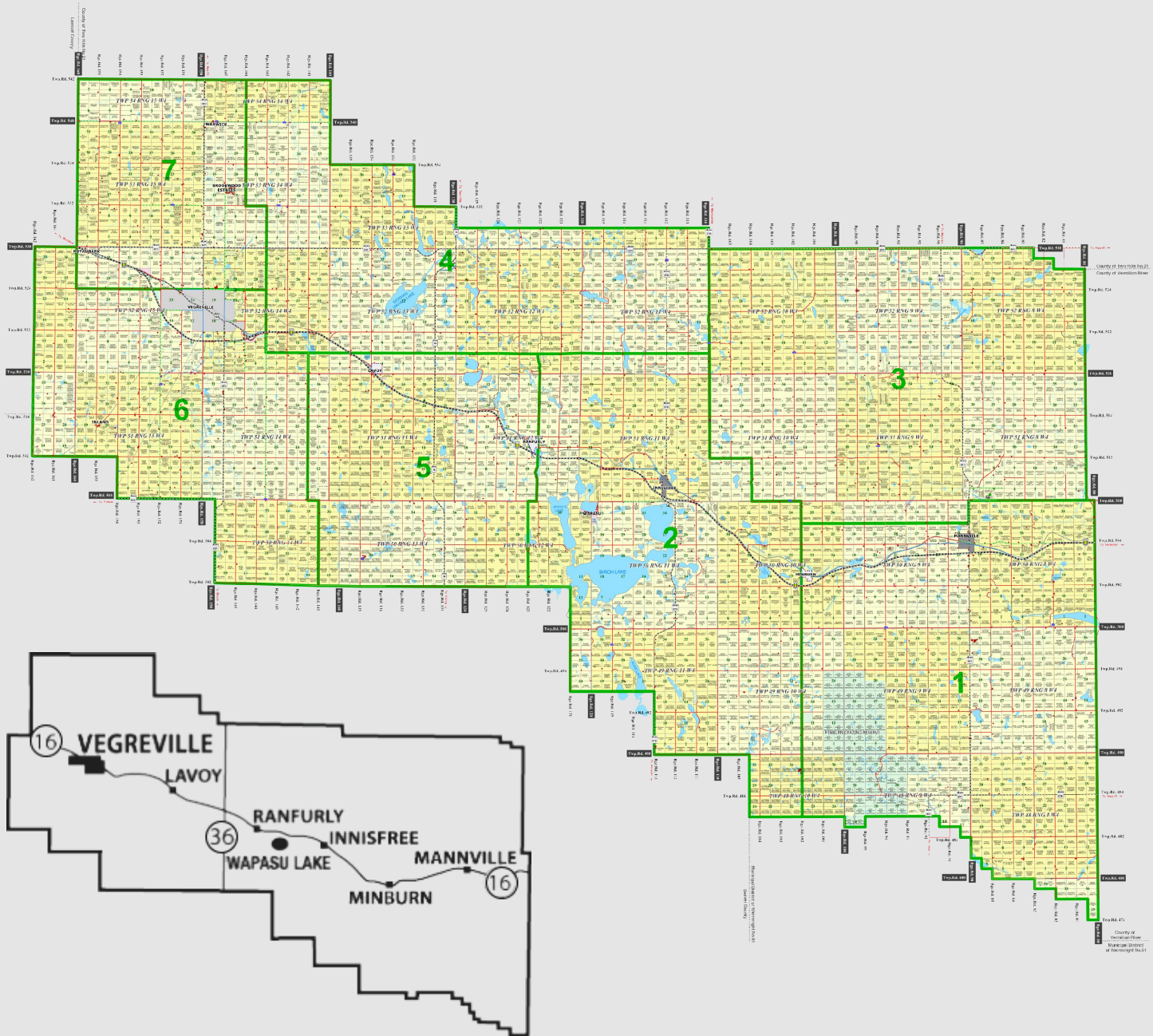


2019 ANNUAL REPORT





The **County of Minburn** has a population of 3,188 and covers an area of approximately 55 miles (88 km) east to west and 30 miles (48 km) north to south, encompassing 41 townships. The County is made up of a large rural area and includes the Hamlets of Lavoy, Ranfurly and Minburn. Within the County boundaries is the Town of Vegreville and the Villages of Innisfree and Mannville.

The County of Minburn No. 27

- Provides community, recreation and infrastructure services to residents and commercial enterprises in a timely and efficient manner
- Is focused on establishing sound governance, strong financial management and reliable economic growth
- Core Values: accountability, transparency, dedication, efficiency and reliability

