

Consolidated Financial Statements of

**REGIONAL MUNICIPALITY  
OF WOOD BUFFALO**

Year ended December 31, 2020

**Consolidated Financial Statements of**  
**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

**Year ended December 31, 2020**

Management's Responsibility for the Consolidated Financial Statements .....	1
Independent Auditor's Report .....	2
Consolidated Statement of Financial Position .....	4
Consolidated Statement of Operations and Accumulated Surplus .....	5
Consolidated Statement of Change in Net Financial Assets .....	6
Consolidated Statement of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8 – 43

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of the Regional Municipality of Wood Buffalo (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies followed by the Municipality are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Mayor and Members of Council met with management and the external auditors to discuss the consolidated financial statements and any significant financial reporting or internal control matters prior to the management approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent auditors appointed by the Municipality. The Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

For: Regional Municipality of Wood Buffalo

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Linda Ollivier, CPA, CMA  
Chief Financial Officer

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Jamie Doyle, RPP, MCIP  
Chief Administrative Officer

April 13, 2021

## Independent Auditor's Report

To the Mayor and members of Council of the  
Regional Municipality of Wood Buffalo

### Opinion

We have audited the consolidated financial statements of the Regional Municipality of Wood Buffalo (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management 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 PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality 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.

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.

Chartered Professional Accountants  
April 13, 2021

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Statement of Financial Position**

December 31, 2020

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	\$ 284,805,537	\$ 378,684,579
Restricted cash (Note 2)	16,158,561	15,675,259
Taxes and grants in lieu receivable (Note 3)	11,554,241	9,372,072
Trade and other receivables (Note 4)	35,524,657	23,065,520
Inventories held for resale (Note 5)	188,273	541,325
Investments (Note 6)	1,000,169,036	862,450,159
Mortgages and notes receivable (Note 7)	4,305,678	6,359,124
	<u>1,352,705,983</u>	<u>1,296,148,038</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	79,057,232	81,655,493
Deposit liabilities	10,350,843	8,521,092
Deferred revenue (Note 8)	70,056,343	75,915,533
Employee benefit obligations (Note 9)	21,076,879	17,349,635
Contaminated sites liability (Note 10)	2,113,127	1,928,561
Provision for landfill closure and post-closure obligation (Note 11)	18,854,294	17,423,662
Long-term debt (Note 12)	72,529,244	76,286,233
	<u>274,037,962</u>	<u>279,080,209</u>
<b>Net financial assets</b>	1,078,668,021	1,017,067,829
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	4,303,681,795	4,302,598,396
Consumable inventories	5,602,666	5,704,278
Prepaid expenses	4,911,195	4,603,393
	<u>4,314,195,656</u>	<u>4,312,906,067</u>
<b>Accumulated surplus (Note 15)</b>	<u>\$ 5,392,863,677</u>	<u>\$ 5,329,973,896</u>

Contractual rights (Note 19)  
 Commitments and contingent liabilities (Note 20)

See accompanying notes to consolidated financial statements.

**Approved by:**

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 Chief Financial Officer

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 Chief Administrative Officer

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Statement of Operations and Accumulated Surplus**

For the Year Ended December 31, 2020

	Budget	2020	2019
	(Note 24)		
<b>Revenue:</b>			
Net taxes available for municipal purposes (Note 16)	\$ 491,917,900	\$ 490,866,848	\$ 657,278,601
Government transfers for operating (Note 17)	19,821,966	62,323,224	44,180,489
Sales and user charges (Note 23)	48,634,108	51,896,997	63,817,902
Sales to other governments	2,703,400	3,656,341	3,193,453
Penalties and costs on taxes	2,269,000	5,532,304	4,372,602
Licenses and permits	943,000	1,720,509	2,018,676
Fines	1,323,000	1,939,891	2,647,260
Franchise and concession contracts	8,175,000	8,173,803	8,184,926
Returns on investments	22,897,387	41,743,198	31,342,868
Rentals	18,782,549	16,988,184	19,614,508
Developers' agreements and levies	-	-	2,691,857
Other	5,156,486	8,896,139	7,553,667
Gain on disposal of tangible capital assets	-	594,796	963,590
	622,623,796	694,332,234	847,860,399
<b>Expenses (Note 18):</b>			
Council and other legislative	1,477,650	1,077,179	1,283,948
General administration	75,761,096	96,720,779	132,778,825
Other general government	40,571,283	43,931,253	34,984,313
Police	34,601,507	38,508,135	34,508,288
Fire	30,858,416	33,409,016	32,315,684
Disaster and emergency measures	7,150,125	37,762,839	690,677
Ambulance and first aid	10,106,503	10,190,104	11,041,296
Bylaws enforcement	6,318,962	5,480,739	6,480,401
Common and equipment pool	22,598,840	21,086,836	23,403,506
Roads, streets, walks, lighting	29,448,465	62,957,273	58,479,680
Public transport	18,242,036	28,127,973	28,861,839
Storm sewers and drainage	648,740	4,240,192	4,102,136
Water supply and distribution	22,165,541	51,207,206	42,476,013
Wastewater treatment and disposal	13,003,986	35,118,421	36,787,714
Waste management	14,775,523	16,529,290	18,735,066
Family and community support	12,049,893	14,765,473	9,173,599
Cemeteries and crematoriums	267,456	431,698	427,238
Land use planning, zoning and development	11,332,631	11,808,508	10,561,638
Public housing operations	17,548,972	28,881,496	32,618,483
Land, housing and building rentals	3,010,727	3,813,795	4,321,265
Recreation boards	57,056	49,836	34,751
Parks and recreation	78,725,071	94,676,111	99,518,727
Culture: libraries, museums, halls	5,249,394	5,171,057	6,103,868
	455,969,873	645,945,209	629,688,955
<b>Annual surplus before other</b>	166,653,923	48,387,025	218,171,444
<b>Other:</b>			
Contributions of tangible capital assets	-	1,524,448	3,102,354
Government transfers for capital (Note 17)	19,374,846	12,978,308	62,181,470
<b>Annual surplus</b>	186,028,769	62,889,781	283,455,268
<b>Accumulated surplus, beginning of year</b>	5,329,973,896	5,329,973,896	5,046,518,628
<b>Accumulated surplus, end of year</b>	\$ 5,516,002,665	\$ 5,392,863,677	\$ 5,329,973,896

See accompanying notes to consolidated financial statements.

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**  
**Consolidated Statement of Change in Net Financial Assets**

For the Year Ended December 31, 2020

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	(Note 24)		
<b>Annual surplus</b>	\$ 186,028,776	\$ 62,889,781	\$ 283,455,268
Acquisition of tangible capital assets	(153,413,540)	(133,979,306)	(207,232,735)
Contributions of tangible capital assets	-	(1,524,448)	(3,102,354)
Transfer of tangible capital assets to inventory held for resale	-	378,777	-
Gain on disposal of tangible capital assets	-	(594,796)	(963,590)
Amortization of tangible capital assets	-	128,963,787	124,099,235
Proceeds on disposal of tangible capital assets	-	5,672,589	1,060,568
	<u>32,615,236</u>	<u>61,806,384</u>	<u>197,316,392</u>
Use (acquisition) use of consumable inventories	-	101,610	(1,545,063)
(Acquisition) use of prepaid expenses	-	(307,802)	77,322
	-	<u>(206,192)</u>	<u>(1,467,741)</u>
<b>Increase in net financial assets</b>	32,615,236	61,600,192	195,848,651
<b>Net financial assets, beginning of year</b>	1,017,067,829	1,017,067,829	821,219,178
<b>Net financial assets, end of year</b>	<u>\$ 1,049,683,065</u>	<u>\$ 1,078,668,021</u>	<u>\$ 1,017,067,829</u>

See accompanying notes to consolidated financial statements.



**REGIONAL MUNICIPALITY OF WOOD BUFFALO****Consolidated Statement of Cash Flows**

For the Year Ended December 31, 2020

	2020	2019
<b>Cash provided by (used in):</b>		
<b>Operating:</b>		
Annual surplus	\$ 62,889,781	\$ 283,455,268
Non-cash items included in annual surplus		
Amortization of tangible capital assets	128,963,787	124,099,235
Gain on disposal of tangible capital assets	(594,796)	(963,590)
Contributions of tangible capital assets	(1,524,448)	(3,102,354)
Loss on investment in long-term lease	768,673	-
Valuation adjustment to mortgages and notes receivable	-	295,445
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable	(2,182,169)	749,939
Trade and other receivables	(12,459,137)	50,489,975
Inventories held for resale	731,829	1,049,480
Consumable inventories	101,610	(1,545,063)
Prepaid expenses	(307,802)	77,322
Accounts payable and accrued liabilities	(2,598,261)	8,913,145
Deposit liabilities	1,829,751	(55,856)
Deferred revenue	(5,859,190)	(15,186,832)
Employee benefit obligations	3,727,244	(1,001,680)
Contaminated sites liability	184,566	88,695
Provision for landfill closure and post-closure costs	1,430,632	3,449,284
Cash provided by operating transactions	175,102,070	450,812,413
<b>Capital:</b>		
Proceeds on disposal of tangible capital assets	5,672,589	1,060,568
Acquisition of tangible capital assets	(133,979,306)	(207,232,735)
Cash applied to capital transactions	(128,306,717)	(206,172,167)
<b>Investing:</b>		
Decrease in mortgages and notes receivable	1,284,773	322,072
Increase in restricted cash	(483,302)	(670,522)
(Increase) decrease in investments	(137,718,877)	290,714,589
Cash (applied to) provided by investing transactions	(136,917,406)	290,366,139
<b>Financing:</b>		
Long-term debt repaid	(3,756,989)	(269,050,366)
Cash applied to financing transactions	(3,756,989)	(269,050,366)
<b>Change in cash and cash equivalents during the year</b>	(93,879,042)	265,956,019
<b>Cash and cash equivalents, beginning of year</b>	378,684,579	112,728,560
<b>Cash and cash equivalents, end of year</b>	\$ 284,805,537	\$ 378,684,579

See accompanying notes to consolidated financial statements.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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The Regional Municipality of Wood Buffalo (the Municipality) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c.M-26, as amended (MGA).

