

Rocky View County
Audited Financial Statements
December 31, 2020

To the Reeve and Members of Council of Rocky View County:

Opinion

We have audited the financial statements of Rocky View County (the "Municipality"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets, cash flows and the related schedules 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 Municipality as at December 31, 2020, and the results of its operations, changes in its 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 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 Municipality's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Red Deer, Alberta

April 27, 2021

MNP LLP

Chartered Professional Accountants

ROCKY VIEW COUNTY
Statement of Financial Position
As at December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (Note 3)	7,815,156	8,321,047
Temporary investments (Note 2)	97,525,501	114,676,853
Receivables		
Taxes and grants in place of taxes (Note 4)	5,224,266	4,066,184
Trade and other receivables (Note 4)	13,202,922	8,812,268
Debt charges recoverable (Note 5)	530,087	589,864
	<u>124,297,932</u>	<u>136,466,216</u>
LIABILITIES		
Accounts payable and accrued liabilities	19,282,799	8,275,577
Deposit liabilities	7,040,970	7,457,008
Deferred revenue (Note 6)	14,136,709	32,694,208
Employee benefit obligations (Note 7)	1,695,552	1,461,624
Landfill closure and post-closure costs (Note 16)	424,335	438,156
Long-term debt (Note 8)	47,261,615	49,151,103
	<u>89,841,980</u>	<u>99,477,676</u>
NET FINANCIAL ASSETS	<u>34,455,952</u>	<u>36,988,540</u>
NON- FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	652,974,774	632,631,458
Resource asset	16,375,000	16,375,000
Inventory for consumption	2,736,308	1,589,958
Prepaid expenses	1,308,656	1,001,683
	<u>673,394,738</u>	<u>651,598,099</u>
ACCUMULATED SURPLUS (Schedule 1, Note 13)	<u>707,850,690</u>	<u>688,586,639</u>

Commitments and contingencies - See Note 10 and 11

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Operations
For the Year Ended December 31, 2020

	Budget \$ (Note 20)	2020 \$	2019 \$ (Note 19)
REVENUE			
Net municipal taxes (Schedule 3)	73,374,600	72,764,077	72,603,350
User fees and sales of goods	10,464,800	10,008,185	10,541,075
Cash-In-Lieu of Public Reserve	670,000	1,078,189	1,160,635
Government transfers for operating (Schedule 4)	9,869,500	6,287,523	2,756,798
Investment income	1,203,200	1,567,839	2,528,999
Penalties and cost of taxes	997,700	1,557,874	1,146,592
Development agreements and levies	7,977,500	5,704,682	3,432,449
Licenses and permits	3,256,500	2,863,693	3,623,804
Fines	832,800	818,492	1,164,623
Other	1,973,200	1,303,190	2,301,523
Total Revenue	<u>110,619,800</u>	<u>103,953,744</u>	<u>101,259,848</u>
EXPENSES			
Legislative	1,093,700	936,398	996,838
Administration	22,524,900	20,457,318	20,240,359
Fire	15,521,400	15,877,281	13,222,648
Disaster services	1,310,100	513,183	342,355
Bylaw enforcement	7,727,700	6,964,963	6,023,515
Transportation and field services	53,614,000	42,605,176	42,064,269
Water supply and distribution	4,855,700	4,838,476	4,927,000
Wastewater treatment and disposal	7,882,900	7,330,741	7,683,963
Waste management	2,841,300	2,487,532	2,262,808
Family and community support	1,074,400	1,070,478	1,137,189
Cemetery	1,473,200	1,431,421	1,395,219
Planning and development	5,440,500	3,938,926	3,865,246
Recreation, parks and community services	8,955,000	10,063,521	5,811,334
Total Expenses	<u>134,314,800</u>	<u>118,515,414</u>	<u>109,972,743</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	<u>(23,695,000)</u>	<u>(14,561,670)</u>	<u>(8,712,895)</u>
OTHER			
Gain on sale	-	-	12,837,196
Contributed assets	-	9,091,723	8,633,072
Government transfers for capital (Schedule 4)	31,773,600	24,733,998	14,572,206
Total Other	<u>31,773,600</u>	<u>33,825,721</u>	<u>36,042,474</u>
EXCESS OF REVENUE OVER EXPENSES	8,078,600	19,264,051	27,329,579
ACCUMULATED SURPLUS, BEGINNING OF YEAR	688,586,639	688,586,639	661,257,060
ACCUMULATED SURPLUS, END OF YEAR	<u>696,665,239</u>	<u>707,850,690</u>	<u>688,586,639</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Change in Net Financial Assets
For the Year Ended December 31, 2020

