | \$ <u>64,296,442</u> | \$ <u>67,828,057</u> |

See accompanying notes to financial statements

YELLOWHEAD COUNTY

SCHEDULE OF GOVERNMENT TRANSFERS - SCHEDULE 4

FOR THE YEAR ENDED DECEMBER 31, 2020

|                            | <u>2020</u>          | <u>2020</u>          | <u>2019</u>         |
|----------------------------|----------------------|----------------------|---------------------|
|                            | Budget               | Actual               | Actual              |
|                            | (Note 21)            |                      |                     |
| TRANSFERS FOR OPERATING    |                      |                      |                     |
| Provincial Government      | \$ 1,207,954         | \$ 2,244,668         | \$ 1,435,713        |
| Other Local Governments    | <u>1,259,323</u>     | <u>1,101,693</u>     | <u>1,199,394</u>    |
|                            | <u>2,467,277</u>     | <u>3,346,361</u>     | <u>2,635,106</u>    |
| TRANSFERS FOR CAPITAL      |                      |                      |                     |
| Provincial Government      | 19,129,130           | 9,387,608            | 1,535,526           |
| Other Local Governments    | <u>76,473</u>        | <u>76,472</u>        | <u>123,528</u>      |
|                            | <u>19,205,603</u>    | <u>9,464,080</u>     | <u>1,659,054</u>    |
| TOTAL GOVERNMENT TRANSFERS | \$ <u>21,672,880</u> | \$ <u>12,810,441</u> | \$ <u>4,294,161</u> |

See accompanying notes to financial statements

YELLOWHEAD COUNTY

SCHEDULE OF SEGMENT DISCLOSURE - SCHEDULE 5

FOR THE YEAR ENDED DECEMBER 31, 2020

|  | Public Works  | Administration<br>and Legislation<br>Services | Protective and<br>Community<br>Services | Water,<br>Wastewater and<br>Waste Services | Planning and<br>Land Services | 2020          | 2019          |
|--|---------------|---|---|--|-------------------------------|---------------|---------------|
| <b>Revenues</b>                                |               |   |   |  |                               |               |               |
| Taxation                                       | \$ 23,583,892 | 10,969,252                                    | 15,356,953                              | 4,387,701                                  | 548,463                       | \$ 54,846,261 | \$ 56,380,689 |
| Sales and user charges                         | 255,906       | 671,204                                       | 852,720                                 | 744,805                                    | 42,886                        | 2,567,521     | 2,817,922     |
| Government transfers                           | 9,443,006     | 1,288,257                                     | 2,079,178                               | -  | -                             | 12,810,441    | 4,294,161     |
| Other  | 230,098       | 2,995,606                                     | 1,620,027                               | 21,178                                     | -                             | 4,866,909     | 6,358,190     |
|  | 33,512,902    | 15,924,319                                    | 19,908,878                              | 5,153,684                                  | 591,349                       | 75,091,132    | 69,850,962    |
| <b>Expenses</b>                                |               |   |   |  |                               |               |               |
| Goods and services                             | 11,657,326    | 4,009,927                                     | 4,902,682                               | 2,496,658                                  | 170,288                       | 23,236,881    | 24,811,155    |
| Salaries and benefits                          | 3,266,703     | 2,136,429                                     | 5,371,704                               | 675,334                                    | 756,672                       | 12,206,842    | 12,480,699    |
| Grants to<br>groups/governments                | 110,876       | 6,619,786                                     | 3,626,040                               | 526,710                                    | -                             | 10,883,412    | 11,289,042    |
| Amortization                                   | 12,577,920    | 1,022,991                                     | 1,788,769                               | 962,254                                    | -                             | 16,351,935    | 16,269,383    |
| Other  | 2,830,341     | 1,506,025                                     | 34,247                                  | 34,837                                     | -                             | 4,405,450     | 3,061,662     |
|  | 30,443,166    | 15,295,158                                    | 15,723,442                              | 4,695,793                                  | 926,960                       | 67,084,520    | 67,911,941    |
| Excess (deficiency) of revenue<br>over expense | \$ 3,069,736  | \$ 629,161                                    | \$ 4,185,436                            | \$ 457,891                                 | \$ (335,611)                  | \$ 8,006,612  | \$ 1,939,021  |

See accompanying notes to financial statements



**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity**

The 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 surpluses/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 substantial 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 the 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 benefit 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.

**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
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**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.