### 1. Significant accounting policies

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

#### (a) Reporting entity

##### (i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of entities whose operations and assets are under the control of the Municipality. In addition to general municipal tax supported operations, they include:

Regional Municipality of Wood Buffalo Library Board  
Wood Buffalo Housing & Development Corporation  
Regional Recreation Corporation of Wood Buffalo  
Wood Buffalo Economic Development Corporation  
Wood Buffalo 2022 Arctic Winter Games Host Society

Interdepartmental and inter-organizational transactions and balances have been eliminated.

##### (ii) Other boards and commissions

The Municipality is a member of various other boards and commissions that are not included in the reporting entity.

##### (iii) Alberta School Foundation Fund and School Boards

The note for net taxes available for municipal purposes includes requisitions for the Alberta School Foundation Fund and School Boards that are not part of the reporting entity.

#### (b) Basis of accounting

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on approved annual budget and requisition requirements. Property tax assessment is based on either the market value or regulated value legislated standard as prescribed in the MGA. The market value standard is based on the market value of properties as of July 1st of the preceding year. The regulated value standard is based on rates and procedures prescribed by Alberta Municipal Affairs. Assessments are subject to appeal.

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

Local improvement levies represent funds from external parties that are restricted by legislation and are accounted for as deferred revenue until the special assessments are authorized by Council, issued to the property owners, and the funds are used for the purpose specified.

Government transfers and grants are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Municipality, and reasonable estimates of the amounts can be made. Prior to that time, any amounts received, along with the restricted interest thereon, are recorded as deferred revenue.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 1. Significant accounting policies (continued)

#### (b) Basis of accounting (continued)

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the recipients have met the eligibility criteria and the amount can be reasonably estimated. The majority of transfers made by the Municipality are in the form of grants or operating subsidies.

Revenues for the provision of goods or services are recognized in the period in which the goods are provided, or the services are rendered. Revenues from sponsorships are recognized over the terms of the sponsorship agreements. Rental income is recognized as revenue in the relevant tenancy period. Revenues from land and building sales related to inventories held for resale are recognized when title transfers and all of the rights and responsibilities of ownership have transferred, the price to the buyer is determinable and collection is reasonably assured. Amounts received under rights holder agreements have been deferred and are recognized as revenue on a straight-line basis over the 25-year life of the agreements.

Returns on investments are recorded as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Deferred revenue represents amounts received from third parties for a specified operating or capital purpose. These amounts are recognized as revenue in the period when the related expenses are incurred.

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

#### (c) Cash and cash equivalents

Cash includes cash on hand and balances with banks, net of overdrafts.

Cash equivalents consist of bank deposits and may include short-term investments with original term to maturity of three months or less.

#### (d) Excess collections and under-levies

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is recorded as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is recorded as a receivable and property tax revenue is increased.

Mill-rates in a subsequent year are adjusted for any excess collections or under-levies of the prior year.

#### (e) Inventories held for resale

Property and other inventories are recorded at the lower of cost and net realizable value. Property inventory held under equity and affordability programs which have been sold, but where revenue recognition criteria have not been met, are recorded at the lower of cost and net realizable value.

#### (f) Investments

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

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 1. Significant accounting policies (continued)

#### (g) *Mortgages and notes receivable*

Mortgages and notes receivable are carried at amortized cost using the effective interest method. The effective interest rate is determined to be the Wood Buffalo Housing and Development Corporation's weighted average cost of borrowing at the time the agreement is executed. The discount recorded on the mortgages and notes receivable is amortized each year to interest income. Mortgages and notes receivable are reviewed annually to ensure the amount recoverable is not less than the amortized cost. If this is found to be the case, a valuation allowance is used to adjust the recorded value to the recoverable amounts.

#### (h) *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 ordinary 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 assets excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

<u>Asset</u>	<u>Useful Life - Years</u>
Land improvements	5 to 45
Buildings and improvements	5 to 80
Engineered structures	10 to 120
Machinery and equipment	3 to 30
Vehicles	5 to 15

Annual amortization is charged at 50% 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. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital asset are less than their net book value.

#### (ii) *Contributions of tangible capital assets*

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

#### (iii) *Tangible capital assets recognized at nominal values*

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value.

#### (iv) *Natural resources*

Natural resources that have not been purchased are not recognized as tangible capital assets in these consolidated financial statements.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 1. Significant accounting policies (continued)

(h) *Non-financial assets (continued)*

(v) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as tangible capital assets in these consolidated financial statements. Any acquisition costs are expensed in the year they are acquired.

(vi) Capitalization of costs

The Municipality does not capitalize interest costs associated with the acquisition or construction of tangible capital assets. General and administrative indirect overhead expenses are not allocated and capitalized.

(vii) Leases

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

(viii) Consumable inventories

Consumable inventories are recorded at the lower of cost and replacement cost.

(i) *Contaminated sites liability*

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds 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 costs attributable to remediation activities including any required post-remediation operations, maintenance and monitoring.

(j) *Landfill closure and post-closure obligation*

The *Alberta Environmental Protection and Enhancement Act, Code of Practice for Landfill Operations in Alberta*, and the *Standards for Landfills in Alberta* set out the regulatory requirements to properly close and maintain all landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The estimated costs relating to this requirement are being accrued over the estimated remaining life of the landfill site based on usage.

The reported obligation may be affected by changes and factors such as the estimated total expenditures, regulatory requirements, inflation, and interest rates. Due to the inherent uncertainty involved in making such estimates and assumptions, actual costs reported in future periods could differ from those estimates.

(k) *Employee future benefits*

The costs of multi-employer defined benefit pension plan benefits such as Local Authorities Pension Plan (LAPP) and APEX pension plans are the employer's contributions to the plan in the period. Health and dental benefits are provided on an administrative service only basis. The Municipality is responsible for the employer share of benefit premiums throughout the year.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 1. Significant accounting policies (continued)

### (l) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

Management has used estimates to determine employee benefit obligations, landfill closure and post closure costs, contaminated sites liability, accrued liabilities, provisions for tax assessment appeals, tangible capital asset useful lives, provision for investment impairment, provisions made for allowances for taxes and other receivables, inventories, as well as wildfire related trade and other receivables.

### (m) Recent Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards issued by the PSAB. The Municipality will continue to assess the impact and prepare for the adoption of these standards.

#### (i) Financial instruments

Section PS3041 Portfolio Investments has removed the distinction between temporary and portfolio investments. This section now includes pooled investments in its scope and was amended to conform to Financial Instruments PS3450 and now includes pooled investments in its scope. Upon adoption of PS3450 and PS3041 Temporary Investments PS3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2022.

#### (ii) Asset retirement obligations

PS3280 establishes standards on how to account for and report a liability for asset retirement obligations. Specifically, it defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. This standard is applicable for fiscal years beginning on or after April 1, 2022.

## 2. Restricted cash

Restricted cash is comprised of various tenant deposits and reserves required under funding agreements related to the delivery of affordable housing programs amounting to \$16,158,561 (2019 - \$15,675,259).

Under the terms of the mortgage agreements related to affordable housing operations, the Municipality deposits 4% of the gross income of the related properties into the restricted replacement reserves account. This amount is reserved for major capital repairs. Withdrawals require prior approval by the lender following submission of paid invoices for approved major capital repairs.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 3. Taxes and grants in lieu receivable

	2020	2019
Current	\$ 12,973,791	\$ 11,677,672
Arrears**	20,655,052	15,079,043
	33,628,843	26,756,715
Less allowance for doubtful accounts	22,074,602	17,384,643
	\$ 11,554,241	\$ 9,372,072

\*\* levies which were imposed one year or longer prior to year end

### 4. Trade and other receivables

	2020	2019
Government transfers	\$ 16,028,147	\$ 5,934,157
GST recoverable	3,266,417	3,732,335
Utility receivables	6,411,136	5,420,429
Trade receivables	9,818,957	7,978,599
	\$ 35,524,657	\$ 23,065,520

Trade and other receivables include allowance for doubtful accounts of \$5,718,568 (2019 - \$6,280,553).

### 5. Inventories held for resale

	2020	2019
Inventories held for resale	\$ 188,273	\$ 271,491
Property inventory held under equity and affordability programs	-	269,834
	\$ 188,273	\$ 541,325

The Municipality held property inventory for sale under its equity and affordability programs. During the year, the Municipality sold three properties (2019 - six properties). There are no properties (2019 - two properties) in inventory for sale under its equity and affordability programs at the end of the year.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 6. Investments

	2020		2019	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Cash	\$ 64,073,024	\$ 64,073,024	\$ 12,528,905	\$ 12,528,905
Government bonds, government guaranteed bonds and guaranteed investment certificates	572,703,021	585,547,075	554,050,205	555,699,250
Corporate bonds, debentures and mutual funds	360,124,411	366,509,626	291,282,318	293,231,446
Accrued interest	3,268,580	3,268,580	4,588,731	4,588,731
	\$ 1,000,169,036	\$ 1,019,398,305	\$ 862,450,159	\$ 866,048,332

Government bonds, government guaranteed bonds and guaranteed investment certificates, bearing interest at stated interest rates from 0.5% to 4.25% (2019 - 1.15% to 5.60%).

Corporate bonds, debentures and mutual funds, bearing rates from 0.9% to 4.93% (2019 - 1.59% to 4.93%).