TABLE OF CONTENTS

Reeve's Message and Council

Public Works

Gravel and Road Construction

Road and Bridge Maintenance Programs

Planning and Development

Economic Development

Agricultural Services

Pest Surveillance/Plant Disease

Utility Services

Recreation

Protective Services

Fire and Emergency Services

Financial Services

2019 Revenue and Expenditures

Municipal Property Tax

2019 Audited Financial Statements

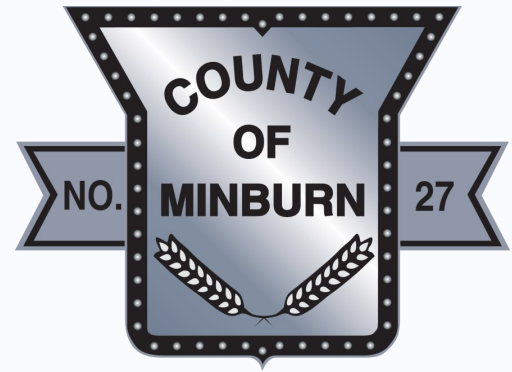




On behalf of County Council and staff it is my pleasure to present the 2019 Annual Report of the County of Minburn No. 27. This document offers County residents and other stakeholders a brief summary of 2019 activities, while providing a preface to our annual audited financial statements. In brief, the main priority of any local government is to provide for safe and viable communities where residents and businesses can live well and operate effectively. In rural municipalities, such as the County of Minburn, this is accomplished through careful and strategic investments in economic, transportation, social and cultural infrastructure that sustain or improve the quality of life for residents.

In 2019, the County continued with key investments and is proud of the work accomplished, despite the unique challenges faced due to inclement weather and ongoing revenue decline. The County maintains a strong focus on road and bridge maintenance, and we believe the service provided in these areas remain exceptional. We commit to continuing this effort into 2020 and beyond. Last, the County continues to partner with other levels of government and our municipal neighbors to better serve our region, and we are thankful for the relationships we have and for those we continue to build. The following report is segregated by County departments, with some of the key activities of each department highlighted. We hope you find the report and accompanying financial statements both interesting and informative.

Reeve Roger Konieczny
Division 3 Councillor



Eric Anderson
Division 1, Councillor



Richard Wagner
Division 2, Councillor



Cliff Wowdzia
Division 4, Councillor



Tara Kuzio
Division 5, Councillor



Carl Ogrodnick
Division 6, Councillor
Deputy Reeve



Kevin Bentley
Division 7, Councillor

YEAR IN REVIEW

PUBLIC WORKS

2019 Gravel Program

The County entered into several negotiated gravel reserve and supply agreements in 2019 to secure aggregate reserves and meet the challenges associated with community growth, infrastructure development and maintenance needs.

In 2019 the County gravelled 573 miles of roads using 117,000 tonnes of crushed gravel at an approximate cost of \$2,323,130.



2019 Road Construction

Various construction projects were completed in the County during 2019.

Division 1: Range Road 93 south of Township Road 502

This 1.3 mile project clay capped the rocky base, improved the line of sight, and raised the grade and backslope.

Division 3: Range Road 95 south of Township Road 514

This 1 mile project widened the grade, improved the line of sight, steep road slopes and ravine crossing, and raised the grade to prevent snow drifts.

Division 4: Range Road 120 north of Township Road 522A

This 0.8 mile project widened the grade of the road, improved the line of sight, and raised the grade in areas where snow accumulates.

Division 5: Range Road 141 south of Township Road 520

This 0.7 mile project widened the grade of road and re-established slopes and ditch lines.

Division 6: Township Road 520 west of Range Road 141

Three soft areas were cored out in this 1 mile project and the grade was raised over a slough crossing and low areas.

Division 7: Range Road 160 and Township Road 532

The grade of the road was widened, road slopes were improved, and the grade was raised over a slough crossing in this 0.4 mile project.



2019 ROAD AND BRIDGE MAINTENANCE PROGRAM



Oiling and Dust Control

The County maintains approximately 57 miles of oiled roads and 23 miles of pavement, while also providing calcium and oiled dust controls to ratepayers on a cost-share basis.

Wet conditions made oiling and calcium projects difficult to complete this past year. Efforts will increase in 2020 to keep pace with maintenance needs.

Road Maintenance

Various other road maintenance programs continued in 2019:

- Culvert replacement and maintenance
- General road maintenance including motor grading, patching and gravelling
- Winter Maintenance Program including snowplowing, sanding, and driveway clearing



Bridge Program

The County of Minburn completed two bridge culvert replacements and three bridge substructure replacements in 2019 at an approximate cost of \$1,110,115.63.

Bridges represent the largest infrastructure challenge for the County with 118 bridge files under our care.

YEAR IN REVIEW

PLANNING AND DEVELOPMENT

Development Permit Applications

As of December 31, 2019, the County approved 33 development permit applications with an approximate value of 6 million dollars.



