



ROCKY VIEW COUNTY

## 2021 Year End Financial Statements

*April 26, 2022*



ROCKY VIEW COUNTY

## SECTION I

# 2021 Year End Financial Statements and Notes to the Financial Statements

*April 26, 2022*

**ROCKY VIEW COUNTY**  
**Statement of Financial Position**  
**As at December 31, 2021**

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	<b>2021</b>	<b>2020</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	145,559,273	7,815,156
Temporary investments (Note 2)	4,998	97,525,501
Receivables		
Taxes and grants in place of taxes (Note 4)	4,992,005	5,224,266
Trade and other receivables (Note 4)	7,993,598	13,202,922
Debt charges recoverable (Note 5)	467,275	530,087
	<b>159,017,149</b>	<b>124,297,932</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	19,036,751	19,282,799
Deposit liabilities	7,379,484	7,040,970
Deferred revenue (Note 6)	22,848,195	14,136,709
Employee benefit obligations (Note 7)	1,296,898	1,695,552
Landfill closure and post-closure costs (Note 16)	382,180	424,335
Long-term debt (Note 8)	53,984,552	47,261,615
	<b>104,928,060</b>	<b>89,841,980</b>
<b>NET FINANCIAL ASSETS</b>	<b>54,089,089</b>	<b>34,455,952</b>
<b>NON- FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	692,637,608	652,974,774
Resource asset	18,375,000	16,375,000
Inventory for consumption	2,356,916	2,736,308
Prepaid expenses	1,385,700	1,308,656
	<b>714,755,224</b>	<b>673,394,738</b>
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 13)	<b>768,844,313</b>	<b>707,850,690</b>

*Commitments and contingencies - See Note 10 and 11*  
*The accompanying notes are an integral part of these financial statements*

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**ROCKY VIEW COUNTY**  
**Statement of Operations**  
**For the Year Ended December 31, 2021**

	Budget \$ (Note 21)	2021 \$	2020 \$ (Note 20)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	74,558,800	<b>74,222,981</b>	72,764,077
User fees and sales of goods	9,543,000	<b>10,988,282</b>	10,007,164
Cash-In-Lieu of Public Reserve	670,000	<b>4,028,382</b>	1,078,189
Government transfers for operating (Schedule 4)	15,143,600	<b>18,151,841</b>	6,287,523
Investment income	1,250,000	<b>882,610</b>	1,567,839
Penalties and cost of taxes	996,500	<b>1,706,412</b>	1,557,874
Development agreements and levies	7,853,900	<b>12,619,134</b>	5,704,682
Licenses and permits	3,231,000	<b>6,343,548</b>	2,863,693
Fines	1,009,500	<b>1,013,283</b>	818,492
Other	7,190,900	<b>6,142,518</b>	1,304,211
<b>Total Revenue</b>	<u>121,447,200</u>	<u><b>136,098,991</b></u>	<u>103,953,744</u>
<b>EXPENSES</b>			
Legislative	1,154,300	<b>945,103</b>	936,398
Administration	21,955,900	<b>18,928,840</b>	20,457,318
Fire	14,496,200	<b>15,196,323</b>	15,877,281
Disaster services	936,600	<b>424,504</b>	513,183
Bylaw enforcement	7,837,700	<b>6,806,720</b>	6,964,963
Transportation and field services	60,986,500	<b>45,687,804</b>	42,605,176
Water supply and distribution	4,896,700	<b>5,064,789</b>	4,838,476
Wastewater treatment and disposal	7,951,600	<b>7,832,033</b>	7,330,741
Waste management	2,553,000	<b>2,267,731</b>	2,487,532
Family and community support	1,067,600	<b>1,004,233</b>	1,070,478
Cemetery	1,135,500	<b>1,407,369</b>	1,431,421
Planning and development	5,435,900	<b>3,655,643</b>	3,938,926
Recreation, parks and community services	9,860,200	<b>7,307,938</b>	10,063,521
<b>Total Expenses</b>	<u>140,267,700</u>	<u><b>116,529,030</b></u>	<u>118,515,414</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<u>(18,820,500)</u>	<u><b>19,569,961</b></u>	<u>(14,561,670)</u>
<b>OTHER</b>			
Contributed assets	-	<b>21,431,752</b>	9,091,723
Government transfers for capital (Schedule 4)	33,179,000	<b>19,991,910</b>	24,733,998
<b>Total Other</b>	<u>33,179,000</u>	<u><b>41,423,662</b></u>	<u>33,825,721</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	14,358,500	<b>60,993,623</b>	19,264,051
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	707,850,690	<b>707,850,690</b>	688,586,639
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>722,209,190</u>	<u><b>768,844,313</b></u>	<u>707,850,690</u>

The accompanying notes are an integral part of these financial statements

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**ROCKY VIEW COUNTY**  
**Statement of Change in Net Financial Assets**  
**For the Year Ended December 31, 2021**

	Budget \$ (Note 21)	2021 \$	2020 \$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	14,358,500	<b>60,993,623</b>	19,264,051
Acquisition of tangible capital assets	(55,690,200)	<b>(45,128,679)</b>	(36,954,578)
Contributed tangible capital assets	-	<b>(21,431,752)</b>	(9,091,723)
Proceeds on disposal of tangible capital assets	-	<b>1,152,163</b>	85,814
Amortization of tangible capital assets	25,545,700	<b>25,875,404</b>	25,409,974
(Gain) loss on sale of tangible capital assets	-	<b>(129,970)</b>	207,197
	<u>(30,144,500)</u>	<u><b>(39,662,834)</b></u>	<u>(20,343,316)</u>
Use of (acquisition of) supplies inventories	-	<b>379,392</b>	(1,146,350)
Use of (acquisition of) prepaid assets	-	<b>(77,044)</b>	(306,973)
Use of (acquisition of) resource assets	-	<b>(2,000,000)</b>	-
	<u>-</u>	<u><b>(1,697,652)</b></u>	<u>(1,453,323)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(15,786,000)	<b>19,633,137</b>	(2,532,588)
<b>NET FINANCIAL ASSET, BEGINNING OF YEAR</b>	<u>34,455,952</u>	<u><b>34,455,952</b></u>	<u>36,988,540</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>18,669,952</u></u>	<u><u><b>54,089,089</b></u></u>	<u><u>34,455,952</u></u>

*The accompanying notes are an integral part of these financial statements*

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**ROCKY VIEW COUNTY  
 Statement of Cash Flows  
 For the Year Ended December 31, 2021**