The market value of certain investments fluctuates with changing market interest rates. The carrying value of certain investments have not been written down to market value because management has concluded, based on a review of market information for these investments, there is no obvious indication of significant impairment that is other than temporary. As a result, no write down has occurred in 2020 and 2019.



# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 7. Mortgages and notes receivable

	2020	2019
Housing affordability loans, bearing interest at rates ranging from 0% to 6% per annum, compounded semi-annually, payable in monthly instalments of interest only, repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees. (face value - \$5,514,440 (2019 - \$5,921,012))	\$ 2,166,541	\$ 2,289,887
Home equity loans which are non-interest bearing, without monthly repayment terms, with principal repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees. (face value - \$4,467,823 (2019 - \$4,803,426))	1,863,553	1,970,905
Demand promissory notes receivable, bearing interest at 6% per annum, with total payments including principal and interest ranging from \$153 to \$449 per month, representing a 25-year amortization period, secured by land and buildings in Conklin and Janvier. (face value - \$102,984 (2019 - \$108,264))	87,287	88,265
Demand second mortgages receivable, non-interest bearing, with total payments and forgiveness ranging from \$121 to \$240 per month, representing a 25-year amortization period, secured by land and buildings in Conklin and Janvier. (face value - \$220,838 (2019 - \$226,359))	188,297	185,340
Net investment in a long-term lease arrangement	-	1,824,727
	<u>\$ 4,305,678</u>	<u>\$ 6,359,124</u>

The Municipality annually reviews the current market conditions in the region to determine if the market value of real estate has declined significantly, affecting the required repayment on loans receivable should a sale occur. If the net book value of loans receivable is no longer representative of the net recoverable value after an analysis of the portfolio, an adjustment will be made. During the year, the Municipality recorded a valuation loss related to its mortgage's receivable of \$nil (2019 - \$295,444).

In 2012, the Municipality entered into a purchase agreement to acquire the land and building currently occupied by a community organization. The Municipality exercised an option to purchase the land and buildings from the owner for \$2,382,000 which had an appraised value of \$3,100,000. Concurrently, the Municipality signed a long-term lease arrangement with the community organization that included an initial lease term of 10 years with two 10-year renewal periods at a rate of \$138,000, including interest, per year throughout the term of the lease and its renewal periods. The building had an estimated remaining useful life of 25 years. In December of 2020, the community organization provided the Municipality with confirmation of its intention to vacate the premises by the end of the first lease term. Accordingly, the nature of the lease has changed resulting in the removal of the investment in long-term lease, and re-recognition of the land and building as property and equipment at its current fair value of \$1,000,070. The Municipality recorded a loss on the investment in capital lease of \$768,673. This is a non-cash transaction that has been reflected in the Consolidated Statement of Cash Flows.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 8. Deferred revenue

Deferred revenue is comprised of the funds noted below, the use of which is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Certain deferred revenues relate to government transfers as further described in Note 17.

	2019	Externally restricted inflows (outflows)	Revenue (recognized) reallocated	2020
<u>Government transfers</u>				
Operating:				
Community Housing Plan (a)	\$ 647	\$ 6,337,379	\$ (4,802,383)	\$ 1,535,643
Rent Supplement Program (b)	1,392,503	4,138,862	(4,265,030)	1,266,335
Sustainable Remote Housing Grant	66,600	-	(5,040)	61,560
Emergency Services Grants (c)	26,989	634,845	(408,287)	253,547
Royal Canadian Mounted Police Grants (d)	771,156	1,509,840	(1,903,536)	377,460
FireSmart Grant (e)	1,238,336	1,500,000	(1,632,558)	1,105,778
Family and Community Support Services Grant (f)	-	2,084,890	(1,924,513)	160,377
Municipal Operating Support Transfer (g)	-	12,350,057	(9,000,000)	3,350,057
Coalitions Creating Equity Grant	19,208	-	(19,208)	-
Other Grants (h)	2,318,846	1,522,477	(2,326,111)	1,515,212
	5,834,285	30,078,350	(26,286,666)	9,625,969
Capital:				
Municipal Sustainability Initiative Grant (i)	8,451,648	81,304	(1,683,927)	6,849,025
Federal Gas Tax Fund Grant (j)	8,553,027	6,483,320	(5,217,150)	9,819,197
Alberta Affordable Housing Initiative (k)	824,705	11,083	-	835,788
911 Grant (l)	979,284	4,533	(465,703)	518,114
South Policing Facility Grant (m)	1,188,846	-	(8,340)	1,180,506
FireSmart Grant - Emergency Response Systems (n)	1,233,889	11,408	(69,762)	1,175,535
Green Transit Incentives Program Grants (o)	929,701	3,584,127	(4,419,174)	94,654
Alberta Community Resilience Program Grant (p)	6,596,157	75,754	(565,061)	6,106,850
	28,757,257	10,251,529	(12,429,117)	26,579,669
	34,591,542	40,329,879	(38,715,783)	36,205,638
<u>Other</u>				
Rights Holder Agreements (q)	1,014,400	-	(84,800)	929,600
Deferred Property Taxes	23,141,502	17,464,170	(23,141,502)	17,464,170
Deferred Offsite Levies and Developer Charges (r)	2,737,929	31,420	-	2,769,349
Deferred Developer Agreements (s)	3,320,398	-	-	3,320,398
Canadian Red Cross - Recovery Gift Agreement (u)	2,043,172	-	(1,057,952)	985,220
Canadian Red Cross - Disaster Response Service	130,829	-	(130,829)	-
Insurance Proceeds - Wildfire Event	377,682	-	(11,035)	366,647
Lifetime golf and fitness memberships	589,603	2,142,313	(2,283,206)	448,710
Other	7,968,476	3,791,502	(4,193,367)	7,566,611
	41,323,991	23,429,405	(30,902,691)	33,850,705
	\$ 75,915,533	\$ 63,759,284	\$ (69,618,474)	\$ 70,056,343

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 8. Deferred revenue (continued)

#### Operating government transfers

##### (a) *Community Housing Plan*

The Community Housing Plan is an arrangement where money is received from both the Province of Alberta and the Government of Canada to assist homeless individuals to obtain housing and provide support services through funding provided to a number of not-for-profit organizations. Accruals are set up at the end of each year to record the deferred revenue from the Province of Alberta and record the trade and other receivable from the Government of Canada.

##### (b) *Rent Supplement Program*

The Rent Supplement Program grant is an arrangement where money is received from the Province of Alberta to provide housing assistance for individuals and families residing or needing to reside in the Regional Municipality of Wood Buffalo. The Municipality makes claims for qualified individuals or families, receives the funds and pays them out to qualified individuals on a monthly basis. During 2020, the Municipality received grant funding of \$4,138,862 (2019 - \$4,824,489).

##### (c) *Emergency Services Grants*

The Municipality received grants from the Province of Alberta related to the provision of emergency services within the Municipality. Alberta Emergency Management Agency provides, through Alberta Municipal Affairs, the 911 grant, and the Fire Services and Emergency Preparedness grant and Alberta Agriculture and Forestry provides the FireSmart Community grant. The 911 grant supports and enhances the delivery and development of local 911 services throughout Alberta. The Fire Services and Emergency Preparedness grant provides an effective and cost-efficient mechanism for increased training capacity that results in an increased number of trained fire service and emergency management practitioners. The FireSmart Community grant assists communities in reducing the risk of wildfire within their respective jurisdictions. During 2020, the Municipality received \$634,845 (2019 – refunded \$404).

##### (d) *Royal Canadian Mounted Police (RCMP) Grants*

The Province of Alberta provides two RCMP grants through the Alberta Solicitor General and Minister of Public Security - the Police Officers Grant (POG) and the Municipal Policing Assistance Grant (MPAG). POG provides assistance to Municipalities to promote the hiring of new police officers throughout the province. MPAG helps communities to meet the costs of their policing services. During 2020, the Municipality received \$1,509,840 (2019 - \$1,526,076).

##### (e) *FireSmart Grant*

The Province of Alberta, through the Minister of Agriculture and Forestry, provides the operating FireSmart grant to fund initiatives that reduce the wildfire risk and/or hazard to the community by emergency planning, education and vegetation management. During 2020, the Municipality received \$1,500,000 (2019 - \$nil).

##### (f) *Family and Community Services Support Grant*

The Province of Alberta provides the Family and Community Support Services Grant to support several programs for children, youth, families, adults, seniors, community development, and social planning in the Municipality's different communities in accordance with the Family and Community Support Services Act and Regulation. During 2020, the Municipality received \$2,084,890 (2019 - \$1,924,513).

##### (g) *Municipal Operating Support Transfer*

In 2020, the Province of Alberta introduced the Municipal Operating Support Transfer to support municipalities for additional expenses and foregone revenues directly resulting from the COVID-19 pandemic. During 2020, the Municipality received \$12,350,057 (2019 - \$nil).

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 8. Deferred revenue (continued)

#### Operating government transfers (continued)

##### (h) *Other grants including:*

##### Emergency Transitional Shelter Initiative

The Municipality entered into an agreement with the Province of Alberta through the Emergency Transitional Shelter Initiative to undertake or support projects which provide emergency, short-term, and/or long-term supportive housing and deliver services to alleviate the problem of homelessness in Alberta. During 2020, the Municipality received grant funding of \$nil (2019 - \$1,292,169).

##### Alberta Culture and Tourism – Other Initiatives Grant

The Province of Alberta through the Minister of Culture and Tourism provides funding to support costs incurred towards hosting of the 2022 Arctic Winter Games. During the year, the Municipality received \$nil (2019 - \$1,800,000) and earned interest on the unspent grant in the amount of \$13,127 (2019 - \$10,838).

