

Wheatland County
Financial Statements
For the year ended December 31, 2019

Management's Responsibility

To the Reeve and Councillors of Wheatland County:

The accompanying financial statements of Wheatland County are the responsibility of management and have been approved by Council.

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

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

Council is composed entirely of individuals who are neither management nor employees of the County. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the County's external auditors.

MNP LLP is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 21, 2020



Chief Administrative Officer

Independent Auditor's Report

To the Reeve and Councillors of Wheatland County:

Opinion

We have audited the financial statements of Wheatland County (the "County"), which comprise the statement of financial position at December 31, 2019, the statements of operations, change in net financial assets, cash flows, and schedules 1 through 3 for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wheatland County as at December 31, 2019, and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the County for the year ended December 31, 2018 were audited by another firm of Chartered Professional Accountants, who expressed an unmodified opinion on those statements on April 2, 2019.

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 administration either intends 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.

Auditor's 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 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 financial statements.

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

- Identify and assess the risk 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 auditor's 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 17.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 22.

Calgary, Alberta
April 21, 2020

MNP LLP
Chartered Professional Accountants

MNP

WHEATLAND COUNTY


Statement of Financial Position

December 31, 2019, with comparative information for 2018


	2019	2018
Financial Assets		
Cash and short-term investments (note 4)	\$ 61,105,302	\$ 64,804,260
Taxes and grants in place of taxes receivable (note 5)	1,181,932	1,351,315
Trade and other receivables	2,103,036	5,841,654
Land held for resale	244,568	244,568
Loan receivable (note 6)	75,489	85,831
Debt charges recoverable (note 7)	3,841,822	1,615,561
	<u>68,552,149</u>	<u>73,943,189</u>
Liabilities		
Accounts payable and accrued liabilities	11,226,427	11,785,549
Deferred revenue (note 9)	1,114,606	6,221,341
Long-term debt (note 10)	4,168,534	1,989,915
Contaminated sites liability (note 24)	2,070,850	2,026,337
Employee benefit obligations (note 8)	1,268,522	1,364,547
	<u>19,848,939</u>	<u>23,387,689</u>
Net financial assets	<u>48,703,210</u>	<u>50,555,500</u>
Non-Financial Assets		
Tangible capital assets (Schedule 2)	230,774,240	225,837,724
Inventory for consumption	14,672,234	14,351,852
Prepaid expenses	388,484	327,526
	<u>245,834,958</u>	<u>240,517,102</u>
Commitments and contingencies (note 20)		
Accumulated surplus (note 11, Schedule 1)	<u>\$ 294,538,168</u>	<u>\$ 291,072,602</u>

See accompanying notes to financial statements.

Approved on behalf of the Council



Reeve



Councillor

WHEATLAND COUNTY

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 25)	2019	2018
Revenue (Schedule 3):			
Net property taxes (note 14)	\$ 31,536,699	\$ 30,714,588	\$ 30,604,503
User fees and sales of goods	1,829,092	1,942,960	1,771,214
Investment income	1,541,388	1,547,467	1,510,548
Licenses and permits	544,900	793,047	770,240
Government transfers for operating (note 15)	694,593	585,043	745,782
Other revenue	52,908	492,944	107,848
Penalties and costs of taxes	160,204	295,959	216,656
Development levies	40,000	118,928	57,052
Rentals	45,340	65,139	44,098
	<u>36,445,124</u>	<u>36,556,075</u>	<u>35,827,941</u>
Expenses (note 16, Schedule 3):			
Legislative	624,482	594,057	537,954
Administrative	5,312,059	5,292,748	4,430,563
Police, fire, disaster, ambulance and bylaw enforcement	2,947,528	2,234,359	2,409,530
Roads, streets, walks and lighting	25,936,400	25,258,838	25,340,825
Water supply and distribution	1,470,358	2,387,966	1,401,595
Wastewater treatment and disposal	660,049	551,253	568,067
Waste management	1,163,174	1,204,494	1,162,899
Recreation and culture	968,605	907,967	659,606
Subdivision land and development	1,834,642	1,457,374	1,426,842
Economic and agricultural development	1,511,286	1,633,178	1,282,300
Public health and welfare services	268,302	243,575	217,778
	<u>42,696,885</u>	<u>41,765,809</u>	<u>39,437,959</u>
Deficiency of revenue over expenses before the undernoted items	(6,251,761)	(5,209,734)	(3,610,018)
Government transfers for capital (note 15)	12,243,667	8,587,732	621,669
Contributed assets	—	87,568	643,219
	<u>12,243,667</u>	<u>8,675,300</u>	<u>1,264,888</u>
Excess (deficiency) of revenue over expenses	5,991,906	3,465,566	(2,345,130)
Accumulated surplus, beginning of year	291,072,602	291,072,602	293,417,732
Accumulated surplus, end of year	<u>\$ 297,064,508</u>	<u>\$ 294,538,168</u>	<u>\$ 291,072,602</u>

