



CONSOLIDATED FINANCIAL STATEMENTS

2019

One Parkland: Powerfully Connected.



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KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB
T5J 0H3

April 28, 2020

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audits were for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as “financial statements”) of Parkland County (“the Entity”) as at and for the year ended December 31, 2019.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of our Contract No. 1705023CF dated September 28, 2017, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.

- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

Misstatements:

- 10) The effects of the uncorrected and corrected misstatements as described in page 8 of your Audit Findings Report for the Council dated April 28, 2020 are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Securities legislation:

- 11) We have no knowledge of any reason, circumstance, or matters that would not permit us (or the certifying officers) to certify the Entity's annual filings in accordance with securities regulations or legislation.

Other:

- 12) We confirm that the contributed tangible capital assets reported in the financial statements are complete and accurate.
- 13) We have disclosed to you details of all significant property tax appeals and are satisfied that the financial statements reflect our best estimate of property tax appeal losses, if any.

Yours very truly,

M.A. (Mike) Heck, MBA, ADGM, Chief Administrative Officer

Jeff Dyck, CPA, CA, Interim Chief Financial Officer

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

INDEPENDENT AUDITORS' REPORT

To the Mayor and Member of Council of Parkland County

Opinion

We have audited the consolidated financial statements of Parkland County (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies
(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity 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 and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Edmonton, Canada

April 28, 2020

DRAFT

Consolidated Statement of Financial Position

As at December 31, 2019 with comparative figures for 2018



	2019	2018
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 17,665,483	\$ 4,199,311
Accounts receivable (Note 3)	12,067,124	11,061,549
Investments (Note 4)	131,920,391	131,023,433
	161,652,998	146,284,293
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	11,165,131	9,214,901
Deposit liabilities	4,232,567	3,198,094
Deferred revenue (Note 6)	48,681,176	47,737,683
Long-term debt (Note 7)	29,386,232	29,480,148
Environmental liability (Note 8)	5,749,946	5,629,718
	99,215,052	95,260,544
Net Financial Assets	62,437,946	51,023,749
Non-Financial Assets		
Tangible capital assets (Note 9)	497,330,077	490,213,916
Consumable inventories (Note 10)	9,379,780	9,568,027
Prepaid expenses	1,006,922	1,240,271
	507,716,779	501,022,214
Accumulated Surplus	\$ 570,154,725	\$ 552,045,963

Contractual Obligations (Note 13)
Contingent Assets & Liabilities (Note 14)

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

Rod Shaigec
MAYOR

Jackie McCuaig
DEPUTY MAYOR

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019 with comparative figures for 2018



	BUDGET (Note 25)	2019	2018
Revenues			
Taxation (Note 15)	\$ 63,255,350	\$ 62,517,884	\$ 59,811,675
User fees and sales	11,066,089	10,593,652	11,356,972
Penalties	846,500	1,051,538	973,537
Investment income	1,761,450	3,628,020	2,353,278
Government transfers for operating (Note 16)	4,014,758	3,377,595	6,912,683
Licenses and permits	1,487,400	1,419,674	1,658,971
Other revenue - operating	643,807	908,335	759,240
Gain on disposal of tangible capital assets	47,000	54,122	36,010
Total Revenues	83,122,354	83,550,820	83,862,366
Expenses			
Salaries, wages and employee benefits	38,079,557	35,284,530	34,781,525
Contracted and general services	17,757,589	13,932,492	13,787,718
Materials, goods, supplies and utilities	7,961,689	8,120,399	8,818,637
Interest on long term debt	1,478,300	839,149	734,465
Bank charges	39,831	39,815	41,156
Transfers to governments, agencies & organizations	4,428,600	2,839,654	6,137,568
Purchases from other governments	3,885,400	3,645,585	3,599,795
Amortization of tangible capital assets	17,094,600	17,510,850	17,220,041
Loss on disposal of tangible capital assets	302,900	115,830	514,241
Other expenses - operating	674,527	183,638	174,448
Total Expenses	91,702,993	82,511,942	85,809,594
Surplus (Deficiency) of Revenues over Expenses Before Other	(8,580,639)	1,038,878	(1,947,228)
Other			
Contributed tangible capital assets	6,520,200	4,596,156	4,850,992
Government transfers for capital (Note 16)	10,778,668	12,230,999	8,408,904
Developer and customer contributions - capital	325,000	242,729	27,293
Annual Surplus	9,043,229	18,108,762	11,339,961
Accumulated Surplus, Beginning of Year	552,045,963	552,045,963	540,706,002
Accumulated Surplus, End of the Year	\$ 561,089,192	\$ 570,154,725	\$ 552,045,963

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

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2019 with comparative figures for 2018



	BUDGET (Note 25)	2019	2018
Annual Surplus	\$ 9,043,229	\$ 18,108,762	\$ 11,339,961
Acquisition of tangible capital assets	(36,779,684)	(20,164,140)	(19,723,365)
Contributed tangible capital assets	(6,520,200)	(4,596,156)	(4,850,992)
Proceeds on disposals of tangible capital assets	249,900	71,577	452,165
Amortization of tangible capital assets	17,094,600	17,510,850	17,220,041
Loss/(gain) on disposal of tangible capital assets	255,900	61,708	478,231
	<u>(25,699,484)</u>	<u>(7,116,161)</u>	<u>(6,423,920)</u>
Change in consumable inventories	-	188,247	1,003,276
Change in prepaid expenses	-	233,349	(66,526)
	<u>-</u>	<u>421,596</u>	<u>936,750</u>
Change in Net Financial Assets	(16,656,255)	11,414,197	5,852,791
Net Financial Assets, Beginning of Year	51,023,749	51,023,749	45,170,958
Net Financial Assets, End of Year	<u>\$ 34,367,494</u>	<u>\$ 62,437,946</u>	<u>\$ 51,023,749</u>

