

BIG LAKES COUNTY
Consolidated Financial Statements
For the Year Ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Big Lakes County

We have audited the accompanying consolidated financial statements of Big Lakes County (the County), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2021, the consolidated results of its operations and accumulated surplus, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
June 22, 2022

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Reeve and Council of Big Lakes County
High Prairie, Alberta

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management, in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the consolidated financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Big Lakes County Council to express an opinion on the Big Lakes County consolidated financial statements.

Jordan Panasiuk
Chief Administrative Officer

David Reynolds
Director of Corporate Services

BIG LAKES COUNTY
Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 6,817,529	\$ -
Investments <i>(Note 3)</i>	26,935,855	29,481,954
Receivables <i>(Note 4)</i>	14,692,813	8,568,719
Land held for resale	214,025	214,025
	<u>48,660,222</u>	<u>38,264,698</u>
LIABILITIES		
Bank indebtedness <i>(Note 2)</i>	-	590,631
Accounts payable and accrued liabilities <i>(Note 5)</i>	4,755,492	2,729,749
Deposits	137,400	134,586
Deferred revenue <i>(Note 6)</i>	2,553,462	4,451,400
Long-term debt <i>(Note 7)</i>	2,065,744	1,985,554
	<u>9,512,098</u>	<u>9,891,920</u>
NET FINANCIAL ASSETS	<u>39,148,124</u>	<u>28,372,778</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 9)</i>	293,790,319	293,765,519
Inventories for consumption <i>(Note 8)</i>	1,127,977	1,280,299
Prepaid expenses and other assets	246,293	226,692
	<u>295,164,589</u>	<u>295,272,510</u>
ACCUMULATED SURPLUS (NOTE 10)	<u>\$334,312,713</u>	<u>\$323,645,288</u>
Contingencies <i>(Note 20)</i>		

ON BEHALF OF COUNCIL:

BIG LAKES COUNTY**Consolidated Statement of Operations and Accumulated Surplus****For the Year Ended December 31, 2021**

	2021 (Budget) (Note 22)	2021 (Actual)	2020 (Actual)
REVENUE			
Net taxation (Schedule 2)	\$ 22,572,129	\$ 23,063,761	\$ 23,534,974
User fees and sales of goods	3,307,265	2,653,789	2,520,633
Government transfers for operating (Schedule 3)	865,989	2,636,925	1,136,876
Interest and investment income	402,000	499,757	551,287
Penalties and costs on taxes	607,000	348,210	1,187,415
Other	27,050	232,161	158,407
Rentals	50,400	79,987	49,486
Fines, licenses and permits	7,750	23,043	23,990
Oil well drilling taxes	-	-	153,707
	<u>27,839,583</u>	<u>29,537,633</u>	<u>29,316,775</u>
EXPENSES			
Transportation services	15,697,033	14,683,339	15,193,172
Water and wastewater services	4,399,103	4,423,152	3,664,767
Protective services	2,089,478	1,820,970	2,060,377
Recreation and culture services	1,814,170	1,537,561	1,737,207
Intermunicipal cost sharing (Note 16 (a))	1,130,500	1,055,361	1,180,825
Administration services	7,732,910	923,704	5,769,622
Agriculture and development services	1,250,897	800,501	839,727
Waste management and disposal services	613,908	590,834	659,386
Family and Community Support Services	622,775	578,666	498,291
Council and other legislative services	551,000	424,172	373,026
	<u>35,901,774</u>	<u>26,838,260</u>	<u>31,976,400</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	<u>(8,062,191)</u>	<u>2,699,373</u>	<u>(2,659,625)</u>
OTHER REVENUE (EXPENSES)			
Government transfers for capital (Schedule 3)	5,800,816	7,419,029	2,835,716
Contributed tangible capital assets (Note 24)	-	428,902	-
Gain (loss) on disposal of tangible capital assets	348,000	120,121	(465,367)
Restructuring (Note 23)	-	-	72,000
	<u>6,148,816</u>	<u>7,968,052</u>	<u>2,442,349</u>
ANNUAL SURPLUS (DEFICIT)	<u>(1,913,375)</u>	<u>10,667,425</u>	<u>(217,276)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>323,645,288</u>	<u>323,645,288</u>	<u>323,862,564</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$321,731,913</u>	<u>\$334,312,713</u>	<u>\$323,645,288</u>