See accompanying notes to financial statements.

WHEATLAND COUNTY

Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 25)	2019	2018
Excess (deficiency) of revenue over expenses	\$ 5,991,906	\$ 3,465,566	\$ (2,345,130)
Acquisition of tangible capital assets	(41,877,930)	(22,146,554)	(22,768,108)
Amortization of tangible capital assets	16,517,906	17,116,829	16,250,205
Proceeds on disposal of tangible capital assets	823,000	945,224	1,684,812
Contributed assets	—	(87,568)	(643,219)
Gain on disposal of tangible capital assets	—	(764,447)	(458,944)
	(18,545,118)	(1,470,950)	(8,280,384)
Net change in inventory for consumption	—	(320,382)	(4,735,146)
Net change in prepaid expenses	—	(60,958)	(14,518)
Decrease in net financial assets	(18,545,118)	(1,852,290)	(13,030,048)
Net financial assets, beginning of year	50,555,500	50,555,500	63,585,548
Net financial assets, end of year	\$ 32,010,382	\$ 48,703,210	\$ 50,555,500

See accompanying notes to financial statements.

WHEATLAND COUNTY

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 3,465,566	\$ (2,345,130)
Change in non-cash items:		
Amortization of tangible capital assets	17,116,829	16,250,205
Gain on disposal of tangible capital assets	(764,447)	(458,944)
Contributed assets	(87,568)	(643,219)
Decrease in taxes and grants in place of taxes receivable	169,383	29,754
Decrease in trade and other receivables	3,738,618	4,428,314
Decrease in loans receivable	10,342	10,974
Increase in inventory for consumption	(320,382)	(4,735,146)
Increase in prepaid expenses	(60,958)	(14,518)
Increase in accounts payable and accrued liabilities adjusted for the acquisition of tangible capital assets (Schedule II)	1,728,835	2,682,813
(Decrease) increase in deferred revenue	(5,106,735)	5,205,650
Increase in provision for reclamation	44,513	375,965
(Decrease) increase in employee benefit obligations	(96,025)	53,062
	<u>19,837,971</u>	<u>20,839,780</u>
Capital activities:		
Acquisition of tangible capital assets	(24,434,511)	(18,138,125)
Proceeds on disposal of tangible capital assets	945,224	1,684,812
	<u>(18,859,304)</u>	<u>(16,453,313)</u>
Financing activities:		
Advances of debt charges recoverable	(2,500,000)	—
Recovery of debt charges recoverable	273,739	157,189
Proceeds of long-term debt	2,500,000	—
Repayment of long-term debt	(321,381)	(204,794)
	<u>(47,642)</u>	<u>(47,605)</u>
(Decrease) increase in cash and short-term investments	(3,698,958)	4,338,862
Cash and short-term investments, beginning of year	64,804,260	60,465,398
Cash and short-term investments, end of year	<u>\$ 61,105,302</u>	<u>\$ 64,804,260</u>

See accompanying notes to financial statements.

WHEATLAND COUNTY

Notes to Financial Statements

Year ended December 31, 2019, with comparative information for 2018

1. Significant accounting policies:

The financial statements of Wheatland County (the "County") are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by the County are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all accounts for the departments that are included in the County's operations, and are therefore accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

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

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. Revenue is recorded when it is earned and measureable. Expenses are recognized as they are incurred and measureable based upon receipt of goods or services and/or a legal obligation to pay is established.