	Budget \$ (Note 20)	2020 \$	2019 \$
EXCESS OF REVENUE OVER EXPENSES	8,078,600	19,264,051	27,329,579
Acquisition of tangible capital assets	(58,853,500)	(36,954,578)	(28,908,304)
Contributed tangible capital assets	-	(9,091,723)	(8,633,072)
Proceeds on disposal of tangible capital assets	92,500	85,814	13,237,335
Amortization of tangible capital assets	25,211,600	25,409,974	24,895,236
Loss (Gain) on sale of tangible capital assets	-	207,197	(12,837,196)
	<u>(33,549,400)</u>	<u>(20,343,316)</u>	<u>(12,246,001)</u>
Use of (acquisition of) supplies inventories	-	(1,146,350)	(134,453)
Use of (acquisition of) prepaid assets	-	(306,973)	(349,663)
	<u>-</u>	<u>(1,453,323)</u>	<u>(484,116)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(25,470,800)	(2,532,588)	14,599,462
NET FINANCIAL ASSET, BEGINNING OF YEAR	<u>36,988,540</u>	<u>36,988,540</u>	<u>22,389,078</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>11,517,740</u></u>	<u><u>34,455,952</u></u>	<u><u>36,988,540</u></u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2020

	2020	2019
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenses	19,264,051	27,329,579
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	25,409,974	24,895,236
Loss (Gain) on disposal of tangible capital assets	207,197	(12,837,196)
Tangible capital assets received as contributions	(9,091,723)	(8,633,072)
Non-cash charges to operations (net change):		
(Increase) in taxes and grants in place of taxes	(1,158,082)	(580,964)
(Increase) decrease in trade and other receivables	(4,390,654)	4,238,417
(Increase) in inventory for consumption	(1,146,350)	(134,453)
(Increase) in prepaid expenses	(306,973)	(349,663)
Increase (decrease) in accounts payable and accrued liabilities	11,007,222	(3,204,320)
Increase in accounts payable amount applied to capital	4,782,166	718,468
(Decrease) increase in deposit liabilities	(416,038)	996,463
(Decrease) increase in deferred revenue	(18,557,499)	3,607,046
Increase in employee benefit obligations	233,928	304,148
(Decrease) in provision for landfill closure and post-closure costs	(13,821)	(45,720)
Cash provided by (applied to) operating transactions	<u>25,823,398</u>	<u>36,303,969</u>
CAPITAL		
Accounts payable amount applied to capital	(4,782,166)	(718,468)
Acquisition of assets	(36,954,578)	(28,908,304)
Sale of tangible assets	85,814	13,237,335
Cash provided by (applied to) capital transactions	<u>(41,650,930)</u>	<u>(16,389,437)</u>
INVESTING		
Decrease (Increase) in investments	17,151,352	(11,088,729)
FINANCING		
Debt charges recovered	59,777	56,888
Capital lease paid	-	(36,308)
Long-term debt repaid	(3,750,123)	(4,188,939)
Long-term debt raised	1,860,635	-
Cash provided by (applied to) financing transactions	<u>(1,829,711)</u>	<u>(4,168,359)</u>
CHANGE IN CASH DURING YEAR	(505,891)	4,657,444
CASH AT BEGINNING OF YEAR	<u>8,321,047</u>	<u>3,663,603</u>
CASH AT END OF YEAR	<u><u>7,815,156</u></u>	<u><u>8,321,047</u></u>