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

Consolidated Statement of Cash Flows

Year ended December 31, 2019 with comparative figures for 2018



	2019	2018
Operating Activities:		
Annual Surplus	\$ 18,108,762	\$ 11,339,961
Items not involving cash:		
Amortization of tangible capital assets	17,510,850	17,220,041
Loss/(Gain) on disposal of tangible capital assets	61,708	478,231
Contributed tangible capital assets	(4,596,156)	(4,850,992)
Change in non-cash items:		
Accounts receivable	(1,005,575)	2,101,557
Accounts payable and accrued liabilities	1,950,230	1,140,584
Deposit liabilities	1,034,473	(32,407)
Deferred revenue	943,493	6,902,340
Environmental liabilities	120,228	(574,704)
Consumable inventories	188,247	1,003,276
Prepaid expenses	233,349	(66,526)
	<u>34,549,609</u>	<u>34,661,361</u>
Capital Activities		
Acquisition of tangible capital assets	(20,164,140)	(19,723,365)
Proceeds from disposals of tangible capital assets	71,577	452,165
	<u>(20,092,563)</u>	<u>(19,271,200)</u>
Investing Activities		
Acquisition of investments	(106,148,226)	(98,002,940)
Maturity of investments	104,531,687	64,395,516
Amortization of investment premium/discounts	719,581	2,846,258
	<u>(896,958)</u>	<u>(30,761,166)</u>
Financing Activities		
Long-term debt issued	1,337,840	6,471,528
Long-term debt repaid	(1,431,756)	(1,680,784)
	<u>(93,916)</u>	<u>4,790,744</u>
Net Change in Cash and Cash Equivalents	13,466,172	(10,580,261)
Cash and Cash Equivalents, Beginning of Year	4,199,311	14,779,572
Cash and Cash Equivalents, End of Year	\$ 17,665,483	\$ 4,199,311
Cash paid for interest	844,924	741,739
Cash received from interest	4,965,495	3,042,576

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

Notes to the Financial Statements

For the Year ended December 31, 2019



Parkland County is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*.

1. Significant Accounting Policies

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the government reporting entity. The government reporting entity is comprised of all the organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County.

The County's consolidated financial statements include the proportionate share of assets, liabilities, revenues and expenses for the Tri-Municipal Leisure Facility Corporation (a Part 9 company operating as the TransAlta Tri Leisure Centre).

The financial statements of Parkland County Library Board are fully consolidated in the County's financial statements.

The County is also a member of boards and commissions that are not included in the government reporting entity.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

Property taxes levied also include requisitions for education and seniors housing; organizations that are not part of the government 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 specified purpose. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of legal obligation to pay.

(c) Cash and Cash Equivalents

Cash equivalents consist of term deposits, guaranteed investment certificates (GIC's), and other investments that are generally convertible to cash in less than three months and are recorded at cost.

(d) Investments

Investments consist of term deposits, growth index deposits, notes, bonds and guaranteed investment certificates. Term deposits, market equity growth index deposits, guaranteed investment certificates, notes and bonds are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in the value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Notes to the Financial Statements

For the Year ended December 31, 2019



(e) Employee Benefit Obligations

The costs of multi-employer defined benefit pension plan benefits such as LAPP and APEX pensions are the employer's contributions to the plan in the period. Health/vision and dental benefits are administered by Blue Cross on an administrative services only basis. The County is responsible for the employer share of benefit premiums throughout the year as well as any shortfall or surplus at the end of the period. Accumulated sick days are set up as a liability to the extent to which the days are expected to be paid out and/or used by employees.

(f) 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.

I. TANGIBLE CAPITAL ASSETS

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

Land improvements	15 – 30
Buildings	5 – 50
Engineered structures	10 – 75
Roadway systems	10 – 60
Storm systems	50 – 75
Water systems	45 – 75
Wastewater systems	45 – 75
Machinery and equipment	5 – 40
Vehicles	10 – 20

Annual amortization is pro-rated 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. WORKS OF ART AND CULTURAL AND HISTORIC ASSETS

The County owns original artworks that are on permanent display at the County facilities. The artworks were purchased by the County and have significant cultural and historical value in perpetuity. The artworks are not recorded as tangible capital assets in the financial statements and are not amortized.

IV. INTEREST CAPITALIZATION

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Notes to the Financial Statements

For the Year ended December 31, 2019



V. CONSUMABLE INVENTORIES

Inventories of materials and supplies for consumption are valued at the lower of cost and replacement cost with cost determined using the average cost method.

VI. LEASES

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

(g) Government Transfers

Government transfers are recognized in the financial statements as revenues 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 made.

A transfer with or without eligibility criteria but with stipulations is recognized in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

(h) Requisition Over-Levies and Under-Levies

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.

(i) Tax Revenue Recognition

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

(j) Liability for Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is based on management's estimate of the cost of post remediation including operation, maintenance, and monitoring. The liability is recorded net of any expected recoveries. A liability is applicable to sites that are not in productive use or where an unexpected event has caused contamination in the year.

Notes to the Financial Statements

For the Year ended December 31, 2019



(k) Use of Estimates

The preparation of financial statements 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 revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for amortization, accrued liabilities including environmental liabilities. Actual results could differ from those estimates.