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, to complete 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.

(c) Cash and short-term investments:

Cash is comprised of cash deposits held with Canadian chartered banking institutions and short-term investments with maturities of three months or less.

(d) Short-term investments:

Short-term investments are recorded at amortized cost. 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. Interest is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

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Notes to Financial Statements, page 6

Year ended December 31, 2019, with comparative information for 2018

1. Significant accounting policies (continued):

(e) Debt charges recoverable:

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(f) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Retained development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(g) 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.

(h) 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.

(i) 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.

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Notes to Financial Statements, page 7

Year ended December 31, 2019, with comparative information for 2018

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the estimated useful lives of tangible capital assets, provision for reclamation, and the allowance for doubtful taxes. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(k) Deferred revenue:

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 tangible capital assets acquired.

(l) Contaminated sites liability:

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 the maximum acceptable concentrations under an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the County is directly responsible or accepts responsibility;
- the County expects the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

(m) 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 revenue over expenses, provides the change in net financial assets for the year.

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Notes to Financial Statements, page 8

Year ended December 31, 2019, with comparative information for 2018

1. Significant accounting policies (continued):

(m) Non-financial assets (continued):

(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 assets. 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
Land improvements	15-30
Buildings	25-50
Engineered structures	20-55
Machinery and equipment	3-20
Vehicles	5-15

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) 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.

(iii) Leases:

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

(iv) Inventory for consumption:

Inventories held for consumption are recorded at the lower of cost and replacement cost, with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets:

Works of art and cultural and historical assets are not recorded as assets in these financial statements.

WHEATLAND COUNTY

Notes to Financial Statements, page 9

Year ended December 31, 2019, with comparative information for 2018

2. Change in accounting policy:

Effective January 1, 2019 the County adopted the recommendations relating to the following Section, as set out in the CPA Canada Public Sector Accounting Handbook: PS 3430 Restructuring Transactions. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements of adopting the new Section.

3. Future accounting pronouncements:

The Public Sector Accounting Board recently announced the following accounting pronouncements:

(a) Financial instruments (PS 3450):

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2021 for governments, with early adoption encouraged. This section must be adopted at the same time as new financial statement presentation, foreign currency translation, and portfolio investments.

(b) Financial statement presentation (PS 1201):

This accounting pronouncement establishes standards on how to present government financial statements. It is effective for fiscal years beginning on or after April 1, 2021 for governments, with early adoption encouraged. This section must be adopted at the same time as financial instruments.

(c) Foreign currency translation (PS 2601):

This accounting pronouncement establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2021 for governments, with early adoption encouraged. This section must be adopted at the same time as financial instruments.

(d) Portfolio investments (PS 3041):

This accounting pronouncement establishes standards on how to define, account for, and report portfolio investments in government financial statements. It is effective for fiscal years beginning on or after April 1, 2021 for governments, with early adoption encouraged. This section must be adopted at the same time as financial instruments.

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Notes to Financial Statements, page 10

Year ended December 31, 2019, with comparative information for 2018

3. Future accounting pronouncements (continued):

(e) Asset retirement obligations (PS 3280):

In August 2018, the Public Sector Accounting Board issued this accounting standard that addresses the reporting of legal obligations associated with the retirement of tangible capital assets. This new standard takes effect for annual reporting periods beginning on or after April 1, 2021 with early adoption permitted.

(f) Revenue (PS 3400):

This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This new standard takes effect for annual reporting periods beginning on or after April 1, 2022, with early adoption permitted.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

4. Cash and short-term investments:

	2019	2018
Cash	\$ 5,595,715	\$ 4,026,843
Short-term investments, including accrued interest	55,617,786	60,882,822
Cash and short-term investments held in trust (note 18)	(108,199)	(105,405)
	<u>\$ 61,105,302</u>	<u>\$ 64,804,260</u>

Short-term investments are term deposits with maturities of three months or less with an interest rate of 2.65% (2018 – guaranteed investment certificates with maturities of three months or less with interest rates of 2.50% to 3.10%).