Cash - See Note 3

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2020
Schedule 1

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Other Assets	Equity in Tangible Capital Assets	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR,	(1,029,121)	89,170,541	16,375,000	584,070,219	688,586,639	661,257,060
Excess (deficiency) of revenue over expenses	19,264,051	-	-	-	19,264,051	27,329,579
Unrestricted funds designated for future use	(19,396,438)	19,396,438	-	-	-	-
Restricted funds used for operations	14,142,769	(14,142,769)	-	-	-	-
Restricted funds use for tangible capital assets	-	(9,532,101)	-	9,532,101	-	-
Current year funds used for assets	(25,561,842)	-	-	25,561,842	-	-
Long term debt for purchase of tangible capital assets	(1,860,635)	-	-	1,860,635	-	-
Contributed tangible capital assets	(9,091,723)	-	-	9,091,723	-	-
Disposal of tangible capital assets	293,011	-	-	(293,011)	-	-
Annual amortization expenses	25,409,974	-	-	(25,409,974)	-	-
Long term debt issued	1,860,635	-	-	(1,860,635)	-	-
Long term debt repaid net of debt charges recovered	(3,690,346)	-	-	3,690,346	-	-
Change in accumulated surplus	1,369,456	(4,278,432)	-	22,173,027	19,264,051	27,329,579
BALANCE, END OF YEAR	340,335	84,892,109	16,375,000	606,243,246	707,850,690	688,586,639

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2020
Schedule 2

	Land		Buildings	Engineered	Machinery and	Vehicles	2020	2019
	Land	Improvements		Structures	Equipment		\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	133,835,667	4,981,241	78,186,989	951,437,911	20,543,437	16,217,794	1,205,203,039	1,172,999,262
Acquisition of tangible capital assets	767,856	396,450	-	21,474,448	444,987	1,371,033	24,454,774	33,722,112
Construction-in-progress, net	374,619	2,393,941	5,360,325	13,291,900	130,858	39,884	21,591,527	3,819,264
Disposal of tangible capital assets	(58,535)	(47,817)	(105,975)	(251,508)	(308,844)	-	(772,679)	(5,337,599)
BALANCE, END OF YEAR	134,919,607	7,723,815	83,441,339	985,952,751	20,810,438	17,628,711	1,250,476,661	1,205,203,039
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	339,256	10,463,766	541,666,194	11,501,373	8,600,992	572,571,581	552,613,805
Annual Amortization	-	256,355	2,143,727	20,171,421	1,588,593	1,249,878	25,409,974	24,895,236
Accumulated amortization on disposals	-	(7,969)	-	(177,359)	(294,340)	-	(479,668)	(4,937,460)
BALANCE, END OF YEAR	-	587,642	12,607,493	561,660,256	12,795,626	9,850,870	597,501,887	572,571,581
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	134,919,607	7,136,173	70,833,846	424,292,495	8,014,812	7,777,841	652,974,774	632,631,458
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	133,835,667	4,641,985	67,723,223	409,771,717	9,042,064	7,616,802	632,631,458	

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Property and Other Taxes
For the Year Ended December 31, 2020
Schedule 3

	Budget \$ (Note 20)	2020 \$	2019 \$
TAXATION			
Real property taxes	110,902,946	110,359,779	107,252,063
Linear property taxes	13,519,975	13,453,758	14,500,419
Government grants in place of property taxes	85,979	85,559	71,423
Special assessments and local improvement taxes	433,900	433,042	433,219
	<u>124,942,800</u>	<u>124,332,138</u>	<u>122,257,124</u>
REQUISITIONS FROM OTHER AUTHORITIES			
Alberta School Foundation Fund	46,767,600	46,767,643	45,083,080
Calgary Roman Catholic Separate School District	3,992,000	3,992,021	3,813,175
Rocky View Seniors Foundation	675,300	675,246	673,285
Designated Industrial Property Tax	133,300	133,151	84,234
	<u>51,568,200</u>	<u>51,568,061</u>	<u>49,653,774</u>
NET MUNICIPAL TAXES	<u><u>73,374,600</u></u>	<u><u>72,764,077</u></u>	<u><u>72,603,350</u></u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Government Transfers
For the Year Ended December 31, 2020
Schedule 4