	2021 \$	2020 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	60,993,623	19,264,051
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	25,875,404	25,409,974
(Gain) loss on disposal of tangible capital assets	(129,970)	207,197
Tangible capital assets received as contributions	(21,431,752)	(9,091,723)
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in place of taxes	232,261	(1,158,082)
Decrease (Increase) decrease in trade and other receivables	5,209,324	(4,390,654)
Decrease (Increase) in inventory for consumption	379,392	(1,146,350)
(Increase) in prepaid expenses	(77,044)	(306,973)
(Decrease) Increase in accounts payable and accrued liabilities	(246,048)	11,007,222
Increase in accounts payable amount applied to capital	1,805,450	4,782,166
Increase (Decrease) in deposit liabilities	338,514	(416,038)
Increase (Decrease) in deferred revenue	8,711,486	(18,557,499)
(Decrease) Increase in employee benefit obligations	(398,654)	233,928
(Decrease) in provision for landfill closure and post-closure costs	(42,155)	(13,821)
Cash provided by (applied to) operating transactions	<u>81,219,831</u>	<u>25,823,398</u>
<b>CAPITAL</b>		
Accounts payable amount applied to capital	(1,805,450)	(4,782,166)
Acquisition of assets	(47,128,679)	(36,954,578)
Sale of tangible assets	1,152,163	85,814
Cash provided by (applied to) capital transactions	<u>(47,781,966)</u>	<u>(41,650,930)</u>
<b>INVESTING</b>		
Decrease in investments	97,520,503	17,151,352
<b>FINANCING</b>		
Debt charges recovered	62,812	59,777
Long-term debt repaid	(13,402,282)	(3,750,123)
Long-term debt raised	20,125,219	1,860,635
Cash provided by (applied to) financing transactions	<u>6,785,749</u>	<u>(1,829,711)</u>
<b>CHANGE IN CASH DURING YEAR</b>	<u>137,744,117</u>	<u>(505,891)</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>7,815,156</u>	<u>8,321,047</u>
<b>CASH AT END OF YEAR</b>	<u><u>145,559,273</u></u>	<u><u>7,815,156</u></u>

Cash - See Note 3

The accompanying notes are an integral part of these financial statements

**ROCKY VIEW COUNTY**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2021**  
**Schedule 1**

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	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Other Assets	Equity in Tangible Capital Assets	2021 \$	2020 \$
<b>BALANCE, BEGINNING OF YEAR,</b>	<b>340,335</b>	<b>84,892,109</b>	<b>16,375,000</b>	<b>606,243,246</b>	<b>707,850,690</b>	<b>688,586,639</b>
Excess (deficiency) of revenue over expenses	60,993,623	-	-	-	60,993,623	19,264,051
Unrestricted funds designated for future use	(39,158,474)	39,158,474	-	-	-	-
Restricted funds used for operations	5,700,236	(5,700,236)	-	-	-	-
Restricted funds use for tangible capital assets	-	(9,731,362)	-	9,731,362	-	-
Current year funds used for assets	(17,272,098)	-	1,366,212	15,905,886	-	-
Long term debt for purchase of tangible capital assets	(20,125,219)	-	633,788	19,491,431	-	-
Contributed tangible capital assets	(21,431,752)	-	-	21,431,752	-	-
Disposal of tangible capital assets	1,022,193	-	-	(1,022,193)	-	-
Annual amortization expenses	25,875,404	-	-	(25,875,404)	-	-
Long term debt issued	20,125,219	-	-	(20,125,219)	-	-
Long term debt repaid net of debt charges recovered	(13,339,470)	-	-	13,339,470	-	-
Change in accumulated surplus	2,389,662	23,726,876	2,000,000	32,877,085	60,993,623	19,264,051
<b>BALANCE, END OF YEAR</b>	<b>2,729,997</b>	<b>108,618,985</b>	<b>18,375,000</b>	<b>639,120,331</b>	<b>768,844,313</b>	<b>707,850,690</b>

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**ROCKY VIEW COUNTY**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2021**  
**Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021 \$	2020 \$ (Note 20)
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	134,919,607	7,723,815	83,441,339	985,952,751	20,810,438	17,628,711	1,250,476,661	1,205,203,039
Acquisition of tangible capital assets	6,935,587	718,965	7,312,960	37,713,410	866,454	293,173	53,840,549	24,454,774
Construction-in-progress, net	(952,646)	1,606,967	(6,454,500)	18,697,563	(96,358)	(81,144)	12,719,882	21,591,527
Disposal of tangible capital assets	(26,427)	-	(17,690)	(1,095,330)	(173,698)	(728,070)	(2,041,215)	(772,679)
BALANCE, END OF YEAR	140,876,121	10,049,747	84,282,109	1,041,268,394	21,406,836	17,112,670	1,314,995,877	1,250,476,661
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	587,642	12,607,493	561,660,256	12,795,626	9,850,870	597,501,887	572,571,581
Annual Amortization	-	279,554	2,227,242	20,592,355	1,550,736	1,225,517	25,875,404	25,409,974
Accumulated amortization on disposals	-	-	-	(161,997)	(143,697)	(713,328)	(1,019,022)	(479,668)
BALANCE, END OF YEAR	-	867,196	14,834,735	582,090,614	14,202,665	10,363,059	622,358,269	597,501,887
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>140,876,121</b>	<b>9,182,551</b>	<b>69,447,374</b>	<b>459,177,780</b>	<b>7,204,171</b>	<b>6,749,611</b>	<b>692,637,608</b>	<b>652,974,774</b>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	134,919,607	7,136,173	70,833,846	424,292,495	8,014,812	7,777,841	652,974,774	

*The accompanying notes are an integral part of these financial statements*



**ROCKY VIEW COUNTY**  
**Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2021**  
**Schedule 3**

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	Budget \$ (Note 21)	2021 \$	2020 \$
<b>TAXATION</b>			
Real property taxes	113,086,104	<b>112,784,372</b>	110,359,779
Linear property taxes	13,774,882	<b>13,738,128</b>	13,453,758
Government grants in place of property taxes	119,214	<b>118,896</b>	85,559
Special assessments and local improvement taxes	433,900	<b>433,216</b>	433,042
	<u>127,414,100</u>	<u><b>127,074,612</b></u>	<u>124,332,138</u>
<b>REQUISITIONS FROM OTHER AUTHORITIES</b>			
Alberta School Foundation Fund	47,630,100	<b>49,143,956</b>	46,767,643
Calgary Roman Catholic Separate School District	4,067,100	<b>2,549,436</b>	3,992,021
Rocky View Seniors Foundation	1,020,200	<b>1,020,185</b>	675,246
Designated Industrial Property Tax	137,900	<b>138,054</b>	133,151
	<u>52,855,300</u>	<u><b>52,851,631</b></u>	<u>51,568,061</u>
<b>NET MUNICIPAL TAXES</b>	<u>74,558,800</u>	<u><b>74,222,981</b></u>	<u>72,764,077</u>