5. Taxes and grants in place of taxes receivables:

	2019	2018
Current	\$ 903,966	\$ 1,000,619
Arrears	1,153,880	654,345
	<u>2,057,846</u>	<u>1,654,964</u>
Allowance for doubtful taxes	(875,914)	(303,649)
	<u>\$ 1,181,932</u>	<u>\$ 1,351,315</u>

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Notes to Financial Statements, page 11

Year ended December 31, 2019, with comparative information for 2018

6. Loan receivable:

The County has issued an unsecured loan in the amount of \$108,360 (2018 – \$108,360) to the Dalum Fire Association that accrues interest at a rate of 2% per annum (2018 – 2% per annum). As at December 31, 2019, the balance on the loan is \$75,489 (2018 – \$85,831). Blended payments of \$997 are due monthly over ten years, and the loan has a maturity date of September 30, 2026.

7. Debt charges recoverable:

	2019	2018
Current debt charges recoverable	\$ 394,135	\$ 161,345
Non-current debt charges recoverable	3,447,687	1,454,216
	<u>\$ 3,841,822</u>	<u>\$ 1,615,561</u>

The County has secured long-term financing on behalf of several community organizations for joint projects within the County. This debt is recoverable from the organizations at interest rates from 2.208% to 2.627%. The debts mature and will be fully recovered starting in the year 2027 and ending in 2029.

	Principal	Interest	Total
2020	394,135	88,586	482,721
2021	403,588	79,133	482,721
2022	413,269	69,451	482,720
2023	423,184	59,536	482,720
2024	433,339	49,381	482,720
Thereafter	1,774,307	93,833	1,868,140
	<u>\$ 3,841,822</u>	<u>\$ 439,920</u>	<u>\$ 4,281,742</u>

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Notes to Financial Statements, page 12

Year ended December 31, 2019, with comparative information for 2018

8. Employee benefit obligations:

	2019	2018
Early retirement incentive	\$ 689,321	\$ 713,618
Accrued salaries, vacation, and overtime	579,201	650,929
	<u>\$ 1,268,522</u>	<u>\$ 1,364,547</u>

(a) Vacation and overtime:

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

(b) Early retirement incentive:

The County provides an early retirement incentive plan. Employees who have at least five years of service and are over the age of 55 are eligible to be paid 3% of their annual salary for every year of service, up to a maximum of 50% of their annual salary.

Council passed a motion restricting participation in the program for new employees of Wheatland County. Employees hired on or after January 2, 2013 are not eligible for this program.

Additionally, Council passed a motion whereby this policy will no longer be in effect after December 31, 2021. All eligible employees must apply for the Retirement Incentive, in writing, by December 31, 2020.

9. Deferred revenue:

	2019	2018
Offsite levies	\$ 602,144	\$ 602,144
Other operating	512,462	448,598
Municipal Sustainability Initiative – capital	–	4,659,569
Federal Gas Tax Fund – capital	–	511,030
	<u>\$ 1,114,606</u>	<u>\$ 6,221,341</u>

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Notes to Financial Statements, page 13

Year ended December 31, 2019, with comparative information for 2018

10. Long term debt:

	2019	2018
Special levy and utility supported debentures (note 13)	\$ 326,712	\$ 374,354
Self-supported debentures – operating (note 7)	3,841,822	1,615,561
	4,168,534	1,989,915
Less: current portion	444,319	208,988
	\$ 3,724,215	\$ 1,780,927

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2020	444,319	102,941	547,260
2021	447,655	90,805	538,460
2022	459,587	78,873	538,460
2023	471,873	66,587	538,460
2024	450,868	53,935	504,803
Thereafter	1,894,232	110,695	2,004,927
	\$ 4,168,534	\$ 503,836	\$ 4,672,370

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.208% to 6.625% per annum (2018 – 2.627% to 6.625% per annum) and matures in periods 2020 to 2033. Debenture debt is issued on the credit and security of the County at large.

The County has an operating loan facility of up to \$1,700,000, repayable on demand with interest at the bank's prime rate minus 0.5% per annum. The facility was not used at December 31, 2019 or 2018.