##### Regional Innovation Networks

The Province of Alberta through Alberta Innovates provides funding to support the Regional Innovation Networks (RINs) program. During 2020, the Municipality received \$583,484 (2019 - \$nil).

#### Capital government transfers

##### (i) *Municipal Sustainability Initiative Grant*

In 2007, the Province of Alberta introduced the Municipal Sustainability Initiative program to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. In 2020, the Municipality received \$nil (2019 - \$16,910,007) and allocated interest on the unspent grant in the amount of \$81,304 (2019 - \$75,477).

##### (j) *Federal Gas Tax Fund Grant*

The Federal Gas Tax Fund Grant assists municipalities in addressing their sustainable municipal capital infrastructure needs. Funding is received through the allocation of the federal gasoline tax to Alberta municipalities. This grant program is extended to 2024. In 2020, the Municipality received \$6,388,689 (2019 - \$12,620,692) and allocated interest on the unspent grant in the amount of \$94,631 (2019 - \$82,216).

##### (k) *Alberta Affordable Housing Initiative*

The Province of Alberta provides grants to support the development and supply of affordable housing in Hawthorne Heights and Parsons Creek. During 2020, the Municipality allocated interest on the unspent grants in the amount of \$11,083 (2019 - \$22,337).

##### (l) *911 Grant*

Alberta's Emergency 911 Act came into force on April 1, 2014. The Act established the Alberta 911 Grant Program under the Alberta Emergency Management Agency. The objective of the 911 Grant Program is to strengthen and support local delivery of 911. This is done through delivering a new source of funding generated from a monthly 911 levy on cellphones, and by developing provincial standards for 911. In 2020, the Municipality received \$484,845 (2019 - \$496,125) and allocated interest on the unspent grant in the amount of \$4,533 (2019 - \$8,788). The 2020 grant of \$484,845 is allocated to operating government transfers under Emergency Services Grants (Note 8c).

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 8. Deferred revenue (continued)

#### Capital government transfers (continued)

##### *(m) South Policing Facility Grant*

Alberta Infrastructure provided funding in 2011 as a contribution towards the costs of the construction and development of a new Wood Buffalo South Policing Facility. The remaining balance will be recognized as rental revenue over the term of the South Policing Facility lease.

##### *(n) FireSmart Grant – Emergency Response Systems*

The Province of Alberta, through the Minister of Agriculture and Forestry, provides the FireSmart capital grant to fund initiatives that reduce the wildfire risk and/or hazard to the community by emergency planning, education, and vegetation management. The Municipality is using a portion of this grant to fund the FireSmart Interpretive Trail and to migrate existing emergency communication systems to Alberta First Responders Radio Communication System (AFRRCS). In 2020, the Municipality received \$nil (2019 - \$nil) and allocated interest on the unspent grant in the amount of \$11,408 (2019 - \$14,955).

##### *(o) Green Transit Incentive Program Grants*

The Municipality entered into cost-sharing agreements with Alberta Transportation to undertake the construction of a transit maintenance facility, 34 low floor buses and two bus bay turnouts, whereby the Province of Alberta provides 66.7% of eligible costs. In 2020, the Municipality received \$3,576,081 (2019 - \$17,324,195) and allocated interest on the unspent grant in the amount of \$8,046 (2019 - \$78,321).

##### *(p) Alberta Community Resilience Program Grant*

The Municipality entered into an agreement with Alberta Environment and Parks for funding under the Alberta Community Resilience Program to undertake flood mitigation work in the region. In 2020, the Municipality received \$nil (2019 - \$6,590,000) and allocated interest on the unspent grant in the amount of \$75,754 (2019 - \$6,157).

#### Other

##### *(q) Rights Holder Agreements*

From 2006 to 2009, contributions totaling \$2,120,000 were received from entities within the Municipality in exchange for rights holder agreements for certain vacant units in apartment projects owned by the Municipality for a period of 25 years. The Municipality has the sole right to accept or reject the proposed tenants based on the Municipality's pre-established criteria. The rights holder has first right of refusal to certain vacant units and if there is no proposed or accepted tenant, the rights holder can lease the unit for a one-year term so that the unit remains available for a future referred tenant, subject to acceptance by the Municipality's acceptance criteria. If there is no proposed or accepted tenant, and the rights holder does not exercise its option to lease the unit, then the Municipality can lease the unit to another tenant for a one-year lease. The rights holder can assign or sell their rights under the agreements and have the right to both terminate the agreements and have the right of first refusal to renew the agreements after 25 years under the new terms and conditions. The agreements do not convey any interest in land and buildings to the rights holders and regular monthly rental payments are required under any unit rented.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 8. Deferred revenue (continued)

#### Other (continued)

##### *(r) Deferred Offsite Levies and Developer Charges*

The Municipality collects offsite levies and developer charges from property developers prior to new development commencing within the municipality. During 2020, the Municipality received \$1,139 (2019 - \$54,875) in levies and charges and allocated interest on the unspent levies and charges of \$30,281 (2019 - \$29,670).

##### *(s) Deferred Developer Agreements*

The Municipality entered agreements to perform work on behalf of developers and received payments in lieu of municipal reserve lands.

##### *(t) Canadian Red Cross – Recovery Gift Agreement*

The Canadian Red Cross Society provided funding under a Recovery Gift Agreement to facilitate the provision of relief and recovery work in the region following the Alberta wildfires of 2016. During 2020, the Municipality received \$nil (2019 - \$4,000,000).

##### *(u) Canadian Red Cross – Disaster Response Service Agreement*

In 2018, the RMWB entered into a Disaster Response Service Agreement with the Canadian Red Cross Society for support the Small Business Program (Phase 3B) providing programming for small businesses impacted by the May 2016 Horse River Wildfire disaster in the Municipality. During 2020, the Municipality received \$nil (2019 - \$nil).

### 9. Employee benefit obligations

	<b>2020</b>	<b>2019</b>
Accrued vacation pay and overtime bank	\$ 10,382,957	\$ 7,887,246
Accrued salary and benefits	10,693,922	9,462,389
	<b>\$ 21,076,879</b>	<b>\$ 17,349,635</b>

##### *(a) Vacation and overtime*

The vacation and overtime liability are comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to those benefits within the next budgetary year.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 9. Employee benefit obligations (continued)

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

Employees of the Municipality participate in the LAPP, which is covered by the Alberta Public Sector Pension Plans Act.

The Municipality is required to make current service contributions to the LAPP of 9.39% (2019 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2019 - 13.84%) for the excess. Employees of the Municipality are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2019 - 12.84%) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Municipality to the LAPP in 2020 are \$17,140,911 (2019 - \$16,202,490). Total current service contributions by the employees of the Municipality to the LAPP in 2020 are \$15,655,098 (2019 - \$14,883,621).

The LAPP reported a surplus for the overall plan as at December 31, 2019 of \$7,913,911 (2018 - \$3,469,347,000). Information as at December 31, 2020 is not available at the time of preparing these consolidated financial statements.

#### (c) APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees with approximately 208 (2019 - 192) beneficiaries. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Municipality. Employees and the Municipality are required to make current service contributions to APEX of 2.61% and 3.85% respectively on pensionable earnings up to \$154,611 (2019 - \$151,278) per employee per year.

Total current service contributions by the Municipality to APEX in 2020 were \$852,475 (2019 - \$805,866). Total current service contributions by the employees of the Municipality in 2020 were \$577,912 (2019 - \$605,450).

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

#### (d) Other employee benefit plans

The Municipality fully funds all benefits with the exception of long-term disability and benefits that are paid by employees as outlined in the Canadian Union of Public Employees and International Association of Fire Fighters contracts. The Municipality's contributions are expensed to the extent that they do not relate to discretionary reserves. The Municipality accrues its obligations for employee non-pension future benefits.

The Municipality sponsors certain employee registered and non-registered retirement plans, which are funded through employee and/or employer contributions.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 9. Employee benefit obligations (continued)

#### (e) Employee housing initiative – home equity protection program

On February 14, 2006, a home equity protection program was established by the Municipality. Under this program, any employee approved for participation in the program will be compensated by the Municipality in an amount equal to any loss in value of the employee's principal residence between the date of the employee's approval for participation in the program and the date of sale of the principal residence by the employee. This program was discontinued as of November 30, 2013.

Employees who are approved for participation in the program become eligible for payment under the program after the employee has completed three years of uninterrupted permanent employment with the Municipality. If an employee ceases to be an employee of the Municipality within the three-year period or if an employee is not in continuous occupancy of their principal residence, they are not eligible for payment under the program.

As at December 31, 2020, \$1,319,277 (2019 - \$1,362,500) is accrued within these consolidated financial statements relating to this program. During 2020, the Municipality paid out \$3,980,717 (2019 - \$3,691,000) for this program. There are 213 (2019 - 231) employees eligible, approved and participating in the program with an aggregate secured property value of \$133,093,424 (2019 - \$140,095,233) based on assessed values.

#### (f) MuniSERP - supplemental retirement program

MuniSERP is an accrued benefit obligation for certain groups of employees; the future benefit plan commenced in 2012. An actuarial valuation for this plan was completed by the Alberta Municipal Services Corporation's actuaries as at December 31, 2020.

MuniSERP is a supplementary retirement program that cannot be prefunded.

This is a municipal contributed plan for a certain group of employees. MuniSERP is managed through Alberta Municipal Services Corporation.

This program provides benefits in excess of those allowed under the registered pension plans - LAPP and APEX Supplementary Pension Plans. This program is not a registered pension plan and thus is not subject to pension regulation.