*The accompanying notes are an integral part of these financial statements*

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**ROCKY VIEW COUNTY**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2021**  
**Schedule 4**

	Budget \$ (Note 21)	2021 \$	2020 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	15,026,500	<b>17,996,546</b>	6,287,523
Federal Government	117,100	<b>155,295</b>	-
	<u>15,143,600</u>	<u><b>18,151,841</b></u>	<u>6,287,523</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	28,012,600	<b>16,772,443</b>	24,215,731
Federal Government	5,166,400	<b>3,219,467</b>	518,267
	<u>33,179,000</u>	<u><b>19,991,910</b></u>	<u>24,733,998</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u><u>48,322,600</u></u>	<u><u><b>38,143,751</b></u></u>	<u><u>31,021,521</u></u>

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**Schedule of Expenses by Object**  
**For the Year Ended December 31, 2021**  
**Schedule 5**

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	Budget \$ (Note 21)	2021 \$	2020 \$ (Note 20)
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	44,029,100	<b>41,439,344</b>	43,801,947
Contracted and general services	50,113,800	<b>32,775,797</b>	28,860,050
Materials, goods and supplies	10,575,400	<b>8,593,373</b>	9,650,577
Interest on long-term debt	1,761,800	<b>1,249,350</b>	1,318,812
Purchased from other Governments	648,000	<b>715,697</b>	707,029
Grants to organizations	5,263,600	<b>3,787,491</b>	6,568,221
Grants to local boards and agencies	2,143,000	<b>1,808,034</b>	1,656,942
Other	187,300	<b>284,540</b>	334,665
Amortization of tangible capital assets	25,545,700	<b>25,875,404</b>	25,409,974
Loss on disposal of tangible capital assets	-	-	207,197
<b>TOTAL EXPENSES</b>	<b>140,267,700</b>	<b>116,529,030</b>	<b>118,515,414</b>

*The accompanying notes are an integral part of these financial statements*

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**ROCKY VIEW COUNTY**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2021**  
**Schedule 6**

	<b>General Government</b>	<b>Emergency Services</b>	<b>I &amp; O Services</b>	<b>Planning &amp; Development</b>	<b>Community Services</b>	<b>Total \$</b>
<b>REVENUE</b>						
Net municipal taxes	74,222,981	-	-	-	-	<b>74,222,981</b>
Government transfers	10,456,516	1,993,746	22,385,191	-	3,308,298	<b>38,143,751</b>
User fees and sales of goods	327,033	464,286	8,578,720	1,618,243	-	<b>10,988,282</b>
Investment income	882,610	-	-	-	-	<b>882,610</b>
Contributed assets	-	-	16,140,052	-	5,291,700	<b>21,431,752</b>
Other revenues	5,996,978	1,412,960	10,984,549	13,451,790	7,000	<b>31,853,277</b>
	<b>91,886,118</b>	<b>3,870,992</b>	<b>58,088,512</b>	<b>15,070,033</b>	<b>8,606,998</b>	<b>177,522,653</b>
<b>EXPENSES</b>						
Salaries, wages and benefits	10,731,699	13,375,843	11,355,282	5,504,393	472,127	<b>41,439,344</b>
Contracted and general services	5,153,291	986,980	24,661,330	1,269,149	705,047	<b>32,775,797</b>
Materials, goods and supplies	408,283	627,744	7,510,482	43,250	3,614	<b>8,593,373</b>
Transfers to local boards and organizations	458,122	79,000	9,500	-	5,048,903	<b>5,595,525</b>
Long-term debt interest	-	30,093	1,219,257	-	-	<b>1,249,350</b>
Other expenses	92,404	715,697	192,136	-	-	<b>1,000,237</b>
	<b>16,843,799</b>	<b>15,815,357</b>	<b>44,947,987</b>	<b>6,816,792</b>	<b>6,229,691</b>	<b>90,653,626</b>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<b>75,042,319</b>	<b>(11,944,365)</b>	<b>13,140,524</b>	<b>8,253,243</b>	<b>2,377,307</b>	<b>86,869,029</b>
Amortization expenses	603,988	1,065,688	23,970,899	1,579	233,250	<b>25,875,404</b>
<b>EXCESS (DEFFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>74,438,332</b>	<b>(13,010,053)</b>	<b>(10,830,375)</b>	<b>8,251,662</b>	<b>2,144,057</b>	<b>60,993,623</b>

*The accompanying notes are an integral part of these financial statements*

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

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

**Basis of Accounting**

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

**Revenue Recognition**

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

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

**Tax Revenue**

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

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

**Use of Estimates**

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

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

**Investments**

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

**Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt.

**Local Improvement Charges**

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

**ROCKY VIEW COUNTY**  
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### **Inventories**

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

### **Landfill Closure and Post-Closure Liability**

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

### **Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

### **Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

#### **i) Tangible Capital Assets**

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

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

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

**ii) Contributions of Tangible Capital Assets**

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

**iii) Resource Asset**

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

**iv) Leases**

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

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

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

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

**Requisition Over-levy and Under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.



**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**Pensions**

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

**Funds Held in Trust**

The County held \$1,056,403 in a Cemetery Perpetual Care Trust Account as at December 31, 2021 (2020 - \$915,953).

The County held \$824,541 in a Tax Recovery Trust account as at December 31, 2021 (2020 - \$158,000).

**NOTE 2: INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Investments	<u>\$4,998</u>	<u>\$97,525,501</u>

Investments and deposits have an effective interest rate of 0.85% (2020 – 0.65% to 1.18%) and mature in less than one year.

**NOTE 3: CASH**

	<u>2021</u>	<u>2020</u>
Cash in bank	\$147,409,116	\$12,753,262
Outstanding cheques	<u>(1,849,843)</u>	<u>(4,938,106)</u>
Cash	<u>\$145,559,273</u>	<u>\$7,815,156</u>

Cash consists of petty cash and cash in bank accounts. Included in cash is a restricted amount for grants of \$18,466,463 (2020 - \$4,153,220), which includes \$6,607,918 (2020 - \$1,997,530) received from the Municipal Sustainability Initiative held exclusively for approved projects (Note 6).