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

**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 acquisition 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 excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) 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 asset is amortized on a straight-line basis over the estimated useful life. One half of the annual amortization is charged in the year of acquisition and the year of disposal.

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

**ii. Estimated Useful Life**

Tangible capital asset useful life is as follows:

|                          | Years   |
|--------------------------|---------|
| Land Improvements        | 10 - 50 |
| Buildings                | 5 - 50  |
| Engineered Structures    |         |
| Road systems             | 7 - 100 |
| Water/wastewater systems | 10 - 80 |
| Machinery & Equipment    | 5 - 75  |
| Vehicles                 | 5 - 25  |

**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**j. Non-financial Assets cont.**

**iii. 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.

**iv. Cultural and Historical Tangible Capital Assets**

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

**v. 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.

**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>2020</u>           | <u>2019</u>           |
|-----------------------|-----------------------|-----------------------|
| Cash                  | \$ 4,999,384          | \$ 3,469,464          |
| Temporary investments | 120,811,974           | 129,088,239           |
|                       | <u>\$ 125,811,358</u> | <u>\$ 132,557,703</u> |

Temporary investments includes funds, held in savings accounts and guaranteed investment certificates, earning interest at rates from 0.7% to 2.027% maturing in 2021.

Included in the above are \$18,261,709 of funds which are externally restricted in use.



**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**3. RECEIVABLES**

|                                     | <u>2020</u>         | <u>2019</u>         |
|-------------------------------------|---------------------|---------------------|
| Taxes and grants in lieu receivable | \$ 5,605,208        | \$ 4,420,615        |
| Allowance for uncollectible         | <u>(4,700,000)</u>  | <u>(4,017,621)</u>  |
|                                     | <u>905,208</u>      | <u>402,995</u>      |
| Trade and other receivables         |                     |                     |
| Miscellaneous                       | 1,095,556           | 1,838,797           |
| Interest receivable                 | 12,511              | 328,791             |
| Utilities                           | <u>89,881</u>       | <u>81,568</u>       |
|                                     | 1,197,948           | 2,249,156           |
| Allowance for uncollectible         | <u>(6,623)</u>      | <u>(4,805)</u>      |
|                                     | <u>1,191,325</u>    | <u>2,244,351</u>    |
| Government receivables              |                     |                     |
| Goods and Services Tax rebate       | 740,880             | 601,669             |
| Grants                              | <u>5,421,184</u>    | <u>1,285,265</u>    |
|                                     | 6,162,064           | 1,886,935           |
|                                     | <u>\$ 8,258,596</u> | <u>\$ 4,534,280</u> |

**4. RECEIVABLES: LOCAL IMPROVEMENT**

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Local Improvement Bylaw 04.13, expiring 2037 | \$ 479,604          | \$ 507,817          |
| Local Improvement Bylaw 02.12, expiring 2031 | 308,728             | 336,794             |
| Local Improvement Bylaw 06.11, expiring 2035 | 95,598              | 101,971             |
| Local Improvement Bylaw 05.11, expiring 2034 | 824,562             | 883,430             |
| Local Improvement Bylaw 05.18, expiring 2042 | 330,851             | 329,927             |
| Local Improvement Bylaw 02.21, expiring 2046 | <u>230,098</u>      | <u>-</u>            |
|  | <u>\$ 2,269,440</u> | <u>\$ 2,159,939</u> |

**5. LONG TERM INVESTMENTS**

|  | <u>2020</u> | <u>2019</u>         |
|--|-------------|---------------------|
| Term deposits                            | \$ -        | \$ 8,750,000        |
| Alberta Capital Finance Authority shares | <u>-</u>    | <u>80</u>           |
|  | <u>\$ -</u> | <u>\$ 8,750,080</u> |

**6. PREPAID EXPENSES**

|                             | <u>2020</u>       | <u>2019</u>       |
|-----------------------------|-------------------|-------------------|
| Prepaid insurance           | \$ 343,838        | \$ 298,368        |
| Prepaid deposits            | 143,949           | 92,314            |
| Prepaid contracted services | <u>1,115</u>      | <u>12,226</u>     |
|                             | <u>\$ 488,902</u> | <u>\$ 402,908</u> |