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Notes to Financial Statements, page 14

Year ended December 31, 2019, with comparative information for 2018

11. Accumulated surplus:

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

	2019	2018
Unrestricted surplus	\$ 19,056,399	\$ 16,806,284
Internally restricted surplus (reserves) (note 12)	45,034,241	48,802,948
Equity in tangible capital assets (note 13)	230,447,528	225,463,370
	<u>\$ 294,538,168</u>	<u>\$ 291,072,602</u>

WHEATLAND COUNTY

Notes to Financial Statements, page 15

Year ended December 31, 2019, with comparative information for 2018

12. Reserves:

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenditures.

	2019	2018
Transportation – paved roadways	\$ 10,398,199	\$ 11,880,901
Transportation – unpaved roadways	7,898,977	11,284,645
Municipal equipment	6,704,090	6,200,772
Fire capital	4,980,244	4,470,331
Transportation – bridges/culverts	3,217,522	3,770,738
Gravel reclamation	1,604,135	1,531,867
Capital continuity	1,303,925	963,800
Brownfields	1,149,718	1,016,835
Municipal reserve	1,018,864	894,507
Operating continuity	935,138	929,098
Recreation	688,806	386,015
Utilities – Gleichen	506,559	603,525
Agriculture Service Board	500,402	743,969
Facility infrastructure	423,276	598,403
Tax stabilization	410,004	407,678
Land development	363,800	236,963
Carseland Fire Capital	288,013	285,797
Cluny community infrastructure	269,862	267,786
Wheatland West Fire	254,399	252,442
Professional development	248,406	246,495
Emergency preparedness	239,590	237,747
Utilities – Speargrass	224,906	198,126
Storm drainage	197,805	196,283
Community aggregate payment levy	197,751	195,890
Waste	181,317	199,915
Information services	154,049	190,880
Utilities - Carseland	146,820	103,141
Safety	107,212	106,387
Perpetual Care Fund – Gleichen	103,620	104,508
Utilities – Cluny	82,554	73,258
Standard site	77,858	77,259
Utilities – Rosebud	75,001	66,405
Rosebud water and wastewater	38,322	37,812
Gleichen community infrastructure	36,841	36,558
Community enhancement	3,111	3,092
Library	2,295	2,277
Cenotaph	608	603
Perpetual Care Fund – Gleichen Catholic	242	240
	<u>\$ 45,034,241</u>	<u>\$ 48,802,948</u>

WHEATLAND COUNTY

Notes to Financial Statements, page 16

Year ended December 31, 2019, with comparative information for 2018

13. Equity in tangible capital assets:

	2019	2018
Tangible capital assets (Schedule 2)	\$ 631,027,656	\$ 611,777,861
Accumulated amortization (Schedule 2)	(400,253,416)	(385,940,137)
Capital long term debt (note 10)	(326,712)	(374,354)
	<u>\$ 230,447,528</u>	<u>\$ 225,463,370</u>

14. Net municipal property taxes:

	Budget (note 25)	2019	2018
Taxation:			
Real property taxes	\$ 25,688,203	\$ 22,424,957	\$ 24,957,092
Linear property taxes	16,964,453	17,635,530	16,631,643
Government grants in place of property taxes	43,000	42,882	42,859
Community aggregate levy	55,000	48,648	56,898
	<u>42,750,656</u>	<u>40,152,017</u>	<u>41,688,492</u>
Requisitions:			
Alberta School Foundation Fund	10,394,288	8,615,002	10,415,215
Wheatland Foundation and Housing Management Body	300,240	300,240	273,716
Drumheller Solid Waste Management Association	349,762	349,762	323,447
Designated Industrial Properties	169,667	172,425	71,611
	<u>11,213,957</u>	<u>9,437,429</u>	<u>11,083,989</u>
	<u>\$ 31,536,699</u>	<u>\$ 30,714,588</u>	<u>\$ 30,604,503</u>

WHEATLAND COUNTY

Notes to Financial Statements, page 17

Year ended December 31, 2019, with comparative information for 2018

15. Government transfers:

	Budget (note 25)	2019	2018
Transfers for operating:			
Provincial Government	\$ 694,593	\$ 585,043	\$ 745,782
Federal Government	—	—	—
	<u>694,593</u>	<u>585,043</u>	<u>745,782</u>
Transfers for capital:			
Provincial Government	10,993,667	7,069,044	621,669
Federal Government	1,250,000	1,518,688	—
	<u>12,243,667</u>	<u>8,587,732</u>	<u>621,669</u>
	<u>\$ 12,938,260</u>	<u>\$ 9,172,775</u>	<u>\$ 1,367,451</u>