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

	<u>2021</u>	<u>2020</u>
Property Taxes		
Current taxes and grants in place of taxes	\$3,611,163	\$3,894,473
Arrears taxes	<u>1,380,842</u>	<u>1,329,793</u>
	<u>\$4,992,005</u>	<u>\$5,224,266</u>
Other		
Trade accounts	\$5,492,994	\$4,906,515
Government Transfers	<u>2,500,604</u>	<u>8,296,407</u>
	<u>\$7,993,598</u>	<u>\$13,202,922</u>
Total	<u>\$12,985,603</u>	<u>\$18,427,188</u>

**NOTE 5: DEBT CHARGES RECOVERABLE**

	<u>2021</u>	<u>2020</u>
Current debt charges recoverable	\$66,001	\$62,812
Non-current debt charges recoverable	<u>401,274</u>	<u>467,275</u>
	<u>\$467,275</u>	<u>\$530,087</u>

The County has secured long-term financing on behalf of several community organizations for joint projects within the County. This debt is recoverable from the organizations at interest rates from 4.758% to 5.250%. The debts mature and will be fully recovered starting in the year 2023 and ending in 2032.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$66,001	\$22,385	\$88,386
2023	69,353	19,033	88,386
2024	31,900	15,510	47,410
2025	33,450	13,960	47,410
2026	35,075	12,335	47,410
Thereafter	<u>231,496</u>	<u>36,264</u>	<u>267,760</u>
	<u>\$467,275</u>	<u>\$119,487</u>	<u>\$586,762</u>

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

	<b>2021</b>	<b>2020</b>
Prepaid property tax	\$391,149	\$369,123
Municipal Sustainability Initiative – capital	6,607,918	1,997,530
AB Environment & Sustainable Resource Grant	5,317,674	2,066,017
Municipal Stimulus Program	109,643	-
Strategic Transportation Infrastructure Program	3,254	-
AB Community Resilience Program	7,766,658	6,865,695
Other operating grants	333,737	434,630
Developer contributions	207,956	208,712
Other deferred revenue	2,110,206	2,195,002
	<b>\$22,848,195</b>	<b>\$14,136,709</b>

**NOTE 7: EMPLOYEE BENEFIT OBLIGATIONS**

	<b>2021</b>	<b>2020</b>
Vacation	<b>\$1,296,898</b>	<b>\$1,695,552</b>

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

**NOTE 8: LONG-TERM DEBT**

	<b>2021</b>	<b>2020</b>
Operating debt, maturing between 2023 and 2032, bearing interest at rates between 4.758% and 5.250%	\$467,275	\$530,087
Capital debt, maturing between 2023 and 2050, bearing interest at rates between 1.288% and 3.973%	<b>53,517,277</b>	<b>46,731,528</b>
	<b>\$53,984,552</b>	<b>\$47,261,615</b>
Funding for future payments from:		
General Tax	\$1,986,778	\$1,440,063
Emergency Services Tax	898,652	1,039,483
Local Improvement Tax	5,235,139	5,418,851
Special Levies	41,830,643	39,313,209
User Fees	4,033,340	50,009
	<b>\$53,984,552</b>	<b>\$47,261,615</b>

**ROCKY VIEW COUNTY**  
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Principal and interest repayments are as follows:

	<u>Capital</u>	<u>Interest</u>	<u>Operating</u>	<u>Interest</u>	<u>Total</u>
2022	\$4,238,571	\$1,269,952	\$66,001	\$22,385	\$5,596,909
2023	4,252,619	1,171,840	69,353	19,033	5,512,845
2024	4,155,992	1,073,270	31,900	15,510	5,276,672
2025	4,051,336	977,848	33,450	13,960	5,076,594
2026	2,709,731	885,767	35,075	12,335	3,642,908
Remainder	<u>34,109,028</u>	<u>6,424,740</u>	<u>231,496</u>	<u>36,263</u>	<u>40,801,527</u>
Total	<u>\$53,517,277</u>	<u>\$11,803,417</u>	<u>\$467,275</u>	<u>\$119,486</u>	<u>\$65,907,455</u>

Of the \$467,275 in principal payments to be made in future years on operating debt, all will be paid from tax levies and local improvement tax.

Of the \$53,517,277 in principal payments to be made in future years on capital debt, all will be paid from user fees, special levies, local improvement tax and tax levies.

Interest expense on long-term debt amounted to \$1,249,350 (2020 - \$1,318,812). The County's total cash payments for interest were \$1,289,205 (2020 - \$1,326,397).

The County has a \$5,000,000 (2020 - \$5,000,000) unsecured operating line of credit with ATB Financial. This line of credit bears interest, when utilized, at ¼ % below the prime lending rate as established by ATB Financial. \$1,000,000 of this \$5,000,000 can be utilized for Letters of Credit. Three Letters of Credit were issued in 2019 totalling \$853,340, which currently puts the overall line of credit at an available balance of \$4,146,660.

These letters were issued to the Receiver General of Canada on behalf of Fisheries and Oceans Canada, for the purpose of constructing and monitoring flood mitigation structures built in segments along Bragg Creek and the Elbow River.

### **NOTE 9: PENSION PLANS**

#### **Local Authorities Pension Plan (LAPP)**

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

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

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Total employer contributions by Rocky View County to the LAPP in 2021 were \$2,390,685 (2020 - \$2,684,911). Total contributions by the employees of Rocky View County to the LAPP in 2021 were \$2,153,732 (2020 - \$2,388,544).

At December 31, 2020, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$4,961 million (2019 - \$7,913 million surplus).

**APEX Supplementary Pension Plan**

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

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

Rocky View County makes current service contributions to the plan of 3.85% of pensionable earnings up to the APEX maximum earnings of \$154,611. Eligible employees of the County can make current service contributions of 2.61% of earnings up to the APEX maximum earnings of \$154,611. Total employer contributions by Rocky View County to APEX in 2021 amounted to \$18,358 (2020 - \$25,872). Total contributions by employees of the County to APEX amounted to \$12,445 for the 2021 year (2020 - \$17,538).

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

**NOTE 10: COMMITMENTS & CONTINGENCIES**

No provision has been made on the statement of financial position for the various lawsuits and legal claims filed against the County as the extent of the lawsuits and legal claims are not determinable at December 31, 2021. The amount of any future settlement would be accounted for in the year the losses are determined.

The commitments for the next 4 years are as follows:

	<b>Operating</b>
2022	\$3,021,330
2023	\$4,050,722
2024	\$4,026,763
2025	\$4,030,163

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**ROCKY VIEW COUNTY**  
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The County has entered into agreements for the following projects, (1) Bragg Creek Flood Mitigation, \$3,609,670 (2) West Balzac Servicing, \$2,196,034 (3) Prince of Peace Phase 2, \$339,000 (4) Blazer Water System Acquisition \$9,000,000 (5) Dwight McLellan Trail Traffic Lights \$500,000 (6) Glenmore Trail and Garden \$3,721,808 (7) Secondary Highway 566 Twinning \$995,648 and (8) Dwight McLellan Trail Stormwater \$2,466,991.