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

BIG LAKES COUNTY
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2021

	2021 (Budget) (Note 22)	2021 (Actual)	2020 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ (1,913,375)	\$ 10,667,425	\$ (217,276)
Purchase of tangible capital assets	(9,091,754)	(8,922,415)	(6,392,297)
Tangible capital assets acquired - contributed (Note 24)	-	(428,902)	-
Proceeds on disposal of tangible capital assets	-	244,825	260,603
Amortization of tangible capital assets	8,700,000	9,201,812	8,840,793
(Gain) loss on disposal of tangible capital assets	348,000	(120,121)	465,367
	(43,754)	(24,801)	3,174,466
Acquisition of inventories for consumption	-	152,322	(591,711)
Acquisition of prepaid expenses	-	(19,600)	(8,700)
	-	132,722	(600,411)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,957,129)	10,775,346	2,356,779
NET FINANCIAL ASSETS, BEGINNING OF YEAR	28,372,778	28,372,778	26,015,999
NET FINANCIAL ASSETS, END OF YEAR	\$ 26,415,649	\$ 39,148,124	\$ 28,372,778

BIG LAKES COUNTY
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 10,667,425	\$ (217,276)
Non-cash items included in annual surplus		
Loss (gain) on disposal of tangible capital assets	(120,121)	465,367
Amortization of tangible capital assets	9,201,812	8,840,793
Contributed tangible capital assets (Note 24)	(428,902)	-
Change in non-cash working capital balances		
Receivables	(6,124,094)	(4,471,869)
Prepaid expenses	(19,601)	(8,700)
Inventories for consumption	152,322	(591,711)
Accounts payable and accrued liabilities	2,025,743	(1,793,070)
Deposit liabilities	2,814	(6,978)
Deferred revenue	(1,897,938)	2,114,418
Loan receivable	-	85,800
	<u>13,459,460</u>	<u>4,416,774</u>
INVESTING ACTIVITIES		
Disposal of investments	10,530,666	7,386,910
Purchase of investments	(7,984,567)	(6,564,541)
	<u>2,546,099</u>	<u>822,369</u>
FINANCING ACTIVITIES		
Long-term debt issued	550,000	-
Long-term debt repayments	(469,810)	(451,197)
	<u>80,190</u>	<u>(451,197)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(8,922,415)	(6,392,297)
Proceeds on disposal of tangible capital assets	244,826	260,603
	<u>(8,677,589)</u>	<u>(6,131,694)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	7,408,160	(1,343,748)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(590,631)	753,117
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS), END OF YEAR	\$ 6,817,529	\$ (590,631)

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

BIG LAKES COUNTY
Schedule of Equity in Tangible Capital Assets
For the Year Ended December 31, 2021

Schedule 1

	2021	2020
BALANCE, BEGINNING OF YEAR	\$291,779,965	\$294,503,234
Purchase of tangible capital assets	8,922,415	6,392,297
Cost of tangible capital assets disposed of	(3,513,649)	(1,635,355)
Accumulated amortization of tangible capital assets disposed of	3,388,944	909,385
Amortization of tangible capital assets	(9,201,812)	(8,840,793)
Long-term Debt Issued	(550,000)	-
Contributed tangible capital assets (Note 24)	428,902	-
Long-term debt repayments	469,810	451,197
BALANCE, END OF YEAR	\$291,724,575	\$291,779,965
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets (net book value)	\$293,790,319	\$293,765,519
Capital long-term debt	(2,065,744)	(1,985,554)
	\$291,724,575	\$291,779,965

BIG LAKES COUNTY
Schedule of Net Taxation
For the Year Ended December 31, 2021

Schedule 2

	2021 (Budget)	2021 (Actual)	2020 (Actual)
TAXATION			
Real taxes	\$ 15,920,078	\$ 15,877,458	\$ 15,546,738
Linear taxes	11,068,179	11,068,203	11,762,807
Government grants in place of taxes	1,190,859	1,229,357	1,169,011
Designated industrial taxes	89,381	89,210	96,305
Local improvement taxes	21,765	-	134
	<u>28,290,262</u>	<u>28,264,228</u>	<u>28,574,995</u>
REQUISITIONS			
Alberta School Foundation Fund	5,169,071	4,671,507	4,444,131
Heart River Housing	459,681	458,962	499,436
Designated industrial property	89,381	69,998	96,454
	<u>5,718,133</u>	<u>5,200,467</u>	<u>5,040,021</u>
NET MUNICIPAL TAXES	<u>\$ 22,572,129</u>	<u>\$ 23,063,761</u>	<u>\$ 23,534,974</u>