	Budget \$ (Note 20)	2020 \$	2019 \$
TRANSFERS FOR OPERATING:			
Provincial Government	9,863,800	6,287,523	2,751,086
Federal Government	5,700	-	5,712
	<u>9,869,500</u>	<u>6,287,523</u>	<u>2,756,798</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	26,184,100	24,215,731	14,572,206
Federal Government	5,589,500	518,267	-
	<u>31,773,600</u>	<u>24,733,998</u>	<u>14,572,206</u>
TOTAL GOVERNMENT TRANSFERS	<u>41,643,100</u>	<u>31,021,521</u>	<u>17,329,004</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Expenses by Object
For the Year Ended December 31, 2020
Schedule 5

	Budget \$ (Note 20)	2020 \$	2019 \$
EXPENSES BY OBJECT			
Salaries, wages and benefits	45,223,400	43,801,947	41,060,504
Contracted and general services	42,886,900	28,860,050	27,383,036
Materials, goods and supplies	11,551,400	9,735,790	9,611,136
Interest on long-term debt	1,865,900	1,318,812	1,920,591
Interest on capital lease	-	-	501
Purchased from other Governments	637,800	707,029	672,050
Grants to organizations	4,399,400	6,483,008	2,784,779
Grants to Municipal agencies	2,141,800	1,656,942	1,407,544
Other	396,600	334,665	237,366
Amortization of tangible capital assets	25,211,600	25,409,974	24,895,236
Loss on disposal of tangible capital assets	-	207,197	-
TOTAL EXPENSES	<u>134,314,800</u>	<u>118,515,414</u>	<u>109,972,743</u>

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
Schedule of Segmented Disclosure
For the Year Ended December 31, 2020
Schedule 6

	General Government	Emergency Services	I & O Services	Planning & Development	Community Services	Total \$
REVENUE						
Net municipal taxes	72,764,077	-	-	-	-	72,764,077
Government transfers	3,738,471	5,726,550	20,103,450	-	1,453,050	31,021,521
User fees and sales of goods	152,551	393,513	6,130,439	1,201,996	2,129,686	10,008,185
Investment income	1,567,839	-	-	-	-	1,567,839
Contributed assets	-	-	8,408,723	-	683,000	9,091,723
Other revenues	2,926,028	1,268,078	2,497,430	6,634,584	-	13,326,120
	81,148,966	7,388,141	37,140,042	7,836,580	4,265,736	137,779,465
EXPENSES						
Salaries, wages and benefits	12,082,291	13,728,307	11,774,950	5,527,089	689,310	43,801,947
Contracted and general services	4,878,772	1,529,023	20,492,897	1,252,776	706,582	28,860,050
Materials, goods and supplies	448,476	970,589	8,124,700	49,770	142,255	9,735,790
Transfers to local boards	5,010,959	79,000	-	-	3,049,991	8,139,950
Long-term debt interest	-	24,709	1,294,103	-	-	1,318,812
Loss on disposal of tangible capital assets	207,197	-	-	-	-	207,197
Other expenses	63,770	707,029	270,895	-	-	1,041,694
	22,691,465	17,038,657	41,957,545	6,829,635	4,588,138	93,105,440
NET REVENUE, BEFORE AMORTIZATION	58,457,501	(9,650,516)	(4,817,503)	1,006,945	(322,402)	44,674,025
Amortization expenses	2,041,360	971,574	22,162,959	3,158	230,923	25,409,974
EXCESS (DEFFICIENCY) OF REVENUE OVER EXPENSES	56,416,141	(10,622,090)	(26,980,462)	1,003,787	(553,325)	19,264,051

The accompanying notes are an integral part of these financial statements

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Rocky View County (the “County”) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the County are outlined as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of Rocky View County.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of Rocky View County.