**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2020**

**7. 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 statement and are not amortized.

**8. BANK INDEBTEDNESS**

The County approved in 2020, under Bylaw No. 02.20, an operating line of credit in the amount of \$3,000,000. Bylaw No. 02.20 authorizes the period up to and including December 31, 2021. The credit line has not been drawn upon and is secured by the bank balance and investments of the County.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                                 | <u>2020</u>         | <u>2019</u>         |
|---------------------------------|---------------------|---------------------|
| Trade                           | \$ 3,081,129        | \$ 5,470,833        |
| Construction holdbacks          | 1,932,540           | 1,484,286           |
| Accrued debenture debt interest | 4,168               | 4,556               |
|                                 | <u>\$ 5,017,836</u> | <u>\$ 6,959,675</u> |

**10. DEFERRED REVENUE**

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

|  | <u>2020</u>          | <u>2019</u>          |
|--|----------------------|----------------------|
| Family and Community Support Services grants       | \$ 36,294            | \$ 11,750            |
| Province of Alberta AMWWP funding                  | 2,375,622            | 2,375,622            |
| Province of Alberta bridge funding                 | 2,400,000            | 2,400,000            |
| Province of Alberta Municipal Sustainability grant | 13,248,662           | 16,576,971           |
| Province of Alberta MOST                           | 51,352               | -                    |
| Province of Alberta MSP                            | 141,888              | -                    |
| Other  | 7,892                | 78,872               |
|  | <u>\$ 18,261,709</u> | <u>\$ 21,443,215</u> |

**11. EMPLOYEE BENEFIT OBLIGATIONS**

|                          | <u>2020</u> | <u>2019</u> |
|--------------------------|-------------|-------------|
| Vacation pay outstanding | \$ 726,902  | \$ 591,281  |

# YELLOWHEAD COUNTY

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2020

### 12. LONG TERM DEBT

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Alberta Capital Finance Authority               |                     |                     |
| 4.422% due 2031 - supported by general tax levy | \$ 522,658          | \$ 558,858          |
| 4.365% due 2026 - supported by general tax levy | 879,171             | 1,004,805           |
| 5.24% due 2033 - supported by special levy      | 640,935             | 674,626             |
|   | <u>\$ 2,042,764</u> | <u>\$ 2,238,289</u> |
| Issued to finance capital assets                | <u>\$ 2,042,764</u> | <u>\$ 2,238,289</u> |

The fair value of the long term debt approximates the book value of long term debt.

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

|            | Principal           | Interest          | Total               |
|------------|---------------------|-------------------|---------------------|
| 2021       | 204,476             | 92,784            | 297,260             |
| 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             |
| Thereafter | 922,348             | 157,740           | 1,080,088           |
|            | <u>\$ 2,042,764</u> | <u>\$ 523,624</u> | <u>\$ 2,566,389</u> |

### 13. DEBT LIMITS

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

|   | <u>2020</u>          | <u>2019</u>           |
|---|----------------------|-----------------------|
| Total debt limit                        | \$ 96,060,521        | \$ 102,287,682        |
| Total debt                              | 2,042,764            | 2,238,289             |
| Unused debt limit                       | <u>\$ 94,017,757</u> | <u>\$ 100,049,393</u> |
| Percentage of debt limit used           | 2.13%                | 2.19%                 |
| Service on debt limit                   | \$ 16,010,087        | \$ 17,047,977         |
| Service on debt                         | 297,260              | 297,260               |
| Unused service on debt limit            | <u>\$ 15,712,827</u> | <u>\$ 16,750,717</u>  |
| Percentage of debt servicing limit used | 1.86%                | 1.74%                 |

**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2020**

| <b>14. EQUITY IN TANGIBLE CAPITAL ASSETS</b> | <u>2020</u>           | <u>2019</u>           |
|--|-----------------------|-----------------------|
| Tangible capital assets (Schedule 1)         | \$ 1,290,004,389      | \$ 1,278,408,706      |
| Accumulated amortization (Schedule 1)        | (989,827,397)         | (992,552,264)         |
| Local Improvement Receivable (Note 4)        | 2,269,440             | 2,159,939             |
| Long term debt (Note 12)                     | (2,042,764)           | (2,238,289)           |
|  | <u>\$ 300,403,668</u> | <u>\$ 285,778,092</u> |