16. Expenses by object:

	Budget	2019	2018
Salaries, wages and benefits	\$ 10,272,409	\$ 9,152,931	\$ 11,576,692
Contracted and general services	7,418,615	7,419,129	7,001,561
Materials, goods, supplies and utilities	5,872,426	5,716,234	3,042,563
Bank charges and short-term interest	12,300	16,847	13,795
Interest on long term debt	17,005	15,671	17,842
Transfers to organizations and others	2,546,724	3,081,047	2,085,593
Provision for allowances	14,000	11,568	(91,347)
Amortization of tangible capital assets	16,517,906	17,116,829	16,250,204
Gain (loss) on disposal of tangible capital assets	25,500	(764,447)	(458,944)
	<u>\$ 42,696,885</u>	<u>\$ 41,765,809</u>	<u>\$ 39,437,959</u>

WHEATLAND COUNTY

Notes to Financial Statements, page 18

Year ended December 31, 2019, with comparative information for 2018

17. Debt limits:

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	2019	2018
Total debt limits	\$ 54,834,113	\$ 53,741,912
Less: Total debt (note 10)	4,168,534	1,989,915
	<u>\$ 50,665,579</u>	<u>\$ 51,751,997</u>

	2019	2018
Debt servicing limit	\$ 9,139,019	\$ 8,956,985
Less: Debt servicing (note 10)	547,260	267,273
	<u>\$ 8,591,759</u>	<u>\$ 8,689,712</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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 which 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.

18. Trust funds:

Trust funds administered by the County on behalf of others consist of the following:

	2019	2018
Madsen charity	\$ 55,209	\$ 53,784
Madsen scholarship	42,101	41,014
Thurston School	8,115	7,906
Seniors and physically challenged	2,774	2,701
	<u>\$ 108,199</u>	<u>\$ 105,405</u>

WHEATLAND COUNTY

Notes to Financial Statements, page 19

Year ended December 31, 2019, with comparative information for 2018

19. Local authorities pension plan:

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves approximately 266,000 people and 421 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP fund.

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

The County 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. Employees of the County are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2019 were \$839,901 (2018 – \$835,472). Total current service contributions by the employees of the County to the LAPP in 2019 were \$765,001 (2018 – \$768,178).

20. Commitments and contingencies:

Wheatland County is a member of the Jubilee Reciprocal Insurance Exchange (JRIE) and the Genesis Reciprocal Insurance Exchange (GRIE) which provide liability insurance. The investment in these programs is not reflected as an asset in the accompanying financial statements. Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by either exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

From time to time, the County is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable. At the time of the financial statement preparation, there has been no resolution or indication that the settlement of these actions will result in any material liabilities.

21. Financial instruments:

It is management's opinion that the County is not exposed to significant liquidity risk or interest or currency risk arising from its financial instruments. The County is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to 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.

WHEATLAND COUNTY

Notes to Financial Statements, page 20

Year ended December 31, 2019, with comparative information for 2018

22. Salary and benefits disclosure:

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

	Number of Persons	Salary (1)	Benefits & allowances (2)	2019	2018
Councillors:					
Division 1	1	30,977	25,528	56,505	54,956
Division 2	1	36,419	48,802	85,221	69,028
Division 3	1	30,977	33,685	64,662	58,817
Division 4	1	30,977	36,301	67,278	62,320
Division 5	1	30,983	34,485	65,468	58,980
Division 6	1	31,618	37,627	69,245	71,207
Division 7	1	30,977	34,769	65,746	65,304
Chief Administrative Officer (3)	2	294,162	34,678	328,840	234,547

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

(2) Benefits and allowances include the 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. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

(3) During the 2019 fiscal year there was staff turnover in this position. The second person was an Interim Chief Administrative Officer.