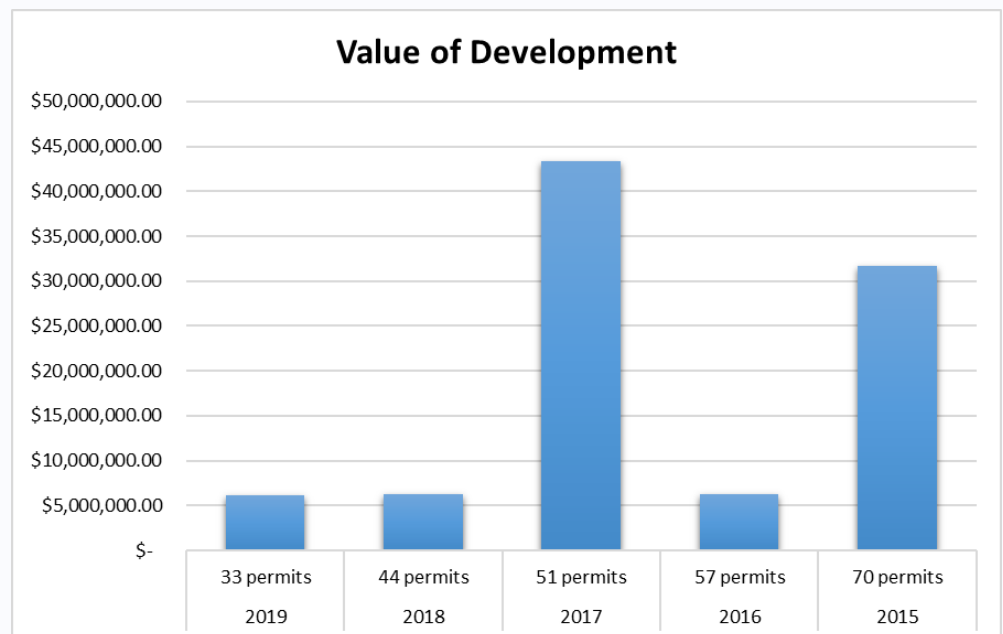
The Viterra grain terminal located west of Vegreville off Hwy 631 opened for the 2018 harvest.



GrainsConnect Canada located east of the Town of Vegreville on Highway 16 and Range Road 143 was opened for operation in 2019.

Legislative Updates

Council approved a Master Rates Bylaw in April 2019 which slightly increased planning and development fees to better align with those fees charged by our municipal neighbours as well as to help offset the costs associated with processing applications.



Recent changes to the *MGA* require all municipalities sharing a common boundary to adopt an Intermunicipal Collaboration Framework (ICF) by April 1, 2020. The County completed all of the required ICFs in early 2020 and looks forward to a continued strong relationship with Town of Vegreville, Village of Mannville and Village of Innisfree.

ECONOMIC DEVELOPMENT

Social Media and Online Platforms

The County of Minburn launched Facebook and Twitter pages in 2019 which is another step towards promoting our region and branching out to a broader range of audiences. A new website and mobile application were also launched which delivers fast, responsive and easily navigable service to users.



@countyofminburn



www.minburncounty.ab.ca



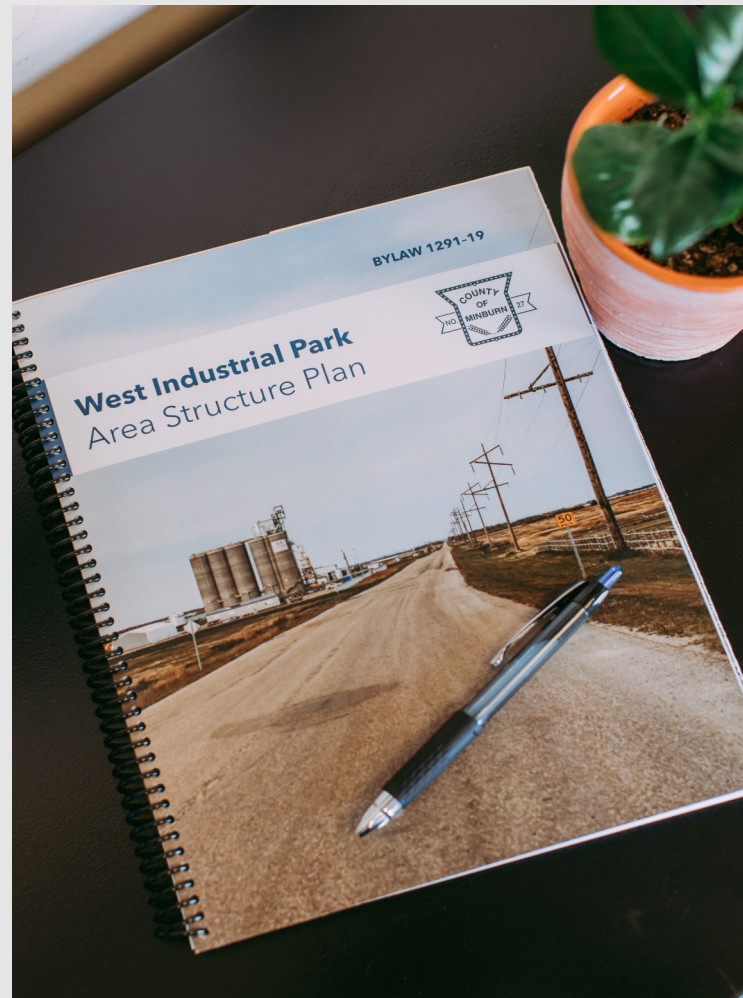
@MinburnCounty27

Alberta HUB

The County of Minburn continued to promote and facilitate economic development in 2019 by its membership in Alberta HUB which is the Regional Economic Development Alliance of Northeast Alberta. Potential developers and investors continue to express their interest in commencing various economic development initiatives in the County of Minburn, and we are hopeful this activity continues with the adoption of the Western Industrial Park ASP and further collaboration with our municipal neighbours.