(l) Adoption of New Accounting Standards

The following summarizes changes to Canadian Public Sector Accounting Standards that came into effect for fiscal years beginning on or after April 1, 2018. The adoption of these standards resulted in changes to the disclosures of the consolidated financial statements:

PS3430 – Defines restructuring transactions as being a transfer of a integrated set of assets or liabilities together with operation responsibilities.

(m) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Public Sector Accounting Standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translation (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

Public Sector Accounting Standard	Name	Effective Date (fiscal years beginning on or after)
PS1201	Financial Statement Presentation	April 1, 2021
PS3450	Financial Instruments	April 1, 2021
PS2601	Foreign Currency Translation	April 1, 2021
PS3041	Portfolio Investments	April 1, 2021
PS3280	Asset Retirement Obligations	April 1, 2021
PS3400	Revenue	April 1, 2022

Management is currently assessing the impact of these new standards on the consolidated financial statements.

Notes to the Financial Statements

For the Year ended December 31, 2019



2. Cash & Cash Equivalents

	2019	2018
Cash	\$ 2,877,141	\$ 3,912,649
Cash equivalents	14,788,342	286,662
	<u>\$ 17,665,483</u>	<u>\$ 4,199,311</u>

Cash equivalents include investments that have effective interest rates of 2.46% to 2.60% (2018 - 1.61% to 1.85%) that are liquid in less than three months.

3. Accounts Receivable

The accounts receivable is made up of the following:

	2019	2018
Accrued interest receivable - investments	\$ 1,110,823	\$ 595,102
Government transfers receivable	2,619,043	954,127
Local improvements	912,330	1,047,740
Taxes - arrears	1,271,717	1,047,163
Taxes - current	2,878,868	2,216,437
Trade and other	3,291,020	5,224,057
	<u>12,083,801</u>	<u>11,084,626</u>
Less: Valuation allowance	16,677	23,077
	<u>\$ 12,067,124</u>	<u>\$ 11,061,549</u>

Notes to the Financial Statements

For the Year ended December 31, 2019



4. Investments

Investments have carrying and market values as follows:

	2019	2019	2018	2018
	Carrying Amount	Market Value	Carrying Amount	Market Value
Cash Invested	\$ 104,503	\$ 104,503	\$ 2,419,246	\$ 2,419,246
Other:				
Notes & deposits	16,565,394	16,771,670	5,425,425	5,425,425
Bank & callable bonds	83,387,683	83,206,091	81,859,451	81,333,217
Principal protected notes	15,888,977	15,941,585	15,780,977	15,002,184
Guaranteed investment certificate	15,770,500	15,034,397	25,335,000	25,492,977
Memberships/shares	203,334	203,334	203,334	203,334
	\$ 131,920,391	\$ 131,261,580	\$ 131,023,433	\$ 129,876,383

Investments have effective interest rates of 2.46% to 3.40% (2018 - 1.85% to 4.86%) while Principal Protected Notes have a variable interest and are linked to the performance of an equity market index with maturity dates between March 2020 to August 2029 (2018 - March 2019 to August 2028).

Market values are based on quoted market values received on December 31, 2019. The market values fluctuate with changes in market interest rates. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

5. Accounts Payable & Accrued Liabilities

The accounts payable and accrued liabilities is made up of the following:

	2019	2018
Accrued interest on long term debt	\$ 37,244	\$ 78,053
Earned vacation & overtime liability	1,554,620	1,579,005
Holdbacks	942,454	679,893
Other government payables	10,525	99,332
Over levy	1,244,751	132
Trade payables & accrued liabilities	5,668,052	5,711,493
Wage & benefit obligations	1,707,485	1,066,993
	\$ 11,165,131	\$ 9,214,901

Notes to the Financial Statements

For the Year ended December 31, 2019



6. Deferred Revenue

	2018	Contributions	Interest Earned	Revenue Recognized	2019
Government transfers - capital	\$ 22,112,098	\$ 11,168,220	\$ 445,055	\$ 12,505,290	\$ 21,220,083
Government transfers - operating	465,478	3,577,021	16,820	2,932,594	1,126,725
Offsite levies	24,388,993	446,438	683,883	-	25,519,314
Others	771,114	1,898,904	-	1,854,964	815,054
	<u>\$ 47,737,683</u>	<u>\$ 17,090,583</u>	<u>\$ 1,145,758</u>	<u>\$ 17,292,848</u>	<u>\$ 48,681,176</u>

7. Long-term Debt

	2019	2018
Long term debt - user pay	\$ 28,989,975	\$ 28,902,096
Long term debt - tax supported	396,257	578,052
	<u>\$ 29,386,232</u>	<u>\$ 29,480,148</u>

Debenture debt is repayable to Alberta Capital Finance Authority. The debt is issued on the credit and security of the County at large. It is payable and due over various periods up to the year 2031 with effective interest rates ranging from 2.15% to 6.25% (2018 - 2.15% to 6.25%).

The County entered into an infrastructure loan facility agreement with Servus Credit Union with a maximum of \$16,500,000 for a term of 20 years, bearing interest at 3.45% (2018 - 3.45%) based on the Credit Union's prime rate less 0.5%. The outstanding balance is \$14,324,884 (2018 - \$12,979,771). The loan can be paid in full prior to maturity and is provided on the faith and credit of the County.