BIG LAKES COUNTY
Schedule of Government Transfers
For the Year Ended December 31, 2021

Schedule 3

	2021 (Budget)	2021 (Actual)	2020 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 708,623	\$ 2,479,559	\$ 969,593
Local governments	157,366	157,366	167,283
	865,989	2,636,925	1,136,876
TRANSFERS FOR CAPITAL			
Provincial government	4,800,816	7,003,334	2,393,364
Federal government	1,000,000	415,695	442,352
	5,800,816	7,419,029	2,835,716
TOTAL GOVERNMENT TRANSFERS	\$ 6,666,805	\$ 10,055,954	\$ 3,972,592

BIG LAKES COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2021

Schedule 4

	Administration Services	Transportation Services	Protective Services	Utility Services	Recreation and Culture Services	All Other	Total
REVENUE							
Taxation	\$ 2,855,459	\$ 4,710,719	\$ 1,218,735	\$ 1,053,650	\$ -	\$ 13,225,198	\$ 23,063,761
User fees and sales of goods	177,419	394,183	106,806	1,817,760	21,588	136,034	2,653,790
Government transfers	21,355	1,818,843	92,776	-	105,871	598,080	2,636,925
All other	6,257	67,426	207,907	7,813	1,761	891,993	1,183,157
	3,060,490	6,991,171	1,626,224	2,879,223	129,220	14,851,305	29,537,633
EXPENSES							
Materials, goods, and contracted and general services	1,020,304	4,499,370	704,067	1,975,659	81,412	603,968	8,884,780
Salaries, wages, and benefits	1,795,542	2,721,661	457,564	932,485	201,229	1,130,166	7,238,647
Transfers to other governments	-	-	148,727	20,606	1,254,271	1,090,361	2,513,965
Utilities	40,116	135,084	60,814	244,263	-	1,136	481,413
Repairs and maintenance	34,102	169,608	69,210	173,693	-	8,558	455,171
Insurance	81,206	80,251	53,406	24,796	648	670	240,977
Interest on long-term debt	-	70,563	-	4,267	-	-	74,830
Bad debts - provision (recovery) for allowances	(2,253,335)	-	-	-	-	-	(2,253,335)
Amortization	205,769	7,006,803	327,181	1,638,218	-	23,841	9,201,812
	923,704	14,683,340	1,820,969	5,013,987	1,537,560	2,858,700	26,838,260
NET REVENUE (DEFICIT)	\$ 2,136,786	\$ (7,692,169)	\$ (194,745)	\$ (2,134,764)	\$ (1,408,340)	\$ 11,992,605	\$ 2,699,373

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

BIG LAKES COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2020

Schedule 5

	Administration Services	Transportation Services	Protective Services	Utility Services	Recreation and Culture Services	All Other	Total
REVENUE							
Taxation	\$ 4,976,415	\$ 7,960,955	\$ 1,584,045	\$ 1,005,576	\$ 1,620,282	\$ 6,387,701	\$ 23,534,974
User fees and sales of goods	150,544	291,953	99,508	1,822,145	20,031	136,451	2,520,632
Government transfers	461,000	37,183	59,418	-	103,595	475,680	1,136,876
All other	4,478	57,018	9,490	8,184	1,724	2,043,399	2,124,293
	5,592,437	8,347,109	1,752,461	2,835,905	1,745,632	9,043,231	29,316,775
EXPENSES							
Materials, goods, and contracted and general services	712,103	5,146,230	719,097	1,609,539	137,964	528,062	8,852,995
Salaries, wages, and benefits	1,846,752	2,762,522	461,238	845,876	148,656	1,105,247	7,170,291
Bad debts - provision for allowances	2,852,733	-	-	-	-	-	2,852,733
Transfers to other governments	-	-	129,094	23,403	1,449,957	1,229,150	2,831,604
Utilities	61,269	164,904	70,723	230,051	-	1,033	527,980
Repairs and maintenance	40,002	104,349	318,654	99,075	-	6,415	568,495
Insurance	79,577	78,369	53,655	24,751	631	713	237,696
Interest on long-term debt	-	90,602	-	3,210	-	-	93,812
Amortization	177,183	6,846,196	307,917	1,488,248	-	21,250	8,840,794
	5,769,619	15,193,172	2,060,378	4,324,153	1,737,208	2,891,870	31,976,400
NET REVENUE (DEFICIT)	\$ (177,182)	\$ (6,846,063)	\$ (307,917)	\$ (1,488,248)	\$ 8,424	\$ 6,151,361	\$ (2,659,625)