Area Structure Plan

The West Industrial Park Area Structure Plan (ASP), funded by the County of Minburn and Regional Economic Support (CARES) Program, was adopted in November 2019, and will give direction to future subdivision and development in an area adjacent to the Town of Vegreville.



YEAR IN REVIEW

AGRICULTURAL SERVICES

2019 Pest Surveillance Results

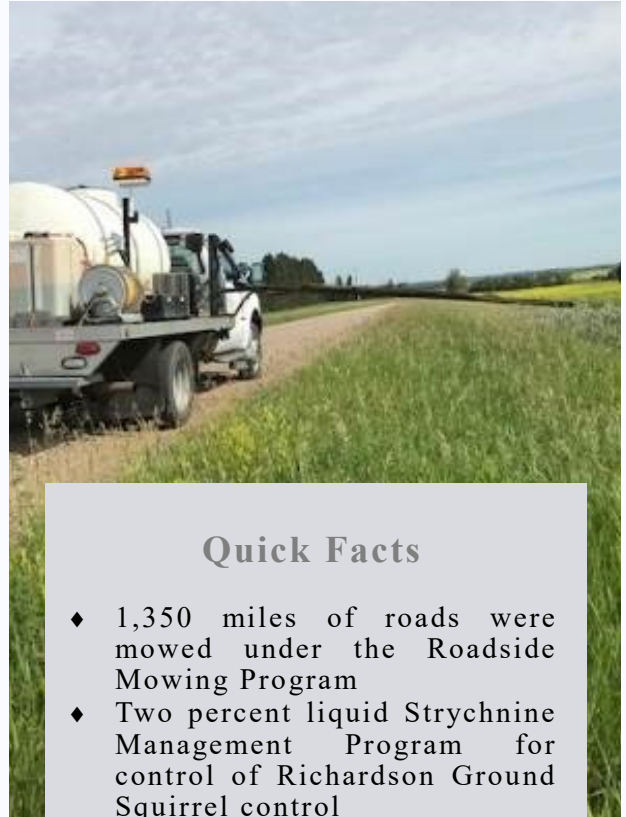
No cabbage seedpod weevil was found in the County of Minburn in 2019.

With nine Bertha Armyworm sites in the County of Minburn all areas of the County were surveyed. None of the locations were above the first warning level of 300 moths. It is still uncertain where this population is heading, hints of a buildup in the population appear to have been reduced. Trapping will continue to be very important to watch for possible out breaks in the future.

Wheat Midge were found in two of the five fields we surveyed. Only one of the fields was high in midge larvae. Midge will remain a risk in 2020 but it may be more on field by field basis. Producers and agronomists should monitor fields in 2020 as the wheat heads out as there could be damaging midge pressure. Wheat midge traps are used to determine the timing of midge activity and are not useful in threshold determinations.

There were two Diamondback Moth trap locations in the County of Minburn in 2019 which were used to monitor spring migration. There was no concern with the Diamondback Moth in 2019.

Pea Leaf Weevil damage was very low in the survey we conducted in May and June. We have found Pea Leaf Weevils feeding throughout the County of Minburn. At this time, ASB does not recommend the use of insecticide seed treatment for Pea Leaf Weevil management.



Quick Facts

- ◆ 1,350 miles of roads were mowed under the Roadside Mowing Program
- ◆ Two percent liquid Strychnine Management Program for control of Richardson Ground Squirrel control
- ◆ Twenty-five percent of municipal road allowances were treated for noxious weeds
- ◆ Inspection and survey of 14 fields for Clubroot of Canola and other diseases
- ◆ Grain bag and twine recycling program
- ◆ Roadside Brushing Program
- ◆ Ongoing beaver dam removal and pest monitoring

2019 Plant Disease Survey Results

Clubroot has been located across the entire County of Minburn at relatively low levels. Producers are advised to follow best management practices such as growing canola every third year and planting resistant varieties of canola.

Fusarium Graminearum has been detected across the County of Minburn as well at relatively high levels in wheat and barley. Best management practices for Fusarium includes seeding healthy seed with undetectable levels of Fusarium, using seed treatments and spraying fungicides that support the control of Fusarium and utilizing a one in three rotation for wheat and barley.

Fusarium produces a mycotoxin called deoxynivalenol (DON) which is a poisonous compound that accumulates in wheat and barley heads. Animals consuming high levels of DON may experience reduced feed intake, reduced immune response, and reproductive dysfunction.

2019 COUNTY OF MINBURN UTILITY SERVICES

Water and Sewer

The County of Minburn Utility Services is responsible for water and sewer service in the Hamlet of Lavoy, sanitary sewer in the Hamlet of Minburn, 28 rural residential water service connections, and the bulk water stations in the Hamlets of Lavoy and Ranfurly and north of the Hamlet of Minburn. Those wishing to purchase water from the bulk water stations must apply at the County of Minburn Administration office.