Principal and interest amounts due on debentures and loans in each of the next five years are as follows:

	Principal	Interest	Total
2020	\$ 2,144,031	\$ 421,939	\$ 2,565,970
2021	2,192,508	373,462	2,565,970
2022	1,995,627	323,171	2,318,798
2023	1,938,000	285,621	2,223,621
2024	1,964,149	252,493	2,216,642
Thereafter	19,151,917	941,085	20,093,002
	<u>\$ 29,386,232</u>	<u>\$ 2,597,771</u>	<u>\$ 31,984,003</u>

Total interest on long-term debt which is reported on the consolidated statement of operations and accumulated surplus amounted to \$839,149 in 2019 (2018 - \$734,465).

Notes to the Financial Statements

For the Year ended December 31, 2019



8. Environmental Liability

i. Landfill Liability

Under Provincial legislation, the County is required to provide for closure and post closure care for its landfill sites. Post closure activities include surface and ground water monitoring, leachate control and visual inspection for a period of 25 years after the landfill has been closed. The County currently has no active landfill sites. The costs for post closure care have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 2.65% (2018 - 3.33%) plus an assumed annual inflation rate of 2.00%. An amount of \$430,462 (2018 - \$468,767) has been accrued.

ii. Salt Contamination

Under Provincial legislation, the County is required to remediate lands with salt contamination in excess of Provincial Environmental Standards. Reclamation requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspections and maintenance. The County Services Building yard contains a salt storage site where contamination is in excess of environmental standards. The costs for remediation have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 2.71% (2018 - 3.33%) plus an assumed annual inflation rate of 2.00%. An amount of \$3,083,584 (2018 - \$2,925,051) has been accrued.

iii. Aggregates Reclamation

Under Provincial legislation, the County is required to reclaim lands used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The County owns and operates a number of aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the County. The costs for reclamation have been adjusted by applying a discount rate based on the County's average long term borrowing rate of 2.65% (2018 - 3.33%) plus an assumed annual inflation rate of 2.00%. An amount of \$2,235,900 (2018 - \$2,235,900) has been accrued.

The reported liabilities are based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

Notes to the Financial Statements

For the Year ended December 31, 2019



9. Tangible Capital Assets

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets Under Construction	Total
2019								
Cost:								
Balance, beginning of year	\$ 157,516,502	\$ 7,557,805	\$ 43,611,627	\$ 516,936,386	\$ 29,007,465	\$ 15,831,184	\$ 19,243,610	\$ 789,704,579
Acquired	45,689	47,792	430,859	6,762,271	2,144,762	423,802	10,308,965	20,164,140
Contributed	1,986,483	-	-	2,609,673	-	-	-	4,596,156
Disposals	-	-	-	(1,558,240)	(2,207,770)	(229,517)	-	(3,995,527)
Transfers	-	1,230	210,299	16,846,486	756,441	109,276	(17,923,732)	-
Balance, end of year	159,548,674	7,606,827	44,252,785	541,596,576	29,700,898	16,134,745	11,628,843	810,469,348
Accumulated Amortization:								
Balance, beginning of year	-	2,394,832	11,788,353	268,369,195	10,808,558	6,129,725	-	299,490,663
Amortization expense	-	361,336	1,542,763	11,871,442	2,632,464	1,102,845	-	17,510,850
Disposals	-	-	-	(1,475,346)	(2,160,693)	(226,203)	-	(3,862,242)
Balance, end of year	-	2,756,168	13,331,116	278,765,291	11,280,329	7,006,367	-	313,139,271
Net Book Value, end of year	\$ 159,548,674	\$ 4,850,659	\$ 30,921,669	\$ 262,831,285	\$ 18,420,569	\$ 9,128,378	\$ 11,628,843	\$ 497,330,077

Notes to the Financial Statements

For the Year ended December 31, 2019



9. Tangible Capital Assets *continued*

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets Under Construction	Total
2018								
Cost:								
Balance, beginning of year	\$ 155,143,597	\$ 7,688,588	\$ 43,492,367	\$ 504,440,323	\$ 27,880,142	\$ 15,497,371	\$ 13,378,969	\$ 767,521,357
Acquired	184,065	13,694	213,101	6,710,833	1,679,980	550,273	10,371,419	19,723,365
Contributed	1,917,780	-	149,058	2,784,154	-	-	-	4,850,992
Disposals	-	(144,477)	(529,105)	-	(1,206,725)	(510,828)	-	(2,391,135)
Transfers	271,060	-	286,206	3,001,076	654,068	294,368	(4,506,778)	-
Balance, end of year	157,516,502	7,557,805	43,611,627	516,936,386	29,007,465	15,831,184	19,243,610	789,704,579
Accumulated Amortization:								
Balance, beginning of year	-	2,130,450	10,562,734	256,500,142	9,120,073	5,417,962	-	283,731,361
Amortization expense	-	366,183	1,506,980	11,869,053	2,377,235	1,100,590	-	17,220,041
Disposals	-	(101,801)	(281,361)	-	(688,750)	(388,827)	-	(1,460,739)
Balance, end of year	-	2,394,832	11,788,353	268,369,195	10,808,558	6,129,725	-	299,490,663
Net Book Value, end of year	\$ 157,516,502	\$ 5,162,973	\$ 31,823,274	\$ 248,567,191	\$ 18,198,907	\$ 9,701,459	\$ 19,243,610	\$ 490,213,916

(a) Construction in Progress

Construction in progress having a value of \$11,628,843 (2018 - \$19,243,610) has not been amortized. Amortization of these assets will commence when the assets are put into service.

(b) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair value at the date of contribution. Contributed tangible capital assets consisting of land, roads, drainage and water/wastewater infrastructure received during the year have a value of \$4,596,156 (2018 - \$4,850,992).