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

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Big Lakes County (the "County") are the representations of the County's management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

These consolidated financial statements include the assets, liabilities, revenue and expenses and changes in net financial assets of the County. This entity is comprised of all the organizations that are owned or controlled by the County and are, therefore, accountable to the Council for the administration of their financial affairs and resources. These consolidated financial statements include the financial results of Big Lakes County Library Board.

The schedule of taxes levied includes requisitions for education and seniors foundations that are not part of the municipal reporting entity.

(b) Basis of Accounting

The County follows the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable.

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 are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

(c) Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(d) Investments

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.

(e) Inventories for Consumption

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(f) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under their respective function. The cost of land is written off against equity in land held for resale as it is sold.

(CONT'D)

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Loans Receivable

Loans receivable are recorded at cost. Interest revenue is recognized as revenue in the year it is earned.

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	20 - 50 years
Engineered structures	
Paved roadways	
Top	20 years
Base	80 years
Gravel roadways	
Top	15 years
Base	30 years
Concrete	25 years
Bridges	12 - 58 years
Wastewater systems	50 & 75 years
Water systems	50 & 75 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 30 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

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

(i) Tax Revenue

Property taxes are recognized in the year in which they are levied.

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

(j) Requisition Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual 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.

Requisitions tax-rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(CONT'D)

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the County is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(l) Use of Estimates

The preparation of the consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The County has used estimates to determine an allowance for doubtful accounts, accrued liabilities, the useful lives of tangible capital assets and liabilities for remediation on contaminated sites.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Operating bank accounts (bank indebtedness)	6,814,424	(593,736)
Cash on hand	3,105	3,105
	<u>\$ 6,817,529</u>	<u>\$ (590,631)</u>

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

3. INVESTMENTS

	2021	2020
Investment savings account	\$ 12,418,537	\$ 7,423,704
Guaranteed Investment Certificates	10,382,642	13,479,818
Government and corporate bonds	4,134,615	8,578,371
Other	61	61
	<u>\$ 26,935,855</u>	<u>\$ 29,481,954</u>

Guaranteed Investment Certificates bear interest at rates ranging from 0.95% to 2.82% per annum and mature at dates between July 2023 - October 2025.

Government and corporate bonds bear interest at a rate of 2.36% per annum, maturing in November 2022. The market value of the government and corporate bonds at December 31, 2021 was \$4,212,157 (2020 - \$8,815,705).

Included in cash and cash equivalents are restricted amounts aggregating \$2,553,462 (2020 - \$4,451,400) to be used for specific capital and other projects, as detailed in *Note 6*.

4. RECEIVABLES

	2021	2020
Taxes and grants in place of taxes	\$ 8,161,513	\$ 8,938,485
Trade and other	6,136,711	1,754,815
Goods and Services Tax	321,387	398,159
Utilities	148,577	140,154
	<u>14,768,188</u>	<u>11,231,613</u>
Less: Allowance for doubtful accounts	<u>(75,375)</u>	<u>(2,662,894)</u>
	<u>\$ 14,692,813</u>	<u>\$ 8,568,719</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade and other accounts payable	\$ 4,300,989	\$ 2,241,845
Earned vacation liability	448,276	479,923
Accrued interest on long-term debt	6,227	7,981
	<u>\$ 4,755,492</u>	<u>\$ 2,729,749</u>