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

Basis of Accounting

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

Revenue Recognition

Funds from external parties and earnings thereon that are restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

Tax Revenue

The County recognized taxes as assets and revenue when they meet the definition of an asset, are authorized by bylaw, and the taxable event has occurred. Tax Revenue is initially measured at administrations best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition.

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

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

Use of Estimates

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles (GAAP) and in conjunction with the Public Services Accounting Board (PSAB) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability. Amortization is based on the estimated useful lives of tangible assets. Reclamation, closure and post-closure liabilities are calculated based on management's best estimates of costs and timing. The valuation of inventory for consumption is subject to estimation uncertainty.

Investments

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

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 un-matured long-term debt.

Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of related borrowings. These levies are collectable from property owners for work performed by Rocky View County.

Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with the cost determined by the average cost method.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Landfill Closure and Post-Closure Liability

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

Liability for 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 post remediation including operation, maintenance and monitoring.

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 of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land Improvements	15-25
Buildings	10-50
Engineered structures	
Water system	30-75
Wastewater system	30-75
Other engineered structures	5-30
Machinery and equipment (owned and leased)	3-10
Vehicles	8-20

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.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

iii) Resource Asset

The water licenses are recorded at cost and have been assessed with an indefinite life. The assets will not be amortized and impairment will be reviewed when there are indicators of a decline in value.

iv) Leases

Leases are classified as capital or operating leases. Lease that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. At the inception of a capital lease, an asset and payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value.

All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- There is a change in contractual terms;
- A renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- There is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- There is a substantial physical change to the specified tangible asset.

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.

Pensions

The County participates in two pension plans. The plans are accounted for as defined benefits plan. Contributions for current services are recorded as expenditures in the year in which they become due.

Funds Held in Trust

The County held \$ 915,953 in a Cemetery Perpetual Care Trust Account as at December 31, 2020 (2019 - \$ 697,489).

The County held \$ 158,000 in a Tax Recovery Trust account as at December 31, 2020 (2019 - \$ 0).

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Segmented Disclosure

The County conducts its business through a number of reportable segments. The operating segments are established by management and facilitate the achievement of long-term objectives and aid in resource allocation decision. 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.

NOTE 2: INVESTMENTS

	<u>2020</u>	<u>2019</u>
Investments	\$ <u>97,525,501</u>	\$ <u>114,676,853</u>

Investments have affected interest rates of 0.65% to 1.18% (2019 – 2.16% to 2.57%) and mature in no more than one year.

Investments include funds that are designated for developer's refundable deposits, public reserve funds and grant funds for capital and operating expenditures.

NOTE 3: CASH

	<u>2020</u>	<u>2019</u>
Cash in bank	\$ 12,753,262	\$ 11,074,856
Outstanding cheques	<u>(4,938,106)</u>	<u>(2,753,809)</u>
Cash	\$ <u>7,815,156</u>	\$ <u>8,321,047</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4: RECEIVABLES

	2020	2019
Property Taxes		
Current taxes and grants in place of taxes	\$ 3,894,473	\$ 2,802,864
Arrears taxes	1,329,793	1,263,320
	\$ 5,224,266	\$ 4,066,184
Other		
Trade Accounts	\$ 12,117,166	\$ 8,103,669
Fuel Tax Rebate	2,055	3,636
GST	1,083,701	704,963
	\$ 13,202,922	\$ 8,812,268
Total	\$ 18,427,188	\$ 12,878,452

NOTE 5: DEBT CHARGES RECOVERABLE

	2020	2019
Current debt charges recoverable	\$ 62,812	\$ 59,777
Non-current debt charges recoverable	467,275	530,087
	\$ 530,087	\$ 589,864