The following presents the MuniSERP net assets as at December 31<sup>st</sup>:

	2020	2019
Accrued benefit obligation		
Balance, beginning of year	\$ 988,675	\$ 808,934
Current service and interest cost (recovery)	(393,570)	179,741
Balance, end of year	595,105	988,675
Assets held to fund liability	428,400	1,113,685
Net liabilities (asset)	\$ (166,705)	\$ 125,010

The significant actuarial assumptions measuring the Municipality's accrued benefit obligation are:

	2020	2019
Inflation	2.25%	2.25%
Wages and salaries escalations	2.75%	2.75%
Interest (discount rate on accrued benefit obligations)	4.45%	4.60%
Average municipal service (years)	2.5	3.0



# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 10. Contaminated sites liability

The Municipality recorded a contaminated sites liability for 2020 of \$2,113,127 (2019 - \$1,928,561) which represents the present value of reclamation costs to the Municipality, using annual rates of 1.30% (2019 – 2.10%) for inflation and discount rates of 2.29% (2019 – 2.69%) for remediation costs and 1.1% (2019 – 1.76%) for any related pre-remediation or monitoring costs. The following represents the contaminated sites liability breakdown by site as at December 31st:

	<b>2020</b>	<b>2019</b>
Sites:		
Conklin - former airstrip	\$ 545,036	\$ 496,025
Conklin - former storage site	111,217	103,301
Fort Chipewyan - historic unofficial landfill	64,801	58,904
Fort McMurray - former tow yard	1,392,073	1,270,331
<b>Net present value of estimated expenditures</b>	<b>\$ 2,113,127</b>	<b>\$ 1,928,561</b>

Contaminants that exceed environmental standards were present in the soil and/or groundwater due to the historic usage of the sites and/or to items remaining on the sites today. The undiscounted estimated expenditures for these sites total \$2,280,935 (2019 - \$1,962,962) and there are no expected recoveries available from other sources.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 11. Landfill closure and post-closure obligation

The obligation recorded at December 31, 2020 for the landfill closure and post closure is \$18,854,294 (2019 - \$17,423,662) and represents the present value of closure and post-closure costs of the Municipality landfill sites, using annual rates of 1.3% (2019 – 2.1%) for inflation and discount rates of 1.1% (2019 – 1.76%) for post-closure and 2.29% (2019 – 2.69%) for closure.

Post-closure activities are expected to occur for 25 years and will involve surface and ground water monitoring, landfill cover maintenance and erosion management as per Alberta Environment standards.

At the end of 2020 there are four closed and two partially closed landfill sites within the Regional Municipality of Wood Buffalo.

The Fort McMurray Regional landfill and the Fort Chipewyan landfill are the only operational landfill sites within the Municipality. The Fort McMurray Regional landfill consists of four cells. Cell 4 is fully constructed and available as additional capacity up until cells 1 to 3 are closed, at which point, cell 4 will be in full operation, and the only active cell.

2020				
Capacity utilization	Total Cells	Cells Used	% Used	Estimated remaining life in years
Fort McMurray - Regional landfill	4	2.32	58%	7
Fort Chipewyan	1	0.61	61%	14

The following summarizes the total net present value of the estimated costs of closure and post-closure care for the two operational landfill sites and the four closed and two partially closed landfill sites within the Regional Municipality of Wood Buffalo:

	2020	2019
Estimated closure costs	\$22,607,545	\$ 22,317,418
Estimated post-closure costs	322,079	292,532
Estimated total liability (100% utilized)	22,929,624	22,609,950
Accrued liability portion (current utilization)	18,854,294	17,423,662
Portion of liability remaining to be recognized	\$ 4,075,330	\$ 5,186,288

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 12. Long-term debt

	2020	2019
Controlled organizations debt	\$ 72,529,244	\$ 76,286,233
	\$ 72,529,244	\$ 76,286,233

#### Controlled organizations debt

Long-term debt is comprised of commercial mortgages with weighted average interest rate of 2.6% (2019 -3.2%), payments of \$500,753 per month including principal and interest, maturities from 2021 to 2028, with land and buildings pledged as collateral with a carrying value of \$185,743,498 (2019 - \$191,891,681).

Contractual principal repayments of long-term debt for the next 5 years and thereafter are as follows:

	<b>Principal Payments</b>
2021	\$ 14,699,465
2022	12,152,858
2023	14,940,261
2024	2,060,857
2025	2,116,528
Thereafter	26,559,275
	\$ 72,529,244

Interest on long-term debt in 2020 amounted to \$2,332,231 (2019 - \$2,456,998).

During the year, the Municipality used \$5,040 (2019 - \$5,040) of deferred grant funding to pay down long-term debt with the approval of the Province of Alberta.

The long-term debt is also collateralized by a general assignment of rents, leases and sales proceeds, deposits and all other payments on the housing projects.

Principal balances maturing would either be refinanced or paid in full at the date of maturity and are included in principal repayments due in the year of maturity.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 13. Debt and debt service limits

Section 276(2) of the Municipal Government Act requires that debt, maximum allowable debt and debt service limits as defined by Alberta Regulation 255/2000 (the Regulation) for the Municipality be disclosed as follows:

#### **Debt limit**

	2020	2019
Maximum allowable debt	\$ 1,312,977,438	\$ 1,598,275,880
Total municipal debt	-	-
Amount of total debt limit available	\$ 1,312,977,438	\$ 1,598,275,880
Percentage used	0.00%	0.00%

#### **Debt service limit**

	2020	2019
Maximum allowable debt service	\$ 229,771,052	\$ 279,698,279
Annual payments on existing municipal debt	-	-
Amount of service on debt limit available	\$ 229,771,052	\$ 279,698,279
Percentage used	0.00%	0.00%

The debt limit is calculated at 2.0 times revenue of the Municipality (as defined in the Regulation as amended by Ministerial Order L:038/06) and the debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limitations requires approval by the Provincial Minister of Municipal Affairs.

Pursuant to section 6(1) of the Regulation, the Municipality has elected to exclude revenues, total debt and debt service costs for certain controlled corporations from its debt limit and debt service limit calculations. The controlled corporations that have been excluded are Wood Buffalo Housing & Development Corporation and the Regional Recreation Corporation of Wood Buffalo.

The Municipality's Debt Management Policy (amended November 27, 2012) has an established debt and debt service limit of 85% of the Municipal Government Act and regulation limits.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 14. Tangible capital assets

	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2020	2019
<b>COST:</b>									
<i>Balance, beginning of year</i>	\$ 420,483,869	\$ 325,080,320	\$ 1,016,222,482	\$ 2,900,743,666	\$ 154,993,557	\$ 87,921,595	\$ 551,590,947	\$ 5,457,036,436	\$ 5,251,227,123
Acquisition of tangible capital assets	821,139	48,831,459	8,874,747	270,772,970	10,809,303	5,782,156	(210,388,020)	135,503,754	210,335,089
Disposal of tangible capital assets	(3,603,983)	(178,968)	(586,711)	(1,902,373)	(5,222,074)	(4,521,811)	-	(16,015,920)	(4,525,776)
<i>Balance, end of year</i>	<u>\$ 417,701,025</u>	<u>\$ 373,732,811</u>	<u>\$ 1,024,510,518</u>	<u>\$ 3,169,614,263</u>	<u>\$ 160,580,786</u>	<u>\$ 89,181,940</u>	<u>\$ 341,202,927</u>	<u>\$ 5,576,524,270</u>	<u>\$ 5,457,036,436</u>
<b>ACCUMULATED AMORTIZATION:</b>									
<i>Balance, beginning of year</i>	\$ -	\$ 102,499,379	\$ 202,154,579	\$ 697,349,287	\$ 96,544,631	\$ 55,890,164	\$ -	\$ 1,154,438,040	\$ 1,034,767,603
Annual amortization	-	19,083,125	25,539,853	67,441,151	10,864,084	6,035,574	-	128,963,787	124,099,235
Accumulated amortization on disposals	-	(140,056)	(141,901)	(1,445,803)	(4,414,645)	(4,416,947)	-	(10,559,352)	(4,428,798)
<i>Balance, end of year</i>	<u>\$ -</u>	<u>\$ 121,442,448</u>	<u>\$ 227,552,531</u>	<u>\$ 763,344,635</u>	<u>\$ 102,994,070</u>	<u>\$ 57,508,791</u>	<u>\$ -</u>	<u>\$ 1,272,842,475</u>	<u>\$ 1,154,438,040</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 417,701,025</u>	<u>\$ 252,290,363</u>	<u>\$ 796,957,987</u>	<u>\$ 2,406,269,628</u>	<u>\$ 57,586,716</u>	<u>\$ 31,673,149</u>	<u>\$ 341,202,927</u>	<u>\$ 4,303,681,795</u>	<u>\$ 4,302,598,396</u>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 420,483,869</u>	<u>\$ 222,580,941</u>	<u>\$ 814,067,903</u>	<u>\$ 2,203,394,379</u>	<u>\$ 58,448,926</u>	<u>\$ 32,031,431</u>	<u>\$ 551,590,947</u>	<u>\$ 4,302,598,396</u>	

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 14. Tangible capital assets (continued)

a) *Assets under construction*

Assets under construction having a value of \$341,202,927 (2019 - \$551,590,947) have not been amortized. Amortization of these assets will commence when the assets are available for use.

b) *Contributed tangible capital assets*

Contributed capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$1,524,448 (2019 - \$3,102,354).