**NOTE 11: RECIPROCAL INSURANCE EXCHANGE MEMBERSHIPS**

The County was a member of the Genesis Reciprocal Insurance Exchange and the Jubilee Reciprocal Insurance Exchange as at December 31, 2021. Under the terms of the membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**NOTE 12: DEBT LIMITS**

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

	<u>2021</u>	<u>2020</u>
Total debt limit	\$204,148,487	\$155,930,616
Total long term debt	<u>(53,984,552)</u>	<u>(47,261,615)</u>
Total amount of debt limit unused	<u>\$150,163,935</u>	<u>\$108,669,001</u>
Debt Servicing Limit	\$34,024,748	\$25,988,436
Debt Servicing	<u>(5,596,909)</u>	<u>(4,972,951)</u>
Amount of Debt Servicing Limit unused	<u>\$28,427,839</u>	<u>\$21,015,485</u>

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County; rather, the financial statements must be interpreted as a whole.

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

	<b>2021</b>	<b>2020</b>
Unrestricted surplus	\$10,697,240	\$7,449,682
Capital deficit	(7,967,243)	(7,109,347)
	<b><u>\$2,729,997</u></b>	<b><u>\$340,335</u></b>
Restricted surplus		
Reserve funds		
General operating	\$4,815,565	\$3,478,683
Roads	4,151,990	3,873,468
Offsite levies	33,284,992	28,546,248
Tax stabilization	36,040,455	32,580,622
Utility	910,194	856,449
Public	14,241,646	10,817,691
Equipment	4,245,143	3,887,798
Recreation – Springbank	10,000,000	-
Voluntary recreation	929,000	851,150
Equity in water license	18,375,000	16,375,000
Equity in tangible capital assets (Note 18)	639,120,331	606,243,246
	<b><u>\$768,844,313</u></b>	<b><u>\$707,850,690</u></b>

**NOTE 14: FINANCIAL INSTRUMENTS**

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

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 15: SALARY AND BENEFIT DISCLOSURE**

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

	No. of Persons	Salary \$	Benefits & Allowances \$	2021 Total \$	2020 No. of Persons	2020 Total \$
Councillors:						
Division 1	2	85,787	13,121	98,907	1	96,783
Division 2	2	92,229	1,144	93,373	1	97,416
Division 3	1	85,990	13,479	99,469	1	82,728
Division 4	1	83,599	13,121	96,720	1	99,701
Division 5	1	83,599	10,565	94,164	1	97,379
Division 6	2	84,446	10,569	95,015	1	123,299
Division 7	1	83,599	9,707	93,306	1	104,632
Division 8	1	95,771	12,414	108,184	1	82,728
Division 9	1	69,773	11,591	81,365	1	84,762
CAO	2	406,720	42,580	449,300	1	345,312
Designated Officers	2	255,644	221,506	477,150	2	295,011

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

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

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

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

The estimated total liability is based on the sum of discounted future cash flows of post closure activities for the remainder of the terms (between 13 years and 16 years) using a discount rate of 2.87% (2020 – 2.92%).

The total estimated liability is \$382,180, of which \$382,180 has been accrued as a liability.

	<b>2021</b>	<b>2020</b>
Estimated post-closure costs	<u>\$382,180</u>	<u>\$424,335</u>
Estimated total liability	<u><u>\$382,180</u></u>	<u><u>\$424,335</u></u>

**NOTE 17: CONTAMINATED SITES LIABILITY**

On January 1, 2015, the County adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the County. During 2021 the County did not identify any sites that qualify as contaminated under PS 3260 and therefore no Contaminated Sites Liability was required.

**NOTE 18: EQUITY IN TANGIBLE CAPITAL ASSETS**

	2021	2020
Tangible Capital Assets	\$1,314,995,877	\$1,250,476,661
Accumulated Amortization	(622,358,269)	(597,501,887)
Long Term Debt	(53,984,552)	(47,261,615)
Debt Charges Recoverable	467,275	530,087
	<u>\$639,120,331</u>	<u>\$606,243,246</u>

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 19: SEGMENTED DISCLOSURE**

The County conducts its business through a number of reportable segments. The operating segments are established by management and facilitate the achievement of long-term objectives and aid in resource allocation decision. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

**General Government** includes council, other legislative and general administration.

**Emergency Services** includes fire, police and traffic enforcement.

**I&O Services** includes roads, capital projects, asset management, fleet, cemetery, water, wastewater, and waste & recycling.

**Planning & Development** includes planning services, building services, engineering services, economic development, and development compliance.

**Community Services** includes recreation & community support, family and community support services (FCSS).

**NOTE 20: COMPARATIVE FIGURES**

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

**NOTE 21: BUDGET**

The budget figures presented in these financial statements are based on the budget approved by council on April 13, 2021 and subsequent budget adjustments are not included.

**NOTE 22: COVID-19**

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

**ROCKY VIEW COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 23: APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

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ROCKY VIEW COUNTY

## SECTION II

# Variance Analysis

*April 26, 2022*



**FINANCIAL STATEMENT VARIANCE ANALYSIS**  
For The Year Ending December 31, 2021

**STATEMENT OF FINANCIAL POSITION - YEAR OVER YEAR**

The Statement of Financial Position reports on the County's assets, liabilities, and accumulated surplus as at December 31, 2021.

**Material changes have been identified and analyzed as follows:**

**FINANCIAL ASSETS**

	Variance (\$)	2021 (\$)	2020 (\$)
<b><u>Cash (F/S Note 3)</u></b>			
<b>Total</b>	<b>137,744,117</b>	145,559,273	7,815,156
* Year end timing difference			
a) Increase - Investments	97,520,503		
b) Increase - Flood mitigation Provincial grant	8,000,000		
c) Increase - Public Reserve developer contributions	1,482,124		
d) Increase - Collection of accounts receivable balance	5,214,106		
e) Increase - Deferred revenue items - Grants	8,711,486		
f) Increase - Refundable deposits	1,000,272		
<b><u>Temporary Investments (F/S Note 2)</u></b>			
Decrease - Received better interest rate in current account than investment account	<b>(97,520,503)</b>	4,998	97,525,501
<b><u>Trade and Other Receivables (F/S Note 4)</u></b>			
<b>Total</b>	<b>(5,209,324)</b>	7,993,598	13,202,922
a) Decrease - Municipal Operating Support Transfer Grant	(3,738,471)		
b) Decrease - Federal Gas Tax Fund Grant	(514,124)		
c) Decrease - Strategic Infrastructure Program Grant	(858,970)		