Hydrant repair and replacement along with a sewer repair program was completed in 2019 in the Hamlet of Lavoy, along with repairs done to the Mannville sewer lift station, and upgrades to items at the 3 bulk water stations.



Solid Waste

Transfer stations and landfill services are available to County residents at the following locations:

Ranfurly Waste Transfer Station
1211 Township Road 520
Pt. SE 3-52-12-W4M

East Regional Waste Transfer Station
50329 Range Road 92
Pt. NW 23-50-9-W4M

Town of Vegreville Landfill
52321 Range Road 144
NW 21-52-14-W4M

Two Hills Regional Waste Management Commission (THRWMC) continues to provide contract hauling services for the Ranfurly Waste Transfer Station, East Regional Waste Transfer Station, Hamlet of Minburn and Hamlet of Lavoy. The County provides an annual fee to the Town of Vegreville for resident use of its landfill.



YEAR IN REVIEW

RECREATION

In addition to the organized recreational activities, the County of Minburn offers a diverse outdoor experience at its campgrounds, picnic sites and parks.



Wapasu Recreation Conservancy Park located southwest of the Village of Innisfree preserves and protects the wildlife habitat around the lake. The Park contains developed hiking trails, a cookhouse, picnic tables, fire pits, a sandy beach, and playground which kids of all ages can enjoy.

The County of Minburn is proud to support recreation efforts in our region through both ownership and partnerships. The County owns the Wapasu Recreation Conservancy Park along with the Rotary Peace Park. Wapasu is operated by the County while the Peace Park is operated by the Vegreville Rotary Club. Funding partnerships are also key to recreation delivery in the County and we are pleased to support our urban municipalities and local societies in the delivery of recreation and culture services. Below is a snapshot of the financial contributions made to third parties by the County in 2019 for such services.

2019 County Recreation Funding

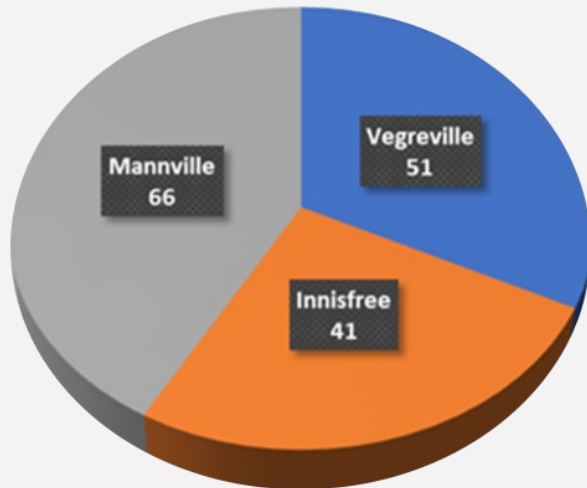
Mannville & District Agricultural Society	109,300
Innisfree & District Agricultural Society	43,300
Minburn & District Agricultural Society	23,300
Ranfurly & District Agricultural Society.....	23,300
Town of Vegreville	309,500
Lavoy Action Society.....	18,300
Rotary Peace Park	61,355
Wapasu Park	45,000
Total	633,355



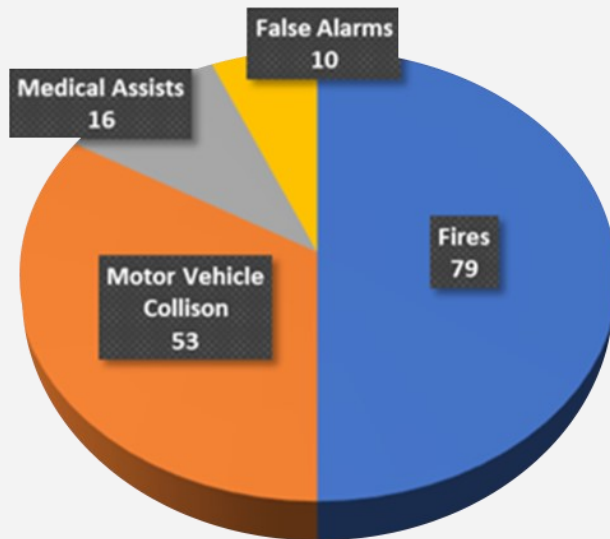
YEAR IN REVIEW

FIRE AND EMERGENCY SERVICES

The County of Minburn continued to work with the Vegreville Fire Department, Innisfree Fire Department and Mannville Fire Department operating within the County.



**NUMBER OF CALLS
BY DEPARTMENT**



**NUMBER OF CALLS
BY TYPE**



Fire Permits

Fire Permits are required year round and are available online at the County of Minburn website at www.minburncounty.ab.ca, on the County Mobile App or at the County Administration Office in Vegreville.

Fire Trucks

The County of Minburn continues to maintain strong working relationships between communities and regional approach to municipal service delivery. We are well equipped to respond to emergencies with a fire fleet of 10 emergency vehicles spread across the County's three fire departments.