23. Works of Art and Historical Treasures:

The County manages and controls works of art and non-operational historical cultural assets including the Gleichen Water Tower. These assets are not recorded as tangible capital assets and are not amortized, which is consistent with Canadian public sector accounting standards. As at December 31, 2019, the County has incurred cumulative costs of \$509,641 (2018 – \$509,641) to maintain these assets.

WHEATLAND COUNTY

Notes to Financial Statements, page 21

Year ended December 31, 2019, with comparative information for 2018

24. Contaminated Sites Liability:

	2019	2018
Balance, beginning of year	\$ 2,026,337	\$ 1,650,372
Inflation and other adjustments	44,513	375,965
Balance, end of year	\$ 2,070,850	\$ 2,026,337

Management considers that the requirements to record a liability for remediation of contaminated sites is required for a specific site location, as well as its gravel pits.

25. Budget data:

The 2019 budget for the County was approved by Council on April 2, 2019.

26. Comparative information:

Certain comparative figures have been reclassified to be consistent with current year presentation.

27. Subsequent events:

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and governments through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the County as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

WHEATLAND COUNTY

Notes to Financial Statements, page 22

Year ended December 31, 2019, with comparative information for 2018

28. Segmented disclosure:

The County 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 3).

The segments have been selected based on the Financial Information Return segmentation reported annually to Alberta Municipal Affairs. Segments include:

- General Government is comprised of Legislative and Administrative services
- Protective Services is comprised of Police, Fire, Disaster, Ambulance, and Bylaw services
- Transportation Services is comprised of Roads, Streets, Walks, and Lighting services
- Environmental Services is comprised of Water Supply and Distribution, Wastewater Treatment and Disposal, and Waste Management services
- Public Health Services is comprised of Public Health and Welfare services
- Planning and Development is comprised of Subdivision Land and Development, and Economic and Agricultural Development services
- Recreation and Culture is comprised of Library, and Parks and Recreation services

WHEATLAND COUNTY

Schedule of Changes in Accumulated Surplus

Schedule 1

Year ended December 31, 2019, with comparative information for 2018

	Unrestricted	Restricted	Equity in Tangible Capital Assets	2019	2018
Balance, beginning of year	\$16,806,284	\$48,802,948	\$225,463,370	\$291,072,602	\$ 293,417,732
Excess (deficiency) of revenue over expenses	3,465,566	—	—	3,465,566	(2,345,130)
Net restricted funds used for operations	3,768,707	(3,768,707)	—	—	—
Current year funds used for tangible capital assets	(22,146,554)	—	22,146,554	—	—
Contributed tangible capital assets	(87,568)	—	87,568	—	—
Disposal of tangible capital assets	180,777	—	(180,777)	—	—
Amortization of tangible capital assets	17,116,829	—	(17,116,829)	—	—
Long-term debt repaid	(47,642)	—	47,642	—	—
Change in accumulated surplus	2,250,115	(3,768,707)	4,984,158	3,465,566	(2,345,130)
Balance, end of year	\$19,056,399	\$45,034,241	\$230,447,528	\$294,538,168	\$ 291,072,602

WHEATLAND COUNTY

Schedule of Tangible Capital Assets

Schedule 2

Year ended December 31, 2019, with comparative information for 2018

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2019	2018
Costs:									
Balance, beginning of year	\$13,934,371	\$ 4,073,835	\$16,486,699	\$535,354,776	\$29,485,914	\$12,343,365	\$ 98,901	\$ 611,777,861	\$ 591,453,648
Acquisitions	318,934	370,069	4,047	5,720,546	4,021,944	1,808,363	9,990,219	22,234,122	23,411,327
Disposals	-	-	-	-	(1,814,098)	(1,170,229)	-	(2,984,327)	(3,087,114)
Transfers	-	-	-	38,149	-	-	(38,149)	-	-
Balance, end of year	14,253,305	4,443,904	16,490,746	541,113,471	31,693,760	12,981,499	10,050,971	631,027,656	611,777,861
Accumulated amortization:									
Balance, beginning of year	-	1,568,928	3,459,863	361,600,653	13,135,209	6,175,484	-	385,940,137	371,551,178
Annual amortization	-	190,400	343,594	12,479,351	2,996,954	1,106,530	-	17,116,829	16,250,205
Disposals	-	-	-	-	(1,686,846)	(1,116,704)	-	(2,803,550)	(1,861,246)
Balance, end of year	-	1,759,328	3,803,457	374,080,004	14,445,317	6,165,310	-	400,253,416	385,940,137
Net book value	\$14,253,305	\$ 2,684,576	\$12,687,289	\$167,033,467	\$17,248,443	\$ 6,816,189	\$10,050,971	\$ 230,774,240	\$ 225,837,724
2018 net book value	\$13,934,371	\$ 2,504,907	\$13,026,836	\$173,754,123	\$16,350,705	\$ 6,167,881	\$ 98,901	\$ 225,837,724	-