**LIABILITIES**

	Variance (\$)	2021 (\$)	2020 (\$)
<b><u>Deferred Revenue (F/S Note 6)</u></b>			
<b>Total</b>	<b>\$8,711,486</b>	22,848,195	14,136,709
* Timing between receipt and use of grants			
a) Increase - Municipal Sustainability Initiative Grant	4,610,388		
b) Increase - AB Environment & Sustainable Resource Grant	3,251,657		
c) Increase - AB Community Resilience Program Grant	900,963		
<b><u>Long term debt (F/S Note 8)</u></b>			
<b>Total</b>	<b>6,722,937</b>	53,984,552	47,261,615
a) Decrease - Vehicles	(174,748)		
b) Decrease - Bridges & walkways	(59,441)		
c) Decrease - Water infrastructure	(1,837,659)		
d) Decrease - Wastewater infrastructure	(2,295,288)		
e) Decrease - Recreation	(35,145)		
f) Increase - Horse Creek Water/Wastewater system purchase	10,450,000		
g) Increase - Bridge rehabilitation	675,219		
<b><u>NON-FINANCIAL ASSETS</u></b>			
	Variance (\$)	2021 (\$)	2020 (\$)
<b><u>Tangible Capital Assets (Schedule 2)</u></b>			
<b>Total</b>	<b>39,662,834</b>	692,637,608	652,974,774
* Reduction in buildings, equipment and engineering structures due to yearly amortization			
a) Increase - Land/Land improvements	1,644,643		
b) Increase - Buildings	5,085,718		
c) Decrease - Vehicles	(947,085)		
d) Decrease - Equipment	(714,284)		
e) Increase - Engineering structures	459,898		
f) Increase - Construction in progress	12,702,192		
g) Increase - Contributed assets	21,431,752		
<b><u>Resources Asset</u></b>			
Increase - Horse Creek Water System License	<b>2,000,000</b>	18,375,000	16,375,000



## **STATEMENT OF OPERATIONS – BUDGET TO ACTUAL – DECEMBER 31, 2021**

The Statement of Operations reports on revenue and expenses for both operating and capital activities, contributed assets, grants applied to projects, and the change in the accumulated surplus for the period of January 1 to December 31, 2021.

**Material changes have been identified and analyzed as follows:**

### **REVENUE**

	<b>Variance (\$)</b>	<b>Actual (\$)</b>	<b>Budget (\$)</b>
<b><u>User Fees and Sales of Goods</u></b>			
<b>Total</b>	<b>1,445,282</b>	10,988,282	9,543,000
a) Increase - Cemetery Revenue	(610,077)		
b) Increase - Subdivision/Redesignation Revenue	(626,651)		
<b><u>Cash-In-Lieu of Public Reserve</u></b>			
Increase - Developer contributions - cash in lieu of land	<b>3,358,382</b>	4,028,382	670,000
<b><u>Government Transfers for Operating (Schedule 4)</u></b>			
<b>Total</b>	<b>3,008,241</b>	18,151,841	15,143,600
a) Increase - Flood mitigation Provincial grant	10,000,000		
b) Decrease - Alberta Community Resilience Program Grant	(7,440,268)		
<b><u>Penalties and Cost of Taxes</u></b>			
Increase - Late tax payment penalty	<b>720,305</b>	1,706,412	996,500
<b><u>Development Agreements &amp; Levies</u></b>			
<b>Total</b>	<b>4,765,234</b>	12,619,134	7,853,900
a) Increase - Transportation offsite levy	4,324,898		
b) Increase - Stormwater offsite levy	609,539		
c) Decrease - Balzac water levy	(217,164)		
<b><u>Licenses &amp; Permits</u></b>			
<b>Total</b>	<b>3,112,548</b>	6,343,548	3,231,000
a) Increase - Building permit revenue	2,480,934		
b) Increase - Development permit revenue	389,358		
c) Increase - Electrical/Gas/Plumbing permit revenue	239,310		

**REVENUE (Con't)**

	Variance (\$)	Actual (\$)	Budget (\$)
<b><u>Other</u></b>			
<b>Total</b>	<b>(1,048,382)</b>	6,142,518	7,190,900
a) Decrease - Red Cross grant	(495,940)		
b) Decrease - Timing - Glenmore Train/Garden Road intersection	(2,402,306)		
	1,765,385		
c) Increase - Timing - Developer Funded - Conrich Water System extension			

**EXPENSES**

	Variance (\$)	Actual (\$)	Budget (\$)
<b><u>Administration</u></b>			
<b>Total</b>	<b>(3,027,060)</b>	18,928,840	21,955,900
a) Decrease - Salaries and wages - position vacancies	(1,606,765)		
b) Decrease - Unused training - COVID	(291,370)		
c) Decrease - Materials	(252,975)		
d) Decrease - Engineering	(251,245)		
e) Decrease - Information technology application fees	(318,677)		
f) Decrease - Intergovernmental services	(97,207)		
<b><u>Fire</u></b>			
Increase - Part-time firefighter wages	<b>710,375</b>	15,196,323	14,496,200
<b><u>Bylaw Enforcement</u></b>			
Decrease - Timing of Provincial policing payments to the province	<b>(1,146,918)</b>	6,806,720	7,837,700
<b><u>Transportation and Field Services</u></b>			
<b>Total</b>	<b>(15,298,696)</b>	45,687,804	60,986,500
a) Decrease - Salaries and wages – position vacancies	(791,245)		
b) Decrease - Materials	(557,175)		
c) Decrease - Timing - Dwight McLellan Trail storm drainage improvements	(2,940,000)		
d) Decrease - Timing - Glenmore Trail and Garden Road drainage improvements	(2,470,000)		
e) Decrease - Cooperative Stormwater Management Initiative	(8,238,368)		
	(258,434)		
f) Decrease - Road Operations, railroad crossings/traffic lights			



**EXPENSES (Con't)**

	<b>Variance (\$)</b>	<b>Actual (\$)</b>	<b>Budget (\$)</b>
<b><u>Planning and Development</u></b>			
<b><i>Total</i></b>	<b><i>(1,780,257)</i></b>	<i>3,655,643</i>	<i>5,435,900</i>
a) Decrease - Salaries and wages - vacant positions	(584,900)		
b) Decrease - Municipal policy projects	(975,964)		
c) Decrease - Materials	(75,178)		
<b><u>Recreation, Parks and Community Services</u></b>			
<b><i>Total</i></b>	<b><i>(2,552,262)</i></b>	<i>7,307,938</i>	<i>9,860,200</i>
a) Decrease - Salaries and wages - vacant positions	(288,800)		
b) Decrease - Recreation master plan/regional agreements	(293,057)		
c) Decrease - Materials	(96,386)		
d) Decrease - Unspent recreation grants	(1,819,043)		

**LEGEND**

"F/S" refers to the 2021 Notes to the Financial Statements

"Schedule" refers to the 2021 Notes to the Financial Statement Schedules

\* General Explanation



ROCKY VIEW COUNTY

## SECTION III

# Audit Findings Report

*April 26, 2022*



## Rocky View County

2021 Audit Findings  
Report to Council  
December 31, 2021

Julie Oliver, CPA, CA  
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April 26, 2022

Members of Council of Rocky View County

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Rocky View County (the "County") as at December 31, 2021 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of Council.