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 4.758% to 5.250%. The debts mature and will be fully recovered starting in the year 2023 and ending in 2032.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	62,812	25,574	88,386
2022	66,001	22,385	88,386
2023	69,353	19,033	88,386
2024	31,900	15,510	47,410
2025	33,450	13,960	47,410
Thereafter	266,571	48,598	315,169
	\$ 530,087	\$ 145,060	\$ 675,147

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6: DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Prepaid property tax	\$ 369,123	\$ 278,100
AB Environment & Sustainable Resource Grant	2,066,017	13,233,715
Municipal Sustainability Initiative – capital	1,997,530	7,877,410
Strategic Transportation Infrastructure Program	-	180,979
AB Community Resilience Program	6,865,695	7,062,099
Flood Recovery and Erosion Control Program	-	355,992
Other operating grants	434,630	93,290
Developer contributions	208,712	230,711
Other deferred revenue	<u>2,195,002</u>	<u>3,381,912</u>
	<u>\$ 14,136,709</u>	<u>\$ 32,694,208</u>

NOTE 7: EMPLOYEE BENEFIT OBLIGATIONS

	<u>2020</u>	<u>2019</u>
Vacation	<u>\$ 1,695,552</u>	<u>\$ 1,461,624</u>

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

NOTE 8: LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Operating debt, maturing between 2023 and 2032, bearing interest at rates between 4.758% and 5.250%	\$ 530,087	\$ 589,864
Capital debt, maturing between 2023 and 2050, bearing interest at rates between 1.288% and 3.973%	<u>46,731,528</u>	<u>48,561,239</u>
	<u>\$ 47,261,615</u>	<u>\$ 49,151,103</u>
Funding for future payments from:		
General Tax	\$1,440,063	\$ 144,460
Emergency Services Tax	1,039,483	646,287
Local Improvement Tax	5,418,851	5,596,610
Special Levies	39,313,209	42,697,068
User Fees	<u>50,009</u>	<u>66,678</u>
	<u>\$ 47,261,615</u>	<u>\$ 49,151,103</u>

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Principal and interest repayments are as follows:

	<u>Capital</u>	<u>Interest</u>	<u>Operating</u>	<u>Interest</u>	<u>Total</u>
2021	3,787,832	1,096,733	62,812	25,574	4,972,951
2022	3,800,939	1,009,803	66,001	22,385	4,899,128
2023	3,814,476	922,443	69,353	19,033	4,825,305
2024	3,717,326	834,638	31,900	15,510	4,599,374
2025	3,612,133	749,994	33,450	13,960	4,409,537
Remainder	<u>27,998,822</u>	<u>5,012,542</u>	<u>266,571</u>	<u>48,598</u>	<u>33,326,533</u>
Total	<u>\$ 46,731,528</u>	<u>\$ 9,626,153</u>	<u>\$ 530,087</u>	<u>\$ 145,060</u>	<u>\$ 57,032,828</u>

Of the \$530,087 in principal payments to be made in future years on operating debt, all will be paid from tax levies and local improvement tax.

Of the \$46,731,528 in principal payments to be made in future years on capital debt, all will be paid from user fees, special levies, local improvement tax and tax levies.

Interest expense on long-term debt amounted to \$1,318,812 (2019 - \$1,920,591). The County's total cash payments for interest were \$1,326,397 (2019 - \$1,932,024).

The County has a \$5,000,000 (2019 - \$5,000,000) unsecured operating line of credit with ATB Financial. This line of credit bears interest, when utilized, at 0.25 % below the prime lending rate as established by ATB Financial. \$1,000,000 of this \$5,000,000 can be utilized for Letters of Credit. Three Letters of Credit were issued in 2019 totalling \$853,340, which currently puts the overall line of credit at an available balance of \$4,146,660. These letters were issued to the Receiver General of Canada on behalf of Fisheries and Oceans Canada, for the purpose of constructing and monitoring flood mitigation structures built in segments along Bragg Creek and the Elbow River.