A new 2019 Ford F550 rapid attack fire truck was purchased from HUB Fire Engines for the Vegreville Fire Department for a cost of \$228,872.



Fire Deployment to Chuckegg Creek

On June 23, 2019 the Province submitted a request for structural protection assistance for the Chuckegg Creek wildfire near High Level. The County of Minburn deployed its 3,000 gallon tender from Mannville Fire Department along with one firefighter from Mannville and one firefighter from Vegreville for a seven day deployment to assist in firefighting efforts.

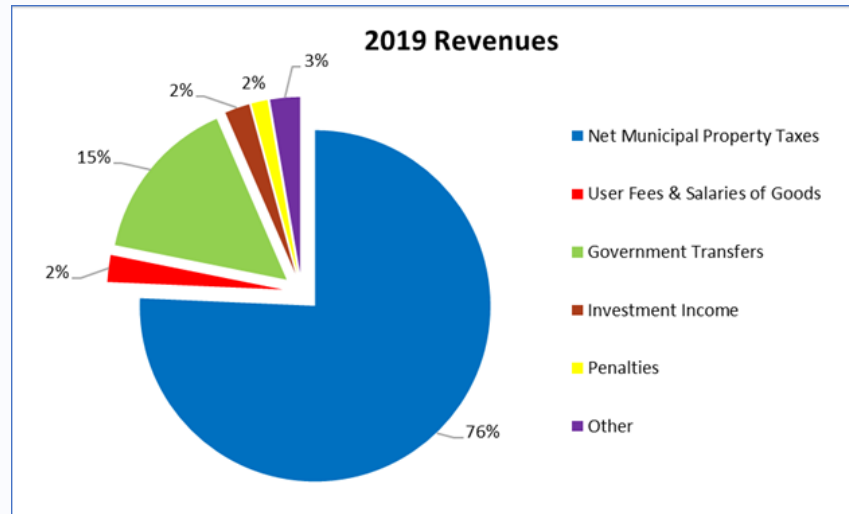


YEAR IN REVIEW

FINANCE

The County ended 2019 on a strong financial footing, despite ongoing revenue challenges and an uncertain economic climate. This section seeks to offer a summary of the 2019 financial activities and introduce the audited financial statements, which follow these pages.

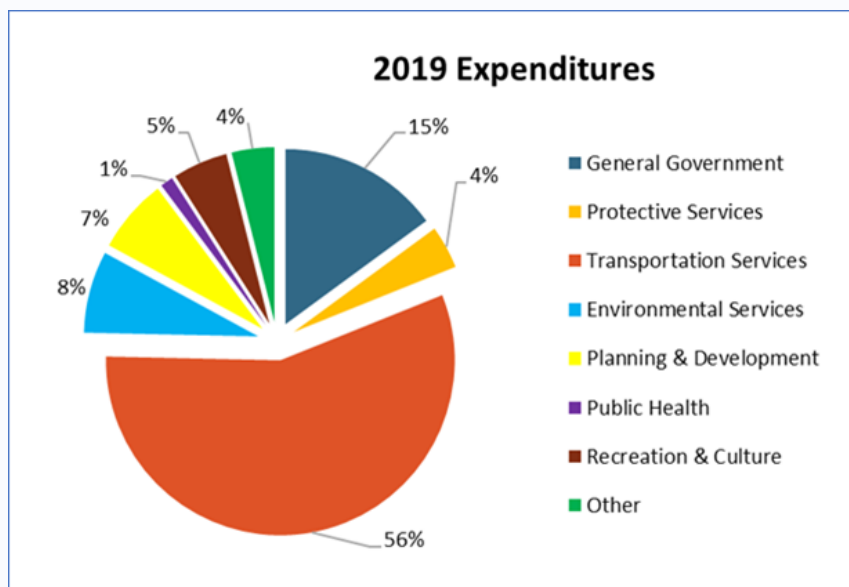
Statement of Operations - Revenues



In 2019 total revenue was \$1,024,453 higher than budgeted due to:

- Increased government transfers of \$571,481
- Higher investment balances and rates of return generated an additional \$175,300
- Unanticipated receipt of insurance proceeds in the amount of \$126,315
- Increased penalty revenue of \$129,331 primarily associated with unpaid property taxes