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	2020	Additions	Revenue Recognized	2021
Minister of Fisheries and Oceans	\$ 1,999,672	\$ -	\$ (415,695)	\$ 1,583,977
Canada Community-Building Fund	615,844	-	(30,595)	585,249
Other	50,425	271,174	(58,638)	262,961
Watershed Resiliency and Restoration Program	120,203	93,775	(120,203)	93,775
Alberta Community Partnership	117,500	-	(90,000)	27,500
Municipal Sustainability Initiative	1,517,756	-	(1,517,756)	-
Municipal Stimulus Program	30,000	457,720	(487,720)	-
	\$ 4,451,400	\$ 822,669	\$ (2,720,607)	\$ 2,553,462

7. LONG-TERM DEBT

	2021	2020
Government of Alberta debentures	\$ 2,065,744	\$ 1,985,554

Debenture debt is issued on the credit and security of the County at large, bears interest at rates ranging from 2.85% to 6.00% per annum and matures in years 2023 through 2031.

The County's cash payments for interest in 2021 were \$76,896 (2020 - \$95,509).

Principal and interest payments are due as follows:

	Principal	Interest	Total
2022	\$ 537,461	\$ 72,843	\$ 610,304
2023	559,041	51,262	610,303
2024	547,320	28,800	576,120
2025	59,108	12,312	71,420
2026	61,011	10,410	71,421
Thereafter	301,803	24,008	325,811
	\$ 2,065,744	\$ 199,635	\$ 2,265,379

8. INVENTORIES FOR CONSUMPTION

	2021	2020
Gravel	\$ 897,732	\$ 993,510
Material and supplies	230,245	286,789
	\$ 1,127,977	\$ 1,280,299

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS

	2021 Net Book Value	2020 Net Book Value
Engineered structures		
Roadways and bridges	\$ 206,186,343	\$ 204,594,976
Water systems	36,381,709	37,070,870
Wastewater systems	15,902,128	16,175,499
Airport	3,708,827	3,896,383
Drainage systems	3,393,345	3,592,515
	265,572,352	265,330,243
Buildings	12,123,284	12,550,247
Machinery and equipment	5,733,587	6,354,200
Land	4,742,056	4,728,991
Vehicles	2,414,139	2,818,087
Land improvements	1,271,516	1,359,517
Construction in progress	1,933,385	624,234
	\$ 293,790,319	\$ 293,765,519

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways and bridges \$	314,187,145	\$ 6,850,409	\$ (2,914,889)	-	\$ 318,122,665
Water systems	49,779,512	170,809	-	-	49,950,321
Wastewater systems	23,450,825	203,509	-	-	23,654,334
Airports	7,836,709	28,081	-	-	7,864,790
Drainage systems	7,319,078	-	-	-	7,319,078
	402,573,269	7,252,808	(2,914,889)	-	406,911,188
Buildings	18,994,125	24,636	-	-	19,018,761
Machinery and equipment	12,303,725	678,863	(531,826)	-	12,450,762
Vehicles	6,105,528	72,794	(66,934)	-	6,111,388
Land	4,728,991	13,065	-	-	4,742,056
Land improvements	2,529,325	-	-	-	2,529,325
Construction in progress	624,234	1,309,151	-	-	1,933,385
	\$ 447,859,197	\$ 9,351,317	\$ (3,513,649)	-	\$ 453,696,865

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways and bridges \$	109,592,169	\$ 5,162,442	\$ (2,818,289)	-	\$ 111,936,322
Water systems	12,708,642	859,970	-	-	13,568,612
Wastewater systems	7,275,326	476,880	-	-	7,752,206
Airports	3,940,326	215,637	-	-	4,155,963
Drainage systems	3,726,563	199,170	-	-	3,925,733
	137,243,026	6,914,099	(2,818,289)	-	141,338,836
Buildings	6,443,878	451,599	-	-	6,895,477
Machinery and equipment	5,949,525	1,271,371	(503,721)	-	6,717,175
Vehicles	3,287,441	476,742	(66,934)	-	3,697,249
Land improvements	1,169,808	88,001	-	-	1,257,809
	\$ 154,093,678	\$ 9,201,812	\$ (3,388,944)	-	\$ 159,906,546