Contributed tangible capital assets received consists of:

	<b>2020</b>	<b>2019</b>
Roadway System	\$ 786,616	\$ 1,792,193
Storm System	640,932	446,442
Land Improvements	96,900	-
Water System	-	384,420
Wastewater System	-	479,299
	<b>\$ 1,524,448</b>	<b>\$ 3,102,354</b>

c) *Tangible capital assets disclosed at nominal values*

Assets recognized at nominal value by the Municipality consist of certain land, land improvements, buildings and improvements, machinery and equipment, engineered structures, and vehicles.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 15. Accumulated surplus

	2020	2019
Operations:		
Operating reserves:		
General administration	\$ 351,360,496	\$ 316,150,213
Common services	142,575	142,575
Recreation	755,858	700,395
Urban parks	289,775	289,775
Wood Buffalo Economic Development Corporation	7,507,711	7,579,608
Regional Municipality of Wood Buffalo Library Board	1,557,910	1,546,187
Wood Buffalo Housing & Development Corporation	44,565,079	49,377,490
Regional Recreation Corporation of Wood Buffalo	961,438	1,852,237
	<u>407,140,842</u>	<u>377,638,480</u>
<b>Total operations</b>	<b>407,140,842</b>	<b>377,638,480</b>
Capital:		
Surplus (Deficit) - undesignated	61,431,120	9,548,610
Capital reserves:		
General	664,277,766	689,037,987
Equipment	706,327	706,327
Common services	708,599	708,599
Roads and streets	33,065	33,022
Water supply	2,052,107	2,052,107
Sewage	2,317,650	2,317,650
Recreation	6,907,212	6,907,212
Regional Municipality of Wood Buffalo Library Board	549,740	426,996
Wood Buffalo Housing & Development Corporation	13,817,260	12,515,305
Regional Recreation Corporation of Wood Buffalo	1,769,438	1,769,438
	<u>693,139,164</u>	<u>716,474,643</u>
Equity in tangible capital assets		
Tangible capital assets (Note 14)	5,576,524,270	5,457,036,436
Accumulated amortization (Note 14)	(1,272,842,475)	(1,154,438,040)
Long-term debt (Note 12)	(72,529,244)	(76,286,233)
	<u>4,231,152,551</u>	<u>4,226,312,163</u>
<b>Total capital</b>	<b>4,985,722,835</b>	<b>4,952,335,416</b>
<b>Accumulated surplus</b>	<b>\$ 5,392,863,677</b>	<b>\$ 5,329,973,896</b>

Reserves are a key tool used to set aside funds to replace existing tangible capital assets, respond to emergent needs, stabilize tax rates, and fund future capital projects. Capital reserves are substantially committed to current budgeted capital projects.

Operating and capital reserves related to the Regional Municipality of Wood Buffalo Library Board, Wood Buffalo Housing & Development Corporation, the Regional Recreation Corporation of Wood Buffalo and the Wood Buffalo Economic Development Corporation are dedicated for those entities and are not available for general use by the Municipality.

**REGIONAL MUNICIPALITY OF WOOD BUFFALO**

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

**15. Accumulated surplus (continued)**

**Changes in accumulated surplus**

	Unrestricted Deficit	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
Balance, beginning of year	\$ 9,548,610	\$ 1,094,113,123	\$ 4,226,312,163	\$ 5,329,973,896	\$ 5,046,518,628
Annual surplus	62,889,781	-	-	62,889,781	283,455,268
Unrestricted funds designated for future use	(38,030,109)	38,030,109	-	-	-
Restricted funds used for operations	7,103,048	(7,103,048)	-	-	-
Restricted funds used for tangible capital assets	-	(24,760,178)	24,760,178	-	-
Current year funds used for tangible capital assets	(109,219,128)	-	109,219,128	-	-
Contributed tangible capital assets	(1,524,448)	-	1,524,448	-	-
Disposal of tangible capital assets	5,456,568	-	(5,456,568)	-	-
Annual amortization expense	128,963,787	-	(128,963,787)	-	-
Long term debt repaid	(3,756,989)	-	3,756,989	-	-
Change in accumulated surplus	51,882,510	6,166,883	4,840,388	62,889,781	283,455,268
Balance, end of year	\$ 61,431,120	\$ 1,100,280,006	\$ 4,231,152,551	\$ 5,392,863,677	\$ 5,329,973,896



# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 16. Net taxes available for municipal purposes

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	(Note 24)		
Taxation:			
Real property taxes	\$491,335,900	\$564,422,754	\$ 733,516,194
Government grants in lieu of property taxes	-	108,106	1,091,187
Special assessments and local improvement taxes	257,000	246,694	256,000
Well drilling	325,000	498,764	1,439,334
	<u>491,917,900</u>	<u>565,276,318</u>	<u>736,302,715</u>
Requisitions:			
Designated Industrial Properties	-	3,532,342	3,665,797
Alberta School Foundation Fund	-	66,154,003	69,990,191
School boards	-	4,723,125	5,368,126
	<u>-</u>	<u>74,409,470</u>	<u>79,024,114</u>
<b>Net taxes available for municipal purposes</b>	<b>\$491,917,900</b>	<b>\$490,866,848</b>	<b>\$ 657,278,601</b>

The Municipality is required to levy taxes under section 353 of the Municipal Government Act towards payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to taxes and grants in lieu receivable. Budgeted taxation amounts exclude requisitioned amounts collected on behalf of other entities.

### 17. Government transfers

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	(Note 24)		
Transfers for Operating:			
Conditional shared cost agreements and grants			
Federal Government	\$ 105,500	\$ 133,793	\$ 286,337
Provincial Government	<u>19,716,466</u>	<u>62,189,431</u>	<u>43,894,152</u>
Total government transfers for operating	<u>19,821,966</u>	<u>62,323,224</u>	<u>44,180,489</u>
Transfers for Capital:			
Conditional shared cost agreements and grants			
Federal Government	11,434,846	5,575,707	11,601,118
Provincial Government	<u>7,940,000</u>	<u>7,402,601</u>	<u>50,580,352</u>
Total government transfers for capital	<u>19,374,846</u>	<u>12,978,308</u>	<u>62,181,470</u>
<b>Total government transfers</b>	<b>\$ 39,196,812</b>	<b>\$ 75,301,532</b>	<b>\$ 106,361,959</b>

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 17. Government transfers (continued)

In addition to those government transfers relating to deferred revenues, as described in Note 8, the following operating provincial government transfers were received:

#### Operating government transfers

##### (a) *Disaster Recovery Program*

Alberta Municipal Affairs through the Alberta Emergency Management Agency provides financial assistance in the event of a disaster to individuals, small businesses, not-for-profit organizations, municipalities, and government departments through the Disaster Recovery program. The Municipality is approved for assistance through the Disaster Recovery Program for natural disaster events (Note 26). During 2020, the Municipality received \$20,000,000 (2019 - \$60,000,000), recognized as operating government transfers \$30,423,022 (2019 - \$20,036,798) and recognized as receivable \$14,003,168 (2019 - \$3,926,462).

##### (b) *Dispatch Contract*

Alberta Health Services provides a dispatch contract to partially offset the cost of running the Municipality's dispatch centre. During 2020, the Municipality received and recognized as operating government transfers \$666,359 (2019 - \$666,359).

##### (c) *Emergency Medical Services Contract*

Alberta Health Services provides the Emergency Medical Services Ground Ambulance contract which provides assistance to partially offset the cost of providing 24/7 emergency medical services to the Municipality's citizens. During 2020, the Municipality received and recognized \$7,178,054 (2019 - \$7,178,054).

##### (d) *Victims of Crime Grant*

The Province of Alberta, through Alberta Justice and Solicitor General, provides the Victims of Crime grant which funds services that benefit victims during their involvement with the criminal justice process. During 2020, the Municipality received \$400,000 (2019 - \$395,369).

##### (e) *Alberta Municipal Affairs - Public Library Operating Grant*

The Municipality receives a per capita operating grant from the Province of Alberta through Alberta Municipal Affairs to support the operation of library services. In 2020, the Municipality received and recognized as operating government transfers \$710,022 (2019 - \$728,562).

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 18. Expenses by object

	Budget (Note 24)	2020	2019
Salaries, wages and benefits	\$260,804,445	\$261,151,778	\$ 259,181,834
Contracted and general services	86,605,858	146,539,119	110,366,631
Purchases from other governments	24,587,720	24,704,021	21,938,952
Materials, goods, supplies and utilities	50,776,757	45,486,339	49,358,510
Provision for allowances	1,256,000	5,168,881	4,830,830
Transfers to local boards and agencies	513,480	533,478	449,514
Transfers to individuals and organizations	28,525,871	29,804,763	14,540,310
Bank charges and short-term interest	486,640	325,225	469,162
Interest on long-term debt	2,396,640	2,332,231	14,296,998
Other	16,900	166,914	29,861,535
Amortization of tangible capital assets	-	128,963,787	124,099,235
Loss on investment in long-term lease (Note 7)	-	768,673	-
Valuation loss on real property inventory and mortgages receivable	-	-	295,444
<b>Total expenses</b>	<b>\$455,970,311</b>	<b>\$645,945,209</b>	<b>\$ 629,688,955</b>

### 19. Contractual Rights

The Municipality has entered into lease agreements to lease land and building space to other parties until 2031 assuming no default on payments by the counterparty. The annual lease receipts in each of the following years are:

2021	\$ 1,769,856
2022	1,535,687
2023	1,268,057
2024	953,565
2025	845,376
Thereafter	3,029,839
	<b>\$ 9,402,380</b>

### 20. Commitments and contingent liabilities

#### (a) Operating leases

The Municipality has entered into lease agreements for the leasing of office space and equipment until 2032. The annual lease payments in each of the following years are:

2021	\$ 2,156,969
2022	2,003,625
2023	1,608,207
2024	14,475
2025	14,475
Thereafter	217,125
	<b>\$ 6,014,876</b>

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 20. Commitments and contingent liabilities (continued)

#### (b) *Borrowing facilities (line of credit)*

Pursuant to section 256 of the Municipal Government Act and Municipal Bylaw 16/019, the Municipality is authorized to borrow from the Municipality's financial institution, on a revolving basis, up to \$50,000,000 for the purpose of meeting current operating expenditures and obligations of the Municipality when required. At December 31, 2020, the Municipality had authorized the line of credit available from its bank in the amount of \$50,000,000. At year end, no amounts were drawn against its available line of credit.