We have substantially completed our audit of the financial statements of the County which has been carried out in accordance with Canadian generally accepted auditing standards.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Council of the County. A draft copy of our proposed Independent Auditor's Report is attached at the end of this report.

This report is intended solely for the information and use of Council and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

A handwritten signature in black ink that reads 'MNP LLP' in a stylized, cursive font.

**Chartered Professional Accountants**

encls.



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**INTRODUCTION**

As auditors, we report to the Council on the results of our examination of the financial statements of Rocky View County (the “County”) as at and for the year ended December 31, 2021. The purpose of this Audit Findings Report is to assist you, as members of Council, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures. We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

**ENGAGEMENT STATUS**

We have substantially completed our audit of the financial statements of the County and are prepared to sign our Independent Auditor’s Report subsequent to completion of the following procedures:

- Receipt of the signed management representation letter;
- Discussion of subsequent events with Council;
- Council's review and approval of the financial statements.

**INDEPENDENT AUDITOR’S REPORT**

We expect to have the above procedures completed and to release our Independent Auditor’s Report on April 27, 2021. Our Independent Auditor’s Report will provide an unmodified opinion to the Council. A draft copy of our proposed Independent Auditor’s Report has been provided as additional materials to this report.

**SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS**

**AUDIT AND REPORTING MATTERS**

The following significant matters arose during the course of audit that we wish to bring to your attention.

AREA	COMMENTS
<b>CHANGES FROM AUDIT SERVICE PLAN</b>	There were no deviations from the Audit Service Plan previously presented to you.
<b>FINAL MATERIALITY</b>	<p>Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the County, and is affected by our assessment of materiality and audit risk.</p> <p>Final materiality used for our audit was \$4,500,000 for December 31, 2021 and \$3,500,000 for December 31, 2020.</p>
<b>DIFFICULTIES ENCOUNTERED</b>	No significant limitations were placed on the scope or timing of our audit.
<b>IDENTIFIED OR SUSPECTED FRAUD</b>	<p>Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.</p> <p>While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of</p>

AREA	COMMENTS
	our audit.
<b>IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS</b>	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
<b>MATTERS ARISING IN CONNECTION WITH RELATED PARTIES</b>	No significant matters arose during the course of our audit in connection with related parties of the County.
<b>SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL</b>	<p>Our audit process focuses on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.</p> <p>It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.</p> <p>We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to Council on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.</p> <p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, we have an update on a significant deficiency in internal controls, which is included in Appendix B to this report.</p>
<b>GOING CONCERN</b>	<p>We have not identified any material uncertainties related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern.</p> <p>We are of the opinion that the going concern assumption is appropriate in preparation of the financial statements.</p>
<b>MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT</b>	<p>We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the County.</p> <p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p>
<b>SIGNIFICANT DIFFERENCES</b>	One significant difference was proposed to management with respect to the December 31, 2021 financial statements.

**AUDITOR'S VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES**

The application of Canadian public sector accounting standards allows and requires the County to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your County's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

AREA	COMMENTS
<b>ACCOUNTING POLICIES</b>	<p>The accounting policies used by the County are appropriate and have been consistently applied.</p> <p>No new accounting policies, or change in accounting policies used by the County were applied.</p>
<b>FINANCIAL STATEMENT DISCLOSURES</b>	<p>The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.</p>

**SIGNIFICANT RISK AREAS AND RESPONSES**

SIGNIFICANT RISK AREA	RESPONSE AND CONCLUSION
<p><b>Cash</b></p> <p>The nature of cash makes it susceptible to misappropriation.</p>	<p>Observe safeguards over cash and cash receipts.</p> <p>No indication of misappropriation of cash was found during the course of our audit.</p>
<p><b>Sale of goods/rendering of services</b></p> <p>Some fines or services may be paid for in cash which is subject to misappropriation.</p>	<p>Walkthrough controls over sequential number of receipts and comparison of reconciliation to summary end of day report. Additional procedures completed through walkthrough of City View, bank reconciliations, bad debt and adjustments.</p> <p>No indication of misappropriation of cash was found during the course of our audit.</p>
<p><b>Tax revenues</b></p> <p>Values used for calculating property tax are subjective. Risk that improvements on a property do not get reflected in value therefore property tax revenue not complete.</p>	<p>Recalculate overall values for property taxes using approved mill rates and compare property values to those submitted to the Alberta government.</p> <p>Walk through controls over ensuring additions to property values, through improvements done for example, get adjusted in the next year.</p> <p>No errors found in recalculation of property taxes.</p>
<p><b>Government transfers</b></p> <p>Contributions received are subject to restrictions imposed by the contributors and can only be recognized when expenditures related to the restricted use have been incurred.</p>	<p>Select a sample of projects and review a sample of expenditures to ensure that expenditures are eligible for that grant and therefore the stipulations are met.</p> <p>All stipulations appear to have been met.</p>
<p><b>Deposit liabilities</b></p>	<p>Complete substantive testing on deposits to ensure that all deposits on the listing are appropriate. Discuss</p>



SIGNIFICANT RISK AREA	RESPONSE AND CONCLUSION
Risk of inaccurate deposit liabilities due to unrecorded deposits or deposits for which all criteria has been met and they should be cleared from the listing.	<p>completeness of deposits with employees and corroborate explanations.</p> <p>All deposit listings are found to be appropriate.</p>
<p><b>Deferred revenue and restricted contributions</b></p> <p>Government transfers are significant and could be recorded in the wrong period.</p>	<p>Complete testing on invoices to ensure that all expenditures allocated to projects are eligible expenditures.</p> <p>All expenditures are found to be appropriate.</p>
<p><b>Site contamination and landfill liabilities/asset retirement obligations</b></p> <p>The calculation of site contamination and landfill closure and post-closure liabilities is complex and subject to significant estimation.</p>	<p>Discuss with client to ensure all liabilities have been set up in the year. Compare methodology and estimates to the prior period and obtain explanation for changes.</p> <p>All liabilities have been set up appropriately in the year.</p>
<p><b>Tangible capital assets</b></p> <p>Risk of treating upgrades to capital items inconsistently. This risk includes the risk of contributed assets not being recorded.</p>	<p>Ensure capital items tested are appropriately classified.</p> <p>All tested capital items are appropriately classified.</p>

## OTHER MATTERS

### MANAGEMENT REPRESENTATIONS

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.