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

10. ACCUMULATED SURPLUS

	2021	2020
Unrestricted surplus	\$ 14,824,853	\$ 5,556,234
Restricted surplus		
Operating reserves (Note 11)	8,047,756	7,949,685
Capital reserves (Note 11)	19,715,529	18,359,404
Equity in tangible capital assets (Schedule 1)	291,724,575	291,779,965
	\$334,312,713	\$323,645,288

11. RESTRICTED SURPLUS

	2021	2020
Operating Reserves		
Working capital	\$ 5,543,854	\$ 5,543,854
Resurfacing	645,786	645,786
Community facilities	384,142	384,142
Contingency	293,913	293,913
Medical equipment	258,500	258,500
Recreation	269,915	219,915
Winter maintenance control	104,387	104,387
Community Enhancement Fund	100,000	100,000
Culture	99,135	99,479
Family and Community Support Services	95,038	98,623
Enhanced policing	82,000	82,000
Emergency services	50,000	-
Water offsite levies	39,400	39,400
Cemeteries	26,700	26,700
Sewer offsite levies	25,400	25,400
Spruce Point Park Marina	19,586	19,586
Planning and development	10,000	8,000
	\$ 8,047,756	\$ 7,949,685
Capital Reserves		
Transportation	\$ 7,220,278	\$ 8,262,536
Equipment replacement	4,420,175	2,427,759
Gravel source and pit reclamation	2,821,858	2,601,858
Fire facility	1,580,847	1,480,847
Fire equipment	1,464,064	1,339,437
Water	521,527	568,886
High Prairie airport reserve	321,540	290,348
Computer equipment	293,031	237,975
Building	258,779	281,455
Recreation and cultural	255,710	255,710
Waste transfer stations	239,684	239,684
Economic Development	118,241	118,241
ASB equipment	36,796	91,669
Big Meadow Water Co-op	78,917	78,917
Sewer	78,539	78,539
Other	5,543	5,543
	\$ 19,715,529	\$ 18,359,404

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

12. CREDIT FACILITY

The County has access to a revolving line of credit with a limit of \$6,000,000, bearing interest at prime rate. At December 31, 2021, the balance owing was \$NIL (2020 - \$NIL).

13. CONTINGENCIES

In June 1994, the County entered into an agreement with Alberta Transportation to take over the responsibilities related to the transportation function of the former Improvement District. Under this agreement, the County has assumed a contingent liability estimated at \$324,953, related to gravel pits and stock pile reclamation. This contingency has not been accrued in these financial statements; however, should the liability be realized, the County has established a reserve to fund these costs.

14. 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:

	Salary	Benefits and Allowances	2021	2020
Councillors:				
Ward 3	\$ 33,675	\$ 19,200	\$ 52,875	\$ 42,300
Ward 9	26,780	15,000	41,780	34,250
Ward 2	21,300	15,000	36,300	25,000
Ward 1	20,050	16,000	36,050	29,700
Ward 8	19,300	15,000	34,300	30,000
Ward 7	19,050	15,000	34,050	26,000
Ward 4	19,050	15,000	34,050	25,750
Ward 5	17,550	15,800	33,350	25,750
Ward 6	15,300	15,000	30,300	38,500
	<u>\$ 192,055</u>	<u>\$ 141,000</u>	<u>\$ 333,055</u>	<u>\$ 277,250</u>
Designated officers (7) (2020 - 7)	<u>\$ 873,638</u>	<u>\$ 121,570</u>	<u>\$ 995,208</u>	<u>\$ 930,645</u>
Chief Administrative Officer	<u>\$ 187,660</u>	<u>\$ 42,882</u>	<u>\$ 230,542</u>	<u>\$ 224,570</u>

Salary includes regular base pay, bonuses, lump sum payments, honoraria and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, retiring allowance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, and professional membership and tuition.

15. 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 *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses 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 earnings up to the year's maximum pensionable earnings and 12.84% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2021 were \$552,747 (2020 - \$557,121). Total current service contributions by the employees of the County to the LAPP in 2021 were \$500,833 (2020 - \$505,445).

At December 31, 2020 the Plan disclosed an actuarial surplus of \$4.961 billion (2019 - \$7.913 billion).