Notes to the Financial Statements

For the Year ended December 31, 2019



10. Consumable Inventories

	2019	2018
Gravel - pit run	\$ 7,858,833	\$ 8,304,427
Gravel - crushed	1,113,160	818,609
Gas, oil and parts	181,429	219,039
Other	226,358	225,952
	<u>\$ 9,379,780</u>	<u>\$ 9,568,027</u>

11. Accumulated Surplus

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

	2019	2018
Restricted surplus	\$ 100,988,838	\$ 90,352,632
Invested in tangible capital assets	467,943,844	460,733,768
Unrestricted surplus	1,222,043	959,563
	<u>\$ 570,154,725</u>	<u>\$ 552,045,963</u>

Notes to the Financial Statements

For the Year ended December 31, 2019



11. Accumulated Surplus *continued*

RESTRICTED SURPLUS

	2018	Increases	Decreases	2019
Benefit premium stabilization	\$ 269,127	\$ 150,000	\$ 27,601	\$ 391,526
Business attraction fund	2,437,623	27,000	209,700	2,254,923
County facilities	5,364,600	2,361,900	546,307	7,180,193
Development charges	141,857	2,808	25,900	118,765
Environmental	634,918	3,300	300,000	338,218
Entwistle community development	374,999	-	-	374,999
Equipment lifecycle	5,817,486	2,893,675	1,259,950	7,451,211
Extreme events	7,692,519	30,165	1,284	7,721,400
Facilities maintenance	2,716,338	368,900	564,501	2,520,737
Fire services equipment lifecycle	1,196,150	136,955	680,125	652,980
Future capital	1,018,576	1,572,457	385,963	2,205,070
Future operating	7,533,247	1,579,646	1,446,567	7,666,326
Future transportation	2,206,721	151,832	52,161	2,306,392
Granular aggregates	351,393	106,358	74,298	383,453
Hamlet sustainability	690,135	24,810	613,158	101,787
Information technology	262,347	35,000	-	297,347
Local improvements	177,704	-	72,947	104,757
Long term sustainability	18,101,006	6,061,614	1,475,182	22,687,438
Municipal park	5,394,818	559,025	432,249	5,521,594
Office systems	1,855,194	523,300	579,987	1,798,507
Overland drainage	506,690	-	-	506,690
Protective services lifecycle	1,508,215	405,300	27,655	1,885,860
Recreation facilities	4,589,456	752,692	25,000	5,317,148
Rural community network lifecycle	1,410,287	448,700	39,529	1,819,458
Survey equipment lifecycle	126,973	20,600	-	147,573
Waste management	10,944,247	1,231,809	267,674	11,908,382
Water and waste water	6,454,331	617,369	309,555	6,762,145
	89,776,957	20,065,215	9,417,293	100,424,879
Partnership interests	575,675	34,161	45,877	563,959
Total Restricted surplus	\$ 90,352,632	\$ 20,099,376	\$ 9,463,170	\$ 100,988,838

INVESTED IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets	\$ 497,330,076	\$ 490,213,916
Long-term debt	(29,386,232)	(29,480,148)
Long-term debt not yet invested in tangible capital assets	-	-
	\$ 467,943,844	\$ 460,733,768

Notes to the Financial Statements

For the Year ended December 31, 2019



12. Contractual Rights

The County has a contractual right to Provincial and Federal funds that have been allocated to the County. In 2019, the County was allocated \$4,511,093 (2018 - \$11,696,769) in Municipal Sustainability Initiative (MSI) Capital funding and \$3,626,978 (2018 - \$1,818,493) in Federal Gas Tax (GTF) funding. The future receipt of these assets is dependent on submission and approval of project applications and satisfying subsequent reporting requirements.

The County has a contractual right to future lease revenue from another government organization. This lease revenue is for the use of a County owned facility. The lease term expires January 31, 2035 with an annual lease payment of \$543,459.

The County has a contractual right to future lease revenue from an association. This lease revenue is for the use of a County owned facility. The lease term expires December 31, 2021 with an annual lease payment of \$21,564.

The County entered into an Community Project Agreement with an infrastructure developer in which \$225,000 was agreed to be contributed to the Entwistle Community Hub Project in 2020.

13. Contractual Obligations

The County has outstanding commitments of \$24,143,734 (2018 - \$12,084,281). Significant commitments included in this balance are the construction costs for the Parkland County Transfer Station, Acheson Zone 4 Reservoir, Entwistle Pool and Community Hub, and the purchase of Spartan Fire Engines.

The County has entered into lease agreements for land. The lease commitments over the next five years and thereafter are as follows:

2020	\$	46,268
2021		47,143
2022		49,543
2023		49,543
2024		49,543
Thereafter		362,765
	\$	604,805

The County has also entered into a License of Occupation for the transit stop area located in Acheson. The annual license fee is \$24,000 and the agreement extends to December 31, 2024.

The County has an obligation to match grant funds on behalf of Parkland County Library for the amount of \$364,678 in relation to the Community Enhancement Program agreement with the Province of Alberta.

Notes to the Financial Statements

For the Year ended December 31, 2019



14. Contingent Assets & Liabilities

The County has initiated a number of insurance claims that arose from the normal course of operations. The outcomes of these claims may result in assets in the future and cannot be estimated at this time. These amounts are not recorded in the consolidated financial statements.

The County is a party in various lawsuits and other proceedings as at December 31, 2019. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of the loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded.