During the year, tangible capital assets were acquired at an aggregate cost of \$22,234,122 (2018 - \$23,411,327), less contributed assets of \$87,568 (2018 - \$643,219). Of the \$22,146,554 acquired (2018 - \$22,768,108), \$2,342,026 (2018 - \$4,629,983) remains in accounts payable at year end, therefore, \$24,434,511 (2018 - \$18,138,125) was paid in cash during the year.

During the year, assets having a net book value of \$180,777 were sold for proceeds of \$945,224, resulting in a gain on disposal of capital assets of \$764,447.

The net change in accounts payable as stated on the statement of cash flows has been adjusted for the amount remaining in accounts payable related to tangible capital assets.

WHEATLAND COUNTY

Schedule of Segmented Disclosure

Schedule 3

Year ended December 31, 2019

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net property taxes	\$31,064,350	\$ -	\$ -	\$ (349,762)	\$ -	\$ -	\$ -	\$30,714,588
User fees and sales of goods	474,426	228,347	142,979	971,005	5,195	112,202	8,806	1,942,960
Investment income	1,547,467	-	-	-	-	-	-	1,547,467
Licenses and permits	461,921	6,290	-	-	-	324,836	-	793,047
Government transfers for operating	261,683	753	-	322,607	-	-	-	585,043
Other	(65,248)	63,679	313	124,647	-	-	369,553	492,944
Penalties and costs of taxes	295,959	-	-	-	-	-	-	295,959
Development levies	-	-	-	-	-	118,928	-	118,928
Rentals	62,064	-	-	3,075	-	-	-	65,139
	34,102,622	299,069	143,292	1,071,572	5,195	555,966	378,359	36,556,075
Expenses:								
Salaries, wages and benefits	2,454,264	1,037,806	3,010,110	1,592,775	-	867,026	190,950	9,152,931
Contracted and general services	1,854,856	719,417	2,239,795	1,951,757	7,110	567,570	78,624	7,419,129
Materials, goods, supplies and utilities	216,377	125,166	4,982,991	374,404	8,592	464	8,240	5,716,234
Bank charges and short-term interest	16,847	-	-	-	-	-	-	16,847
Interest on long term debt	-	-	-	15,671	-	-	-	15,671
Transfers to organization and others	961,038	286,154	-	998,535	226,902	-	608,418	3,081,047
Provision for allowances	14,448	-	-	(2,880)	-	-	-	11,568
Amortization of tangible capital assets	466,641	65,816	15,692,723	846,629	971	22,314	21,735	17,116,829
Gain on disposal of tangible capital assets	(97,666)	-	(666,781)	-	-	-	-	(764,447)
	5,886,805	2,234,359	25,258,838	5,776,891	243,575	1,457,374	907,967	41,765,809
Excess (deficiency) of revenue over expenses before other items	28,215,817	(1,935,290)	(25,115,546)	(4,705,319)	(238,380)	(901,408)	(529,608)	(5,209,734)
Other								
Government transfers for capital	547,178	-	6,521,866	1,518,688	-	-	-	8,587,732
Contributed assets	-	-	-	-	-	-	87,568	87,568
	547,178	-	6,521,866	1,518,688	-	-	87,568	8,675,300
Excess (deficiency) of expenses over revenue	\$28,762,995	\$ (1,935,290)	\$ (18,593,680)	\$ (3,186,631)	\$ (238,380)	\$ (901,408)	\$ (442,040)	\$ 3,465,566