16. CONTRACTUAL OBLIGATIONS

(a) Town of Swan Hills Viability Intermunicipal Funding Agreement

Under the terms of this agreement the County is required to provide conditional and unconditional grants to the Town of Swan Hills for 20 years with extensions as mutually agreed upon ending on December 31, 2034. The agreement will be open for review on the fifth and every proceeding five year anniversary or as mutually agreed by the parties.

In the years 2017 to 2034, the County has agreed to pay the Town of Swan Hills \$950,000 annually for operating expenditures as determined by the Town of Swan Hills.

(b) Town of High Prairie Intermunicipal Collaboration Framework Agreement

Under the terms of this agreement the County is committed to pay 50% of the net operating costs of the High Prairie Municipal Library Board, High Prairie and District Fire Department, High Prairie and District Recreation Board, High Prairie and District Municipal Airport, and Gilwood Transfer Station; 20% of the reclamation costs and annual monitoring costs of the High Prairie Landfill Site; and 50% of the annual High Prairie recycling contract.

(c) Heart River Housing Loan

The County has agreed in principle to a 10-year loan in an amount up to \$7 million to Heart River Housing at an interest rate equal to Government of Alberta debenture going rate in connection to a lodge expansion project.

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

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:

	2021	2020
Total debt limit	\$ 44,306,450	\$ 43,975,163
Total debt (Note 7)	(2,065,744)	(1,985,554)
Amount of debt limit unused	\$ 42,240,706	\$ 41,989,609
Service on debt limit	\$ 7,384,408	\$ 7,329,194
Service on debt (Note 7)	(610,304)	(546,706)
Amount of service on debt limit unused	\$ 6,774,104	\$ 6,782,488

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the service on debt limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits 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 County. Rather, the financial statements must be interpreted as a whole.

18. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the County is not exposed to significant interest or currency risk arising from these financial instruments.

The County is subject to credit risk with respect to receivables. Credit risk arises from the possibility that the County's customers may experience financial difficulty and be unable to fulfill their obligations. The County is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding at December 31, 2021 relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes the County's credit risk.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

19. RELATED PARTY TRANSACTIONS

Accounts payable includes \$33,026 due to (2020 - \$33,617) the High Prairie and District Regional Solid Waste Management Authority.

Other revenue includes management fees of \$20,000 (2020 - \$10,000) from the High Prairie and District Regional Solid Waste Management Authority.

These transactions are recorded at their exchange amounts as agreed to by the related parties.

BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

20. FUNDS HELD IN TRUST

As trust assets are not owned by the County, the trusts have been excluded from the financial statements. A summary of trust funds held by the County is as follows:

	2021	2020
Tax sale surplus	\$ 36,112	\$ 35,920

21. SEGMENTED INFORMATION

The County provides a wide range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 4).

22. BUDGET FIGURES

The 2021 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on April 30, 2021. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	2021 (Budget)	2021 (Actual)
Annual surplus (deficit)	\$ (1,913,375)	\$ 10,667,425
Add back (deduct):		
Amortization expense	8,700,000	9,201,813
Transfers from (to) capital reserves	2,887,938	(1,356,125)
Transfers from (to) operating reserves	(113,000)	(98,071)
Purchase of tangible capital assets	(9,091,754)	(8,922,415)
Principal debt repayments	(469,809)	(470,121)
	\$ -	\$ 9,022,506

23. RESTRUCTURING

Under the terms of an Asset Purchase Agreement (the "Agreement") dated January 1, 2020, the County purchased all the assets of Westend Water Co-operative Association Ltd. for a purchase price of \$1 payable upon execution of the Agreement. The County agreed to use its best efforts to supply a regular uninterrupted supply of water with adequate pressure. The County did not assume and shall not be liable or responsible for any known or unknown liabilities, debts or obligations of the Westend Water Co-operative Association Ltd.

The carrying value of the assets and liabilities purchased by the County were as follows:

Cash	\$ 72,000
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BIG LAKES COUNTY
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2021

24. CONTRIBUTED TANGIBLE CAPITAL ASSETS

White Sands Estates development has been completed and the County now has ownership of the infrastructure completed by the developer. The County has recorded the contributed tangible capital assets at their estimated fair values as follows:

Sewermain	\$	203,509
Watermain		123,450
Roads		<u>101,944</u>
	\$	<u>428,903</u>

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.