15. Taxation

Taxation revenue is made up of the following:

Taxation

Residential
Non-Residential
Government grants in place of property taxes

Less taxes collected on behalf of:

Alberta School Foundation Fund
Evergreen Separate School
St. Thomas Aquinas
Senior's Foundation
Designated Industrial Property

Net Municipal Property Taxes

Other Taxes

Community aggregate levy
Special taxes and frontages

Net Municipal Taxes

Budget (Note 25)	2019	2018
\$ 43,343,794	\$ 42,117,949	\$ 41,001,171
46,331,842	45,645,878	43,157,547
26,456	26,456	22,448
89,702,092	87,790,283	84,181,166
(24,882,798)	(23,641,777)	(23,121,921)
(2,251,230)	(2,023,455)	(1,981,299)
(8,043)	(8,009)	(7,770)
(727,942)	(727,942)	(658,771)
(174,329)	(174,315)	(76,625)
(28,044,342)	(26,575,498)	(25,846,386)
61,657,750	61,214,785	58,334,780
1,152,000	870,533	1,039,031
445,600	432,566	437,864
\$ 63,255,350	\$ 62,517,884	\$ 59,811,675

Notes to the Financial Statements

For the Year ended December 31, 2019



16. Government Transfers

	Budget (Note 25)	2019	2018
Operating Transfers			
Federal	\$ 6,000	\$ 170,556	\$ 49,983
Provincial	3,717,600	2,741,852	6,698,041
Other local government	291,158	465,187	164,659
	4,014,758	3,377,595	6,912,683
Capital Transfers			
Federal	-	-	4,925
Provincial	10,838,100	9,541,223	8,403,979
Other local government	(59,432)	2,689,776	-
	10,778,668	12,230,999	8,408,904
Total Government Transfers	\$ 14,793,426	\$ 15,608,594	\$ 15,321,587

The nature of the major government transfers recognized during 2019, include, but are not limited to the following:

The MSI is the Province of Alberta's commitment to provide significant long-term funding to enhance municipal sustainability and to enable municipalities to meet the demands of growth. Municipalities determine projects and activities to be funded by the MSI based on local priorities, within the general qualification criteria set out in the program guidelines.

In 2019, the County received and recorded \$4,860,249 (2018 – \$11,979,208) in MSI Capital funding, including interest of \$349,156 (2018 – \$282,349). During 2019, \$8,414,773 (2018 – \$7,097,014) has been recognized in capital transfers. A total of \$14,705,401 (2018 – \$18,259,925) remains deferred to future years. As at December 31, 2019, \$2,454,863 (2018 – \$0) has been recognized as receivable under this program.

In 2019, the County received and recorded \$298,431 (2018 – \$299,333) in MSI Operating funding, including interest of \$3,625 (2018 – \$6,239). During 2019, \$723,093 (2018 – \$142,900) has been recognized in capital transfers. A total of \$35,982 (2018 – \$460,466) remains deferred to future years.

The Federal government introduced the Gas Tax Fund (GTF) to transfer federal gas tax revenue to assist in funding capital municipal infrastructure projects. In 2019, the County received and recorded GTF amounts of \$3,712,111 (2018 – \$1,818,494), including interest of \$85,133 (2018 – \$48,212). During 2019, \$651,085 (2018 – \$1,493,125) has been recognized in capital transfers. A total of \$6,233,709 (2018 – \$3,172,683) remains deferred to future years.

Notes to the Financial Statements

For the Year ended December 31, 2019



17. Salary & Benefits

Councillors attend a number of Council/Committee/Board meetings for which they receive remuneration directly from the County. The remuneration they receive is listed below.

	Salary	Benefits	Allowances	2019	2018
Mayor	\$ 113,731	\$ 16,632	\$ 4,465	\$ 134,828	\$ 120,215
Councillor - Division 1	72,524	14,277	4,436	91,237	79,956
Councillor - Division 2	64,366	13,329	3,113	80,808	75,994
Councillor - Division 3	74,440	9,833	1,772	86,045	71,101
Councillor - Division 4	65,302	13,460	3,337	82,099	67,408
Councillor - Division 5	67,554	13,702	4,046	85,302	84,513
Councillor - Division 6	69,231	12,089	6,785	88,105	73,807
	\$ 527,148	\$ 93,322	\$ 27,954	\$ 648,424	\$ 572,994
CAO/Interim CAO	\$ 250,000	\$ 37,972	\$ 10,800	\$ 298,772	\$ 299,421
Designated Assessor, Legislative Services	\$ 137,602	\$ 27,472	\$ 480	\$ 165,554	\$ 175,822

Salary for Council includes regular base pay and honoraria and the Deputy Mayor receives an additional amount per month (\$1,034).

Council benefits include: employer share of all employee benefits (pension or Registered Retirement Savings Plan, health, vision, dental, life insurance, accidental death and dismemberment, Workers' Compensation coverage).

Councillors also serve on a number of other Committees/Boards for which they receive remuneration directly from that organization and which are not included in the above salary and benefits disclosure.

The list of Committees/Boards that Council members are appointed to at the annual organizational meeting are listed on the County's website for public access.

Allowances include costs for internet, phone, mileage to attend Council meetings, car allowance and other cash payments.



18. Pension Plan

(a) APEX

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2006, and provides supplementary pension benefits to a prescribed class of employees (approximately 68 in 2019). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the County, at a rate of 2.84% and 3.78% (2018 - 2.84% and 3.78%) respectively of pensionable earnings up to \$151,278 in 2019 (2018 - \$147,222).

Total current service contributions by the County to APEX in 2019 were \$209,301 (2018 - \$205,974). Total current service contributions by the employees of the County were \$157,247 (2018 - \$154,755).