**15. ACCUMULATED SURPLUS**

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

|   | <u>2020</u>           | <u>2019</u>           |
|---|-----------------------|-----------------------|
| Unrestricted surplus                        | \$ 16,816,202         | \$ 13,694,754         |
| Restricted surplus:                         |                       |                       |
| Tax rate stabilization                      | 16,124,246            | 11,016,674            |
| Equipment replacement                       | 4,064,546             | 5,337,897             |
| Infrastructure                              | 33,717,637            | 42,030,770            |
| Water                                       | 8,986,158             | 10,735,996            |
| Sewer                                       | 9,718,275             | 11,319,275            |
| Capital deficit replacement                 | 3,449,859             | 5,070,873             |
| Community services                          | 963,141               | 742,808               |
| Land  | 2,280,602             | 2,280,602             |
| Human resources                             | 992,436               | 1,020,102             |
| Requisitions                                | 74,358                | 86,233                |
| Facility replacement                        | 14,750,751            | 15,221,190            |
|   | <u>111,938,211</u>    | <u>118,557,174</u>    |
| Equity in tangible capital assets (Note 14) | 300,403,668           | 285,778,092           |
|   | <u>\$ 412,341,879</u> | <u>\$ 404,335,266</u> |

**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2020**

**16. SALARIES AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials and the Chief Administrative Officer , as required by Alberta Regulation 313/2000, is as follows:

|                              | Honorarium | Benefits and Allowances | <u>2020</u> | <u>2019</u> |
|------------------------------|------------|-------------------------|-------------|-------------|
| Mayor                        | \$ 84,921  | \$ 1,077                | \$ 85,998   | \$ 79,491   |
| Councillors:                 |            |                         |             |             |
| Evansburg                    | 65,013     | 10,654                  | \$ 75,667   | \$ 74,647   |
| Wildwood                     | 63,276     | 10,557                  | \$ 73,833   | \$ 72,428   |
| Niton/Carrot Creek           | 62,376     | 10,557                  | \$ 72,933   | \$ 71,528   |
| Shining Bank/Peers           | 62,376     | 10,557                  | \$ 72,933   | \$ 71,528   |
| Wolf Creek/Pinedale          | 61,776     | 4,005                   | \$ 65,781   | \$ 67,290   |
| Edson Area                   | 62,183     | 10,577                  | \$ 72,760   | \$ 70,928   |
| Edson West                   | 61,776     | 8,223                   | \$ 69,999   | \$ 69,094   |
| Hinton/Cadomin/Robb          | 63,276     | 10,557                  | \$ 73,833   | \$ 72,428   |
|                              | Salary     | Benefits and Allowances |             |             |
| Chief Administrative Officer | 295,055    | 14,384                  | \$ 309,439  | \$ 304,192  |

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 benefit.

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.



## **YELLOWHEAD COUNTY**

### **NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2020**

#### **17. LOCAL AUTHORITIES PENSION PLAN**

Employees of the County participate in the Local Authorities Pension Plan (LAPP) , a contributory defined benefit pension plan for employees of local authorities in Alberta. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP fund and serves approximately 274,151 people and 420 employers.

The County is required to make current service contributions to the LAPP in the amount of 9.39% of pensionable earnings up to the Canada Pension Plan maximum pensionable earnings and 13.84% for the excess.

Total current and past service contributions made by the County to the LAPP in 2020 were \$876,025 (2019 - \$813,741). Total current and past service contributions made by the employees of the County to the LAPP in 2020 were \$794,441 (2019 - \$738,049).

At December 31, 2020 the LAPP disclosed an actuarial surplus of \$7,913 billion (2019 surplus \$3,469 billion).

The County participates in the APEX Supplementary Pension Plan. APEX participation is optional and is offered to management employees who participate in LAPP. Total contributions made by the County to APEX in 2020 were \$27,875 (2019 - \$24,808). Total contributions made by the employees in 2020 were \$18,898 (2019 - \$18,638).

#### **18. CONTINGENCIES**

##### **Legal Claims**

As at December 31, 2020 the County was involved in various legal disputes.  
The outcome and potential amount of these disputes is undeterminable at year end.

#### **19. FINANCIAL INSTRUMENTS**

The County's financial instruments consist of cash and 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.

**YELLOWHEAD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2020**

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

**21. BUDGET**

The budget figures presented in these financial statements are based on the 2020 Final Budget adopted by Council on April 14, 2020.

**22. SEGMENTED INFORMATION**

The County provides a wide range of services to its residents. For each reported segment the revenue 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. Additional information is included in the Schedule of Segment Disclosure (Schedule 5).

**23. CONTRIBUTED ASSETS**

The County was a recipient of a contributed asset with a current market value of \$1,309,848. This consisted of the Wildwood Community Hall that had previously been constructed on County owned land.