### AUDITOR INDEPENDENCE

We confirm to Council that we are independent of the County. Our letter to Council discussing our independence is included as part of the additional materials attached to this report.

## APPENDIX A – MNP AUDIT PROCESS

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Obtained an understanding of the County and its environment, including management internal controls (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees; and
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the financial statements;
- Not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

**APPENDIX B – SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS**

DESCRIPTION	COMMENTS
<p><b>VACATION ACCRUALS -UPDATE FROM 2020</b></p>	<p><b>Observation:</b></p> <p>Original observation: Limits on the amount of vacation time that an employee is able to accrue are not being enforced.</p> <p>Update: Procedure #PRO-193 and Terms and Conditions of Employment Policy (A-101-02) have been updated to address concerns. While there are still a large number of salaried employees with large vacation banks, it is no longer off-side for policy.</p> <p><b>Management's Response:</b></p> <p>Management has been working hard to manage vacation time more effectively. With the large banks outstanding it was not possible to reduce all banks within one year. The accrual is down almost \$400,000 over the prior year.</p>

**APPENDIX C – SUMMARY OF SIGNIFICANT DIFFERENCES**

**SIGNIFICANT UNADJUSTED DIFFERENCES**

<b>DIFFERENCES NOTED AND ITEMS AFFECTED</b>	<b>FINANCIAL POSITION</b>	<b>EARNINGS</b>
Gravel pit reclamation is understated, which is carried forward from the prior year with an opening accumulated surplus impact of \$767,413 and current year impact on the ending liabilities and earnings for the year as noted in this table.	\$ (527,413)	\$ 240,000
<b>Total Unadjusted Differences (Earnings Effect)</b>		<b>\$ 240,000</b>

Canadian generally accepted auditing standards require that we request of management and Council that identified unadjusted differences be corrected. We have made this request of management, however based on both quantitative and qualitative considerations management has decided not to correct those identified differences that remain unadjusted. They have represented to us that in their judgment the unadjusted differences are, both individually and in the aggregate, not material to the financial statements.

We concur with management's representation that the unadjusted differences are not material to the financial statements and, accordingly, these unadjusted differences have no effect on our Independent Auditor's Report.

**DRAFT INDEPENDENT AUDITOR'S REPORT**

**(See Attached)**

## Independent Auditor's Report

---

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

**DRAFT**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the financial statements of Rocky View County (the "County"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the County'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 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.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.

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

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

### **Report on Other Legal and Regulatory Requirements**

#### **Debt Limit Regulation**

In accordance with Alberta regulation 255/2000, we confirm that the County is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in Note 12.

#### **Supplementary Accounting Principles and Standards Regulation**

In accordance with Alberta regulation 313/2000, we confirm that the County is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 15.

Red Deer, Alberta

Chartered Professional Accountants

**DRAFT**

## MANAGEMENT REPRESENTATIONS

(See Attached)



April 26, 2022

MNP LLP  
400 - 4311 54 Ave  
Red Deer, Alberta T4N 4L9

To Whom It May Concern:

In connection with your audit of the financial statements of Rocky View County ("the County") as at December 31, 2021 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 17, 2021, for the preparation and fair presentation of the County's financial statements and comparatives in accordance with Canadian public sector accounting standards. We believe these financial statements and comparatives are complete and present fairly, in all material respects, the financial position of the County as at December 31, 2021 and the results of its operations and its cash flows, in accordance with Canadian public sector accounting standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the County's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian public sector accounting standards, and are applied consistently throughout the financial statements.
4. We have disclosed to you all significant assumptions used in making accounting estimates and judgments, and believe they are reasonable.
5. We are aware of and concur with the contents and results of the journal entries prepared pertaining to the prior period error correction, and accept responsibility for the financial statement effects of the entries.
6. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these differences has been attached to this written representation.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
8. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.

9. We further acknowledge the following items related specifically to COVID-19:
- We have assessed the impact of COVID-19 on the County's operations and have provided you all information relevant to the impact it has had and/or is anticipated to have on the County's operations.
  - We have made available to you all source documentation requested, whether in original or scanned/electronic format. Where information has been provided in scanned/electronic format, it has been accurately reproduced.
  - All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
10. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian public sector accounting standards.
11. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian public sector accounting standards have been adjusted or disclosed as appropriate.
12. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
13. All assets, wherever located, to which the County had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
14. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
15. All restricted cash has been appropriately disclosed.
16. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.
17. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2021. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
18. Inventory is correctly recorded in the financial statements in accordance with the requirements of Canadian public sector accounting standards. All required provisions for slow-moving, obsolete, and unsaleable stock have been recorded. Inventory does not include any goods on consignment to others or goods invoiced to customers.
19. All charges to tangible capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the County. Depreciation of property, plant and equipment has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
20. Government transfers should be recognized when the transfer is authorized, and all eligibility criteria have been met.
21. All long-term debt and capital lease obligations have been appropriately recorded in the financial statements. All payments and accrued interest has been accounted for. The current portion of long-term debt and capital

lease obligations is appropriately classified.

22. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the County is not entitled to the proceeds.

### **Information provided**

1. We have responded fully to all inquiries made to us and have made available to you:
  - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements and minutes of the meetings of the Council held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
  - Additional information that you have requested from us for the purpose of your audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the County and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated April 26, 2021 is still applicable to the prior year's financial statements and comparatives, and no matters have arisen that require restatement of those financial statements and comparatives.
10. There are no discussions with your firm's personnel regarding employment with the County.

**Professional Services**

1. We acknowledge the engagement letter dated November 17, 2021, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the County's audit.

Sincerely,

Rocky View County

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**INDEPENDENCE COMMUNICATION**

**(See Attached)**



April 26, 2022

Council  
Rocky View County  
262075 Rocky View Point  
Rocky View County, AB T4A 0X2

Dear Sirs/Mesdames:

We have been engaged to audit the financial statements of Rocky View County ("the County") as at December 31, 2021 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the County and its related entities or persons in financial reporting oversight roles at the County and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the County and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2021 to April 26, 2022.

We hereby confirm that MNP is independent with respect to the County within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of April 26, 2022.

This report is intended solely for the use of Council, management and others within the County and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our meeting on April 26, 2022. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

**Chartered Professional Accountants**

encls.

## MNP LLP – Wherever Business Takes You

Assurance › Consulting › Tax

### About MNP LLP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.