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

(b) Local Authorities Pension Plan

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 265,813 people and 421 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

The County is required to make current service contributions to the Plan of 9.39% (2018 - 10.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% (2018 - 14.84%) for the excess. Employees of the County are required to make current service contributions of 8.39% (2018 - 9.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2018 - 13.84%) on pensionable salary above this amount.

Total current service contributions by Parkland County to LAPP in 2019 were \$2,281,056 (2018 - \$2,531,400). Total current service contributions by the employees of Parkland County to the LAPP in 2019 were \$2,087,875 (2018 - \$2,326,743).

At December 31, 2018 the Plan disclosed a surplus of \$3.469 billion (2017 - \$4.835 billion).

Notes to the Financial Statements

For the Year ended December 31, 2019



19. Debt Limits

Provincial legislation (Section 276 (2) of the Municipal Government Act) requires that debt and service on debt limits as defined by regulation for the County be disclosed as follows:

	2019	2018
Debt		
Maximum allowable debt	\$ 125,690,324	\$ 125,834,489
Total debt	(29,386,232)	(29,480,148)
Remaining Allowable Debt	\$ 96,304,092	\$ 96,354,341
Debt Payment		
Maximum annual payment on allowable debt	\$ 20,887,705	\$ 20,972,415
Annual payments on existing debt	(2,565,970)	(2,284,083)
Remaining Allowable Annual Payment	\$ 18,321,735	\$ 18,688,332

The debt limit is calculated on a consolidated basis at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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 the 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 consolidated financial statements must be interpreted as a whole.

Notes to the Financial Statements

For the Year ended December 31, 2019



20. Segmented Information

Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area as follows:

(a) General Government

County Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of County residents in a financial responsible manner. General Administration is responsible for the administration of the municipality as a whole.

(b) Protective Services

Enforcement is provided in the areas of Provincial Acts and Municipal Bylaws. Fire is responsible to provide fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishment of fires. The mandate of Emergency Management is to help maintain safe communities and manage risk. The Emergency Communications Centre provides emergency fire dispatch, community peace officer dispatch, and alarm monitoring.

(c) Transportation and Roadway Services

Engineering Services and the Public Works departments are responsible for the planning, development, maintenance and proving for the of roadway systems, storm systems and drainage activities.

(d) Utilities

The County provides the engineering and operation of water and wastewater systems, waste management and other environmental use and protection activities.

(e) Community Services

Community Services provides recreational and cultural services, activities which promote the health and well being of its citizens, and activities related to parks and cemetery maintenance and operation. Connected Communities is a comprehensive plan that will see Parkland County become a community in which broadband technology is fully utilized by residents and business.

(f) Development Services

Planning and Development Services manages long term planning, current planning and subdivision, development permits and safety code disciplines. Economic Development actively promotes business growth and development. Agriculture supports farming and rural communities, fosters new rural-based business and works toward diversifying the local economy and business composition. Land Management relates to the development of land for use by the municipality for resale.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments in lieu of taxes are allocated to the segments based on the segment's budgeted net expenditures. User charges and other revenue have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges and developer levies are allocated to the segment for which the charge was made.

Notes to the Financial Statements

For the Year ended December 31, 2019



20. Segmented Information *continued*

2019

	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
Revenue							
Taxation	\$ 21,937,484	\$ 5,857,190	\$ 21,676,705	\$ 3,212,211	\$ 5,969,151	\$ 3,865,143	\$ 62,517,884
User fees and sales	157,664	2,618,369	520,269	4,745,456	2,266,766	285,128	10,593,652
Penalties	1,042,479	-	-	9,059	-	-	1,051,538
Investment income	3,052,971	-	48,212	260,076	266,761	-	3,628,020
Government transfers	726,987	1,110,953	5,498,360	45,886	7,937,856	288,552	15,608,594
Licenses and permits	-	5,395	14,951	-	-	1,399,328	1,419,674
Other revenue - operating	(2,340)	4,006	139,891	129,978	636,800	-	908,335
Gain on disposal of tangible capital assets	-	-	54,122	-	-	-	54,122
Developer & customer contributions-capital	-	-	141,188	101,541	-	-	242,729
Contributed tangible capital assets	-	-	3,396,156	-	1,200,000	-	4,596,156
Total Revenues	26,915,245	9,595,913	31,489,854	8,504,207	18,277,334	5,838,151	100,620,704
Budget Revenues	24,659,500	10,463,150	35,563,550	9,675,900	13,488,272	6,895,850	100,746,222
Expenses							
Salaries, wages & benefits	10,913,249	5,843,239	8,604,567	1,965,534	2,945,194	5,012,747	35,284,530
Contracted & general services	5,337,843	891,534	3,650,261	1,673,215	1,798,513	581,126	13,932,492
Materials, supplies & utilities	647,835	742,896	5,513,009	303,888	760,822	151,949	8,120,399
Interest on long term debt	-	-	346,785	41,950	33,142	417,272	839,149
Bank charges	35,278	-	-	3,213	1,305	19	39,815
Transfers to governments, agencies & organizations	-	50,246	6,763	235,470	2,481,167	66,008	2,839,654
Purchases from other governments	-	1,182,342	400,859	2,062,384	-	-	3,645,585
Amortization of tangible capital assets	928,812	543,158	13,085,773	1,994,010	888,815	70,282	17,510,850
Loss on disposal of tangible capital assets	26,445	-	89,385	-	-	-	115,830
Other	(1,065)	-	-	-	184,703	-	183,638
Total Expenses	17,888,397	9,253,415	31,697,402	8,279,664	9,093,661	6,299,403	82,511,942
Budgeted Expenses	20,550,200	9,742,950	33,266,750	9,037,100	10,747,943	8,358,050	91,702,993
Annual Surplus (Deficit)	9,026,848	342,498	(207,548)	224,543	9,183,673	(461,252)	18,108,762
Net Budget	\$ 4,109,300	\$ 720,200	\$ 2,296,800	\$ 638,800	\$ 2,740,329	\$ (1,462,200)	\$ 9,043,229