Two of the Municipality's controlled entities entered into banking agreements that include a revolving demand credit facility available in the amount of \$1,000,000 (2019 - \$1,000,000) and \$9,000,000 (2019 - \$9,000,000) which bear interest at prime minus 0.5% and prime plus 3.0% respectively. At December 31, 2020, no amounts were drawn against these facilities (2019 - \$nil). In addition, one of the Municipality's controlled entities has access to a \$300,000 (2019 - \$300,000) Visa business facility which is drawn upon from time to time with their accounts receivable pledged as security on this facility.

#### (c) *Development agreements*

Developers have entered into agreements with the Municipality in the amount of approximately \$19,000,000 (2019 - \$22,000,000) and are committed to installing and constructing certain works to serve the development of lands within the Municipality. The Municipality has taken security from developers in the form of deposit liabilities in the amount of \$7,085,238 (2019 - \$5,791,540) and letters of credit in the amount of \$10,303,918 (2019 - \$14,355,012) to ensure performance by the developers under the agreements.

#### (d) *Contingent liabilities*

The Municipality identified one contaminated site where the costs are expected to be paid by a third party. This site in Abasand is a former oil sands site and contaminants in soil and groundwater have been found to exceed environmental standards. The undiscounted expected expenditures to reclaim this site have been estimated at \$2,000,000. The Municipality has assessed that it is not responsible to remediate the contamination and therefore has not recorded a liability.

The Municipality is a defendant in various lawsuits as at December 31, 2020. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included in accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded. Any losses arising from these actions will be recorded in the year in which the related litigation is settled.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 21. Salary and benefits disclosure

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

	Salary (a)	Benefits and Allowances (b,c)	Total 2020	Total 2019
Mayor Scott	\$ 165,790	\$ 22,083	\$ 187,873	\$ 189,562
Ward 1				
Councillor Allen	46,200	15,075	61,275	60,805
Councillor Balsom	46,200	15,290	61,490	63,434
Councillor McGrath	46,200	18,647	64,847	64,348
Councillor Meagher	46,200	15,024	61,224	60,745
Councillor Murphy	46,200	15,075	61,275	60,805
Councillor Peddle	46,200	13,354	59,554	60,805
Ward 2				
Councillor Inglis	46,200	14,745	60,945	58,621
Councillor Voyageur	51,850	11,643	63,493	65,995
Ward 3				
Councillor Lalonde	46,682	15,100	61,782	60,805
Ward 4				
Councillor Stroud	46,200	8,617	54,817	53,448
Chief Administrative Officer				
Current	257,480	44,976	302,456	-
Former	171,049	25,626	196,675	468,977
Designated Officers (d)	486,163	131,904	618,067	676,238
	\$ 1,548,614	\$ 367,159	\$ 1,915,773	\$ 1,944,588

(a) Salaries are disclosed as gross wages paid.

(b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, long and short-term disability plans, accidental disability and dismemberment insurance, professional memberships and tuition.

(c) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, honorarium, car, travel and technology allowances.

(d) The Municipality's three designated officers are the Chief Financial Officer, Chief Legislative Officer and Director of Planning and Development.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 22. Segment disclosures

The Municipality provides a wide range of services to its ratepayers. Segment disclosures are intended to enable users to better understand the government reporting entity and the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

- (a) **Fiscal Services** provides financial and purchasing services for the Municipality.
- (b) **General Government** consists of corporate administration and general municipal services for the Municipality.
- (c) **Protective Service** is comprised of police, traffic safety, bylaw enforcement, fire rescue and ambulance services.
- (d) **Transportation** includes bus, roadway and parking services.
- (e) **Environmental Use and Protection** delivers services consisting of collection, processing and disposal of residential and non-residential waste and recyclables, underground services, water and wastewater treatment, as well as community relation services in support of waste management programs.
- (f) **Public Health and Welfare** provides family and community support services along with cemeteries.
- (g) **Planning and Development** is comprised of the Community Development Planning branch, the Comprehensive Planning branch and the Safety Codes branch.
- (h) **Recreation and Culture** develops initiatives to provide opportunities and support in the areas of arts heritage and culture, and in recreation, sport and leisure.
- (i) **Subsidiary Entities** include Wood Buffalo Housing & Development Corporation, Regional Recreation Corporation of Wood Buffalo, Regional Municipality of Wood Buffalo Library Board, Wood Buffalo Economic Development Corporation and Wood Buffalo 2022 Arctic Winter Games Host Society.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 22. Segment disclosures (continued)

	2020									
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2020 Total
<b>Revenue:</b>										
Net taxes available for municipal purposes	\$ 489,879,773	\$ -	\$ -	\$ 44,010	\$ 202,684	\$ -	\$ -	\$ -	\$ 740,381	\$ 490,866,848
Government transfers - operating and capital	-	20,801,642	42,380,777	514,278	-	2,390,614	-	158,022	9,056,199	75,301,532
Sales and user charges	-	535,284	9,928,587	770,350	35,032,644	26,603	26,120	38,140	5,539,269	51,896,997
Sales to other governments	-	403,047	231,388	-	3,021,906	-	-	-	-	3,656,341
Penalties and costs on taxes	5,291,571	147,281	-	-	93,452	-	-	-	-	5,532,304
Licenses and permits	-	403,319	179,560	298,041	-	-	837,564	2,025	-	1,720,509
Fines	-	-	1,939,891	-	-	-	-	-	-	1,939,891
Franchise and concession contracts	-	8,173,803	-	-	-	-	-	-	-	8,173,803
Returns on investments	-	40,393,426	(8,171)	615	-	-	-	5,839	1,351,489	41,743,198
Rentals	-	652,287	901,166	13,931	-	-	22,645	5,251	15,392,904	16,988,184
Contributions of tangible capital assets	-	-	-	1,524,448	-	-	-	-	-	1,524,448
Other	-	4,047,467	1,225,688	-	200	-	-	71,172	3,551,612	8,896,139
Gain on disposal of tangible capital assets	-	104,518	-	-	-	-	-	-	490,278	594,796
	495,171,344	75,662,074	56,778,886	3,165,673	38,350,886	2,417,217	886,329	280,449	36,122,132	708,834,990
<b>Expenses:</b>										
Salaries, wages and benefits	-	65,101,459	57,485,754	43,282,367	35,389,059	2,502,829	11,181,905	15,234,639	30,973,766	261,151,778
Contracted and general services	-	53,249,284	27,409,913	15,570,084	19,941,544	117,640	4,282,889	5,465,878	20,501,887	146,539,119
Purchases from other governments	-	17,029	24,482,623	202,028	-	-	2,341	-	-	24,704,021
Materials, goods, supplies and utilities	-	9,896,490	4,998,055	13,218,949	5,808,541	77,579	131,417	1,353,607	10,001,701	45,486,339
Provision for (recoveries of) allowances	4,571,453	618,514	(28,483)	-	(2,205)	-	-	-	9,602	5,168,881
Transfers to local boards and agencies	-	-	-	-	-	-	-	533,478	-	533,478
Transfers to (from) individuals and organizations	-	1,490,999	197,095	-	-	32,858,596	-	23,479,072	(28,220,999)	29,804,763
Bank charges and short-term interest	-	148,495	7,167	60	19,542	-	23,750	843	125,368	325,225
Interest on long-term debt	-	-	-	-	-	-	-	-	2,332,231	2,332,231
Other	-	16,120	-	-	150,794	-	-	-	-	166,914
Valuation losses on mortgages receivable	-	-	-	-	-	-	-	-	768,673	768,673
	4,571,453	130,538,390	114,552,124	72,273,488	61,307,275	35,556,644	15,622,302	46,067,517	36,492,229	516,981,422
Annual surplus (deficit), before amortization	490,599,891	(54,876,316)	(57,773,238)	(69,107,815)	(22,956,389)	(33,139,427)	(14,735,973)	(45,787,068)	(370,097)	191,853,568
Amortization of tangible capital assets	-	6,449,579	4,291,933	44,176,007	41,547,642	-	-	24,688,623	7,810,003	128,963,787
Annual surplus (deficit)	\$ 490,599,891	\$(61,325,895)	\$(62,065,171)	\$(113,283,822)	\$(64,504,031)	\$(33,139,427)	\$(14,735,973)	\$(70,475,691)	\$ (8,180,100)	\$ 62,889,781

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 22. Segment disclosures (continued)