NOTE 9: PENSION PLANS

Local Authorities Pension Plan (LAPP)

Employees of the County participate in the Local Authorities Pension Plan ("LAPP" or the "Plan"), which is covered by the Public Sector Pension Plans Act. This plan is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County is required to make current service contributions to the Plan of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan ("CPP"), and 13.84% of pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.39% of pensionable earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total employer contributions by Rocky View County to the LAPP in 2020 were \$2,684,911 (2019 - \$2,444,765). Total contributions by the employees of Rocky View County to the LAPP in 2020 were \$2,388,544 (2019 - \$2,213,939).

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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At December 31, 2019, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$7,913 million (2018 - \$3,469 million surplus).

APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act, commenced in 2008 and provides supplementary pension plan benefits. The plan supplements the Local Authorities Pension Plan.

The Chief Administrative Officer and Executive Directors of the County can participate in the APEX Supplementary Pension Plan. APEX is financed by Employer and Employee contributions and investment earnings of the APEX fund. Contributions for current service are recorded as expenditures in the year in which they become due.

Rocky View County makes current service contributions to the plan of 3.85% of pensionable earnings up to the APEX maximum earnings of \$154,611. Eligible employees of the County can make current service contributions of 2.61% of earnings up to the APEX maximum earnings of \$154,611. Total employer contributions by Rocky View County to APEX in 2020 amounted to \$25,872 (2019 - \$24,545). Total contributions by employees of the County to APEX amounted to \$17,538 for the 2020 year (2019 - \$18,550).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary and benefit escalation and retirement ages of employees. The costs of post-retirement benefits are fully funded.

NOTE 10: COMMITMENTS & CONTINGENCIES

No provision has been made on the statement of financial position for the various lawsuits and legal claims filed against the County as the extent of the lawsuits and legal claims are not determinable at December 31, 2020. The amount of any future settlement would be accounted for in the year the losses are determined.

The commitments for the next 4 years are as follows:

	Operating
2021	\$ 2,110,312
2022	\$ 2,448,130
2023	\$ 3,471,222
2024	\$ 3,440,863

The County has entered into agreements for the following projects, (1) Bragg Creek Flood Mitigation, \$11,977,872 (2) Langdon Wastewater Treatment Plant, \$2,502,160 (3) West Balzac Servicing, \$2,473,185 (4) Langdon Fire Hall, \$1,695,730 (5) Country Lane Estates Water System, \$432,331.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11: RECIPROCAL INSURANCE EXCHANGE MEMBERSHIPS

The County was a member of the Genesis Reciprocal Insurance Exchange and the Jubilee Reciprocal Insurance Exchange as at December 31, 2020. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

NOTE 12: DEBT LIMITS

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

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 155,930,616	\$ 151,889,772
Total long term debt	<u>(47,261,615)</u>	<u>(49,151,103)</u>
Total amount of debt limit unused	<u>\$ 108,669,001</u>	<u>\$ 102,738,669</u>
Debt Servicing Limit	\$ 25,988,436	\$ 25,314,962
Debt Servicing	<u>(4,972,951)</u>	<u>(5,515,450)</u>
Amount of Debt Servicing Limit unused	<u>\$ 21,015,485</u>	<u>\$ 19,799,512</u>

The debt limit is calculated at 1.5 times revenue of the County (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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County; rather, the financial statements must be interpreted as a whole.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 13: ACCUMULATED SURPLUS

	2020	2019
Unrestricted surplus	\$ 7,449,682	\$ 6,018,087
Capital deficit	<u>(7,109,347)</u>	<u>(7,047,208)</u>
	<u>\$ 340,335</u>	<u>\$ (1,029,121)</u>
Restricted surplus		
Reserve funds		
General Operating	\$ 3,478,683	\$ 2,572,195
Roads	3,873,468	2,908,885
Offsite Levies	28,546,248	25,677,073
Tax Stabilization	32,580,622	36,514,742
Utility	856,449	1,002,072
Public	10,817,691	16,639,582
Equipment	3,887,798	3,014,455
Voluntary Recreation	851,150	841,537
Equity in water license	16,375,000	16,375,000
Equity in tangible capital assets (Note 18)	<u>606,243,246</u>	<u>584,070,219</u>
	<u>\$ 707,850,690</u>	<u>\$ 688,586,639</u>

NOTE 14: FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, employee benefit obligations, deposit liabilities, long-term debt, and capital lease obligations. It is managements' opinion that the County is not exposed to significant interest or currency risks arising from these financial instruments.