Statement of Operations - Expenditures



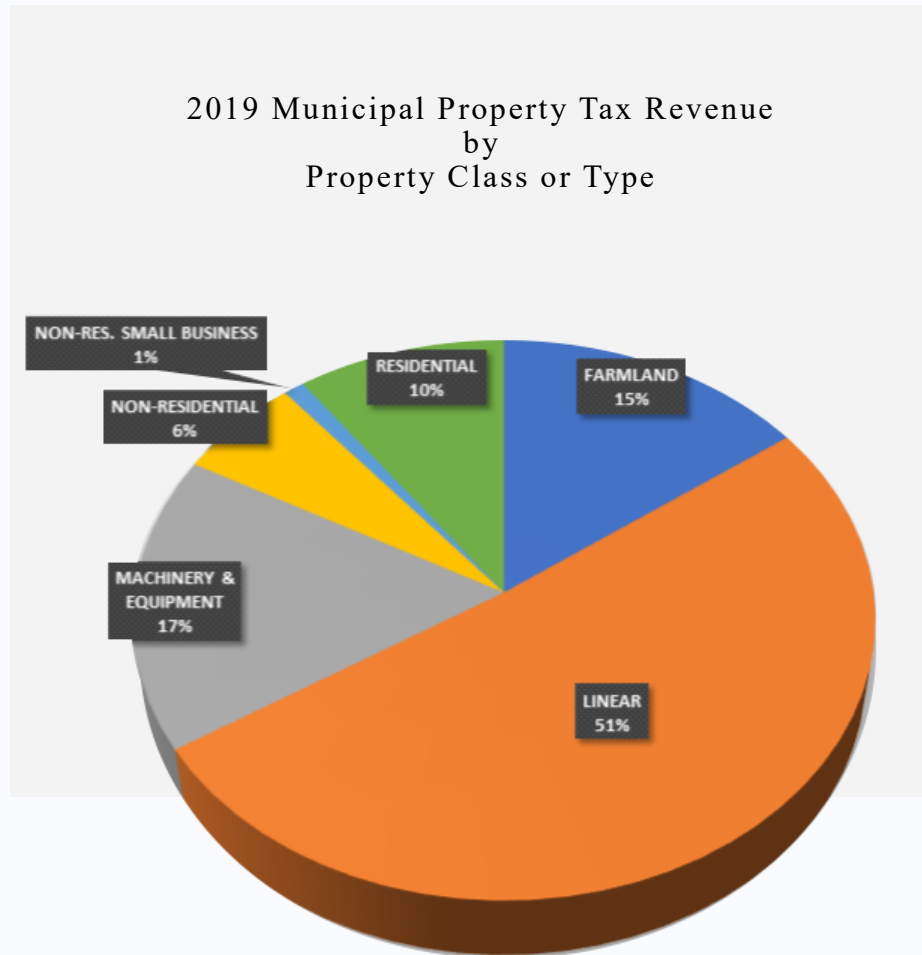
Total expenses in 2019 were less than budget by \$1,099,189 and were primarily due to weather-related conditions. Savings resulted in the following areas:

- Construction
- Road oiling and maintenance
- Salaries and benefits

YEAR IN REVIEW

MUNICIPAL PROPERTY TAX

The County of Minburn collected \$15,387,230.32 in property taxes in 2019. However not all this tax is for municipal purposes. The County collected \$2,260,431 for the Alberta School Tax, and \$119,715 for the Minburn Foundation, which gets transferred directly to those respective entities. Municipal taxes represent the bulk of revenue and the primary driver of municipal services. Municipal taxes were lowered in 2019, as Council recognizes the economic hardships that exist within our tax base and our key industries.



Council approved several bylaws in 2019 relating to property tax:

- In February, Council passed a bylaw to allow Administration to implement a tax installment payment plan (TIPP Program) that provides ratepayers the option to pay current property taxes in equal monthly installments from January to December.
- A bylaw was approved in April 2019 to establish a Small Business Tax Rate. This provides eligible businesses with a ten percent reduction on the municipal portion of the non-residential tax rate.
- Council approved a special tax bylaw for the 2019 taxation year against parcels of land in the Hamlet of Minburn to raise revenue to pay for sanitary sewer provisions.

Statement of Financial Position

Net Financial Assets

The financial assets are those assets that can be readily converted to cash and can be used to meet the ongoing operations of the municipality. A positive net financial asset position suggests that there is sufficient money to meet current as well as future obligations.

- At December 31, 2019, the County of Minburn maintained a positive net financial asset position of \$18,701,682.
- Approximately \$1.7 million is attributed to large year over year increases in both taxes receivable and amounts due from other governments, as well as corresponding decreases in accounts payable and deferred revenue.

Accumulated Surplus

Accumulated surplus is a key indicator of the financial resources a municipality has available to provide future services to its citizens and to meet its ongoing financial commitments, however it is an often-misunderstood element of the financial statements.

- Accumulated Surplus is a combination of the equity that the County has in its tangible capital assets plus the amounts that are maintained in its restricted and unrestricted reserves.
- The County's accumulated surplus increased by \$2,503,671 to \$52,823,878 in 2019.

Other Considerations

Asset Retirement Obligations

- Due to new PSAB reporting standards, the County was required to record a landfill closure liability of \$1,056,094 in 2019. This is largely to recognize the future remediation costs associated with the former Mannville landfill site.

Tax Delinquency from Oil and Gas Properties

- The County of Minburn continues to face challenges related to the Province's deteriorating oil and gas industry.
- In 2019, a total \$2,129,922.72 was expensed as bad debt, which was the result of unpaid property taxes from this sector over several years.