Notes to the Financial Statements

For the Year ended December 31, 2019



20. Segmented Information *continued*

2018							
	General Government	Protective Services	Transportation & Roadway Services	Utilities	Community Services	Development Services	Total
Revenue							
Taxation	\$ 13,117,846	\$ 7,947,284	\$ 20,642,087	\$ 5,552,660	\$ 5,505,751	\$ 7,046,047	\$ 59,811,675
User fees and sales	205,323	2,658,701	405,374	5,495,680	2,060,760	531,134	11,356,972
Penalties	964,657	-	-	8,880	-	-	973,537
Investment income	1,932,579	-	28,694	193,785	198,220	-	2,353,278
Government transfers	221,129	1,795,012	8,198,395	211,391	1,444,849	3,450,811	15,321,587
Licenses and permits	-	6,085	12,571	-	-	1,640,315	1,658,971
Other revenue - operating	103,102	5,413	165,018	-	355,705	130,001	759,239
Gain on disposal of tangible capital assets	-	2,422	33,588	-	-	-	36,010
Developer & customer contributions-capital	-	-	-	-	27,293	-	27,293
Contributed tangible capital assets	-	-	3,907,974	490,264	452,754	-	4,850,992
Total Revenues	16,544,636	12,414,917	33,393,701	11,952,660	10,045,333	12,798,308	97,149,555
Expenses							
Salaries, wages & benefits	10,814,623	5,676,461	8,445,553	1,573,577	3,987,334	4,283,977	34,781,525
Contracted & general services	5,660,598	2,991,153	29,774	1,774,744	1,875,539	1,455,910	13,787,718
Materials, supplies & utilities	801,275	696,280	6,162,527	223,022	819,132	116,401	8,818,637
Interest on long term debt	-	-	374,630	52,543	43,274	264,018	734,465
Bank charges	39,505	38	19	-	1,575	19	41,156
Transfers to governments, agencies & organizations	38,601	41,637	6,138	254,569	2,406,753	3,389,870	6,137,568
Purchases from other governments	-	1,185,958	456,200	1,957,637	-	-	3,599,795
Amortization of tangible capital assets	841,134	536,174	13,111,197	1,906,649	584,380	240,507	17,220,041
Loss on disposal of tangible capital assets	6,073	-	225,649	-	282,519	-	514,241
Other	86,130	(30,400)	20,400	10,520	-	87,798	174,448
Total Expenses	18,287,939	11,097,301	28,832,087	7,753,261	10,000,506	9,838,500	85,809,594
Annual Surplus (Deficit)	\$ (1,743,303)	\$ 1,317,616	\$ 4,561,614	\$ 4,199,399	\$ 44,827	\$ 2,959,808	\$ 11,339,961

Notes to the Financial Statements

For the Year ended December 31, 2019



21. TransAlta Tri-Leisure Centre (TLC)

The County, the Town of Stony Plain, and the City of Spruce Grove have jointly developed, constructed, and are now operating the TransAlta Tri Leisure Centre (the "TLC"). The Building is jointly owned by the County, the Town of Stony Plain, and the City of Spruce Grove. The County's proportional ownership of the TLC is 33.5% (2018 – 33.5%).

The Tri-Municipal Leisure Facility Corporation (the "Corporation") operates and manages the TLC. The County, the Town of Stony Plain, and the City of Spruce Grove provide annual contributions to support the operations of the TLC, with the County's share being 25.5% (2018 - 25.5%).

The County's proportionate ownership share (33.5%) of the financial position and operations of the Corporation is as follows:

	2019	2018
FINANCIAL POSITION		
Financial Assets	\$ 936,410	\$ 852,072
Financial Liabilities	(468,460)	(510,525)
Net Financial Assets	467,950	341,547
Non-Financial Assets	818,629	868,341
Accumulated Surplus	1,286,579	1,209,888
OPERATIONS		
Revenue	2,954,070	3,099,266
Expenses	(2,877,378)	(2,784,693)
Annual Surplus	\$ 76,692	\$ 314,573

Notes to the Financial Statements

For the Year ended December 31, 2019



22. Financial Instruments

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

The County is subject to credit risk with respect to taxes and grants in place of taxes receivable 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.

23. Related Parties Disclosure

As part of the implementation of the Related Parties accounting standard, key management personnel and close family members are defined as follows:

Key Management Personnel: Encompass the Council, Chief Administration Officer (CAO), and general managers.

Close Family Member(s): An individual's spouse or adult interdependent partner, the individual's children, the parent(s) of the individual, and the parent(s) of the individual's spouse or interdependent partner.

Transactions with these individuals are considered to be in the normal course of operations and are recorded at the exchange amount, which approximates fair value.

24. Comparative Information

Certain other comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

25. Budget Figures

The budget figures presented in these consolidated financial statements are based on the budget approved by council on April 9, 2019. Amortization was included in the budget but was removed for the calculation of the taxation requirement.

Notes to the Financial Statements

For the Year ended December 31, 2019



26. Subsequent Events

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicator of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Experienced temporary declines in the fair value of investments and investment income
- Closure of facilities based on public health recommendations
- Working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practical at this time.

DRAFT