	2019									
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2019 Total
<b>Revenue:</b>										
Net taxes available for municipal purposes	\$ 656,578,300	\$ -	\$ -	\$ 44,010	\$ 202,684	\$ -	\$ -	\$ -	\$ 453,607	\$ 657,278,601
Government transfers - operating and capital	-	84,575,832	9,833,200	-	58,676	3,048,967	85,834	10,548	8,748,902	106,361,959
Sales and user charges	-	1,566,173	3,404,395	2,244,477	37,993,718	25,131	77,355	189,005	18,317,648	63,817,902
Sales to other governments	-	95,375	285,254	-	2,812,824	-	-	-	-	3,193,453
Penalties and costs on taxes	4,010,431	206,546	-	-	155,625	-	-	-	-	4,372,602
Licenses and permits	-	387,807	226,858	4,965	(360)	-	1,398,971	435	-	2,018,676
Fines	-	15	2,587,368	-	-	-	-	-	59,877	2,647,260
Franchise and concession contracts	-	8,184,926	-	-	-	-	-	-	-	8,184,926
Returns on investments	-	29,658,607	(9,749)	211	-	1,570	-	27,032	1,665,197	31,342,868
Rentals	-	791,109	791,560	13,931	-	-	2,042	19,870	17,995,996	19,614,508
Developers' agreements and levies (expenses)	-	2,691,857	-	-	-	-	-	-	-	2,691,857
Contributions of tangible capital assets	-	-	-	2,238,635	863,719	-	-	-	-	3,102,354
Other	-	2,411,494	272,451	-	420	2,941	-	18,706	4,847,655	7,553,667
Gain on disposal of tangible capital assets	-	962,481	-	-	-	-	-	-	1,109	963,590
	660,588,731	131,532,222	17,391,337	4,546,229	42,087,306	3,078,609	1,564,202	265,596	52,089,991	913,144,223
<b>Expenses:</b>										
Salaries, wages and benefits	-	61,428,250	54,312,415	43,008,851	32,202,551	3,392,698	10,322,714	16,988,032	37,526,323	259,181,834
Contracted and general services	-	47,299,246	3,316,907	14,676,096	17,065,482	366,157	3,553,912	10,189,643	13,899,188	110,366,631
Purchases from other governments	-	23,636	21,764,571	148,812	-	-	1,933	-	-	21,938,952
Materials, goods, supplies and utilities	-	10,380,982	1,279,844	13,835,484	5,733,600	175,696	63,855	1,367,003	16,522,046	49,358,510
Provision for (recoveries of) allowances	7,350,484	(1,546,995)	(887,211)	-	(85,448)	-	-	-	-	4,830,830
Transfers to local boards and agencies	-	-	-	-	-	-	-	449,514	-	449,514
Transfers to (from) individuals and organizations	-	11,419,459	122,630	-	-	24,137,287	-	7,933,712	(29,072,778)	14,540,310
Bank charges and short-term interest	-	106,930	5,823	(103)	21,489	-	96,489	2,730	235,804	469,162
Interest on long-term debt	-	338,000	484,000	290,000	5,085,000	-	844,000	4,799,000	2,456,998	14,296,998
Other	-	29,860,890	10	-	-	635	-	-	-	29,861,535
Valuation losses on mortgages receivable	-	-	-	-	-	-	-	-	295,444	295,444
	7,350,484	159,310,398	80,398,989	71,959,140	60,022,674	28,072,473	14,882,903	41,729,634	41,863,025	505,589,720
Annual surplus (deficit), before amortization	653,238,247	(27,778,176)	(63,007,652)	(67,412,911)	(17,935,368)	(24,993,864)	(13,318,701)	(41,464,038)	10,226,966	407,554,503
Amortization of tangible capital assets	-	6,908,236	4,637,357	42,888,021	37,975,484	-	-	23,269,899	8,420,238	124,099,235
Annual surplus (deficit)	\$ 653,238,247	\$(34,686,412)	\$(67,645,009)	\$(110,300,932)	\$(55,910,852)	\$(24,993,864)	\$(13,318,701)	\$(64,733,937)	\$ 1,806,728	\$ 283,455,268



# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 23. Sales and user charges by segment

	<b>Budget</b>	<b>2020</b>	<b>2019</b>
	(Note 24)		
Council and other legislative	\$ 18,000	\$ 10,350	\$ 8,650
General administration	377,200	521,418	1,553,236
Other general government	-	69,503	308,121
Police	1,681,200	1,837,539	1,511,580
Fire	150,000	249,169	380,843
Disaster and emergency measures	210,988	6,291,654	19,825
Ambulance and first aid	1,294,000	1,329,090	1,298,136
Bylaw enforcement	200,000	221,135	194,011
Common and equipment pool	62,000	243,669	83,534
Roads, streets, walks, lighting	195,000	153,481	616,195
Public transport	529,500	373,200	1,544,748
Water supply and distribution	11,135,400	13,878,262	15,448,525
Wastewater treatment and disposal	7,256,800	11,417,306	10,620,782
Waste management	9,509,300	9,737,076	11,924,411
Cemeteries and crematoriums	20,000	26,603	25,131
Land use planning, zoning and development	23,717	26,120	77,355
Public housing operations	9,800	532,737	2,588,500
Parks and recreation	15,922,695	4,961,716	15,614,319
Culture: libraries, museums, halls	38,508	16,969	-
<b>Total sales and user charges</b>	<b>\$ 48,634,108</b>	<b>\$ 51,896,997</b>	<b>\$ 63,817,902</b>

## REGIONAL MUNICIPALITY OF WOOD BUFFALO

### Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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#### 24. Budget data

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved by Council.

Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	<b>Budget Amount</b>
Revenue:	
Operating budget	\$ 578,112,085
Capital budget	153,413,540
Subsidiaries' budget	44,512,149
Less:	
Transfers from other funds	134,038,694
Total revenue	641,999,080
Expenses:	
Operating budget	578,112,085
Capital budget	153,413,540
Subsidiaries' budget	44,708,226
Less:	
Transfers to other funds	166,850,000
Capital expenditures	153,413,540
Total expenses	455,970,311
Annual surplus	\$ 186,028,769

#### 25. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, restricted cash, taxes and grants in lieu receivable, trade and other receivables, investments, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Municipality is not exposed to significant currency risks from its financial instruments.

The Municipality is subject to credit risk with respect to taxes and grants in lieu receivable, trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality 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. The Municipality is subject to interest rate risk arising primarily from fluctuations in rates on its cash, investments, and long-term debt.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 26. Natural Disaster Events

#### a) Fire Event

On May 1, 2016, a wildfire began southwest of Fort McMurray, in the Regional Municipality of Wood Buffalo.

#### Impact on Financial Results

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies in Note 1. Only costs that represent a betterment, enhancement or new asset are capitalized, with repairs and maintenance being expensed.

The Municipality holds various insurance policies with multiple insurance providers which have been and will be used to fund a portion of the response and recovery efforts. The Municipality has received \$45,920,250 from insurance providers since 2016 relating to municipal assets and equipment destroyed or damaged by the wildfire.

The Municipality applied and was approved for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Advances totalling \$208,676,369 have been received from DRP since 2016 to assist in paying for financial commitments resulting from expenses incurred during and after the wildfire with \$nil received in 2020 (2019 - \$60,000,000). The DRP recovery efforts are forecast to be finished by 2022.

The following amounts recorded in the statement of operations and statement of financial position related to the wildfire of 2016 are as follows:

	<b>2020</b>	<b>2019</b>
Financial assets		
Trade and other receivables	\$ 10,838,539	\$ 3,926,462
	10,838,539	3,926,462
Liabilities		
Deferred revenue	366,646	377,682
	366,646	377,682
<b>Net financial assets</b>	<b>10,471,893</b>	<b>3,548,780</b>
Revenue:		
Government transfers for operating	7,109,004	20,036,798
Other	2,780,598	1,884,458
	9,889,602	21,921,256
Expenses:		
General government	7,880,739	10,843,427
Public housing operations	48,756	119,078
	7,929,495	10,962,505
<b>Annual surplus</b>	<b>\$ 1,960,107</b>	<b>\$ 10,958,751</b>

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 26. Natural Disaster Events (continued)

### a) Fire event (continued)

The wildfire impact on Expenses by Object (Note 18) consists of:

	2020	2019
Salaries, wages and benefits	\$ 164,991	\$ 204,466
Contracted and general services	7,658,825	10,768,211
Materials, goods, supplies and utilities	105,679	(10,172)
<b>Total expenses</b>	<b>\$ 7,929,495</b>	<b>\$ 10,962,505</b>

### b) Flood Event

On April 26, 2020, the Municipality experienced a major flood event.

#### Impact on Financial Results

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies in Note 1. Only costs that represent a betterment, enhancement or new asset are capitalized, with repairs and maintenance being expensed.

The Municipality holds various insurance policies with multiple insurance providers which have been and will be used to fund a portion of the response and recovery efforts. The Municipality has received \$5,310,836 from insurance providers since relating to municipal assets and equipment destroyed or damaged by the flood.

The Municipality applied and was approved for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Advances totalling \$20,000,000 have been received from DRP to assist in paying for financial commitments resulting from expenses incurred during and after the flood. The DRP recovery efforts are forecast to be finished by 2022.

# REGIONAL MUNICIPALITY OF WOOD BUFFALO

## Notes to Consolidated Financial Statements

For the Year Ended December 31, 2020

### 26. Natural Disaster Events (continued)

#### b) Flood event (continued)

The following amounts recorded in the statement of operations and statement of financial position related to the 2020 flood event.

	<b>2020</b>
Financial assets	
Trade and other receivables	\$ 4,515,148
<b>Net financial assets</b>	<b>\$ 4,515,148</b>

	<b>2020</b>
Revenue:	
Government transfers for operating	\$ 23,914,018
Other	5,701,235
Gain on disposal of tangible capital assets	483,742
	<b>30,098,995</b>

Expenses	
Disaster and emergency measures	32,387,174
<b>Annual surplus (deficit)</b>	<b>\$ (2,288,179)</b>

The flood impact on Expenses by Object (Note 18) consists of:

	<b>2020</b>
Salaries, wages and benefits	\$ 1,632,975
Contracted and general services	27,767,407
Materials, goods, supplies and utilities	2,986,792
<b>Total expenses</b>	<b>\$ 32,387,174</b>

#### Measurement Uncertainty

The impact of natural disaster events are subject to a high degree of estimation and judgement, particularly as they relate to the estimation of future expenditures and impairment of assets. The Municipality has used the best information at the time in all measurements and estimations related to natural disaster events. Those estimates may not materialize and the final results and adjustments to these estimates will be reflected in future financial statements.

### 27. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 28. Approval of financial statements

These financial statements were presented and approved by Council on April 13, 2021.