The County is subject to credit risk with respect to taxes and grants in place of taxes, accounts receivable and debt charges recoverable. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil 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.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 15: SALARY AND BENEFIT DISCLOSURE

Salaries and benefits for elected Municipal Officials, the Chief Administrative Officer and the Designated Officers as required by Alberta Regulation 313/2000, is disclosed as follows:

	No. of Persons	Salary \$	Benefits & Allowances \$	Total 2020 \$	No. of Persons	Total 2019 \$
Councillors:						
Division 1	1	83,587	13,196	96,783	1	94,429
Division 2	1	84,203	13,213	97,416	1	94,754
Division 3	1	69,893	12,835	82,728	1	80,787
Division 4	1	86,490	13,211	99,701	1	98,082
Division 5	1	84,062	13,317	97,379	1	94,601
Division 6	1	109,459	13,840	123,299	1	125,658
Division 7	1	90,858	13,774	104,632	1	100,199
Division 8	1	69,893	12,835	82,728	1	80,465
Division 9	1	71,768	12,994	84,762	1	80,465
Chief Administrative Officer	1	304,418	40,894	345,312	2	372,220
Designated Officers	2	258,630	36,381	295,011	2	289,442

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Elected Officials: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, travel allowance and general expense allowance.
- (3) Chief Administrative Officer/Designated Officers: Benefits & Allowances include the County's contribution and payments for Canada Pension Plan (CPP), Workers Compensation Board (WCB), employment insurance, extended health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, local authorities pension plan (LAPP), and APEX Supplementary Pension Plan.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 16: LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Pursuant to the Alberta Environment Protection and Enhancement Act, the County is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The County is responsible for landfill sites which have been capped and closed with no further useful life and capacity. No performance bonds have been paid on the sites and no assets have been specifically allocated to these sites.

The estimated total liability is based on the sum of discounted future cash flows of post closure activities for the remainder of the terms (between 14 years and 17 years) using a discount rate of 2.92 %.

The total estimated liability is \$424,335, of which \$424,335 has been accrued as a liability.

	<u>2020</u>	<u>2019</u>
Estimated post-closure costs	<u>424,335</u>	<u>438,156</u>
Estimated total liability	<u>\$ 424,335</u>	<u>\$ 438,156</u>

NOTE 17: CONTAMINATED SITES LIABILITY

On January 1, 2015, the County adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the County. During 2020 the County did not identify any sites that qualify as contaminated under PS 3260 and therefore no Contaminated Sites Liability was required.

NOTE 18: EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	\$ 1,250,476,661	\$ 1,205,203,039
Accumulated amortization (Schedule 2)	(597,501,887)	(572,571,581)
Long-term debt (Note 8)	(47,261,615)	(49,151,103)
Debt charges recoverable (Note 5)	<u>530,087</u>	<u>589,864</u>
	<u>\$ 606,243,246</u>	<u>\$ 584,070,219</u>

NOTE 19: COMPARATIVE FIGURES

Certain prior year corresponding figures have been restated to conform to the current year's presentation.

ROCKY VIEW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20: BUDGET

The budget figures presented in these financial statements are based on the budget approved by council on May 12, 2020 and subsequent budget adjustments are not included.

NOTE 21: EMERGING RISK

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various levels of government around the world responding in different ways to address the outbreak. The County continues to monitor its operations and assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the county is uncertain.

NOTE 22: APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.