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of County of Minburn No. 27

Opinion

We have audited the consolidated financial statements of County of Minburn No. 27 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, 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.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 Consolidated Financial Statements

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

(continues)

Independent Auditor's Report to the Reeve and Council of County of Minburn No. 27 *(continued)*

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Wilde & Company

Vegreville, AB
March 13, 2020

Chartered Professional Accountants

COUNTY OF MINBURN NO. 27
Consolidated Statement of Financial Position
As at December 31, 2019

	2019 \$	2018 \$
Financial Assets		
Cash and temporary investments (Note 4)	19,645,465	19,801,061
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	1,176,187	554,696
Due from governments	833,061	334,513
Trade and other receivables	164,405	110,210
Land held for resale	190,165	190,165
	22,009,283	20,990,645
Liabilities		
Accounts payable and accrued liabilities	657,868	1,764,334
Asset retirement obligation (Note 6)	1,056,094	678,117
Deposit liabilities	260	260
Deferred revenue (Note 7)	1,513,261	2,405,452
Employee benefit obligations (Note 8)	80,118	75,109
	3,307,601	4,923,272
Net Financial Assets	18,701,682	16,067,373
Non-Financial Assets		
Tangible capital assets (Schedule 2)	24,162,277	23,286,281
Inventory for consumption (Note 9)	9,811,481	10,836,709
Prepaid expenses	148,438	129,844
	34,122,196	34,252,834
Accumulated Surplus (Schedule 1, Note 10)	52,823,878	50,320,207
<i>Contingencies (Note 17)</i>		

COUNTY OF MINBURN NO. 27
Consolidated Statement of Operations
Year Ended December 31, 2019

	Budget \$ (Unaudited)	2019 \$	2018 \$
Revenue			
Net municipal taxes <i>(Schedule 3)</i>	13,101,269	12,996,962	13,083,180
User fees and sales of goods	459,025	424,812	471,172
Government transfers for operating <i>(Schedule 4)</i>	2,054,950	2,626,431	2,760,493
Investment income	220,000	395,300	316,667
Penalties and costs on taxes	127,050	256,381	223,252
Gain on disposal of tangible capital assets	-	4,796	30,400
Other	189,748	471,813	140,981
Total revenue	16,152,042	17,176,495	17,026,145
Expenses			
Administration and legislative	2,860,796	2,671,979	3,181,044
Fire protection and safety services	597,690	597,163	478,158
Ambulance services	11,115	11,115	11,115
Bylaw enforcement, bridge inspection, health and safety	62,655	58,189	52,096
Roads, streets, walks, lighting	10,272,800	9,216,881	9,681,090
Water supply and distribution	254,250	234,519	276,623
Wastewater treatment and disposal	98,670	88,965	90,046
Waste management	514,093	832,765	510,524
Family and community support	164,856	164,256	163,756
Cemetery	3,500	4,234	4,415
Planning and economic services	326,580	242,644	233,189
Agricultural Service Board	758,900	739,261	741,383
Recreation and library services	734,420	719,165	699,658
Total expenses	16,660,325	15,581,136	16,123,097
Excess (deficiency) of revenue over expenses - before other	(508,283)	1,595,359	903,048
Other			
Government transfers for capital <i>(Schedule 4)</i>	799,923	908,312	346,384
Excess of revenues over expenses	291,640	2,503,671	1,249,432
Accumulated surplus - beginning of the year	50,320,207	50,320,207	49,070,775
Accumulated surplus - end of the year	50,611,847	52,823,878	50,320,207

COUNTY OF MINBURN NO. 27**Consolidated Statement of Change in Net Financial Assets****Year Ended December 31, 2019**

	Budget \$ (Unaudited)	2019 \$	2018 \$
Excess of revenues over expenses	291,640	2,503,671	1,249,432
Acquisition of tangible capital assets	(3,193,731)	(2,961,819)	(1,694,409)
Proceeds on disposal of tangible capital assets	433,754	455,286	229,900
Amortization of tangible capital assets	1,452,400	1,518,698	1,451,264
Gain on sale of tangible capital assets	-	(4,796)	(137,000)
Loss on sale of tangible capital assets	-	116,636	106,600
	(1,307,577)	(875,995)	(43,645)
Use (acquisition) of supplies inventories	-	1,025,228	(908,690)
Acquisition of prepaid assets	-	(18,595)	(472)
	-	1,006,633	(909,162)
Decrease (increase) in net debt	(1,015,937)	2,634,309	296,625
Net Financial Assets, beginning of year	16,067,373	16,067,373	15,770,748
Net Financial Assets, end of year	15,051,436	18,701,682	16,067,373

COUNTY OF MINBURN NO. 27
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019 \$	2018 \$
Operating		
Excess of revenue over expenses	2,503,671	1,249,432
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	1,518,698	1,451,264
Loss (gain) on disposal of tangible capital assets	111,839	(30,400)
Net changes in non-cash charges to operations		
Increase in taxes and grants in lieu receivable	(621,491)	(167,870)
Decrease (increase) in government receivables	(498,548)	6,516
Decrease (increase) in trade and other receivables	(54,195)	20,298
Increase in prepaid expenses	(18,594)	(471)
Decrease (increase) in inventory for consumption	1,025,228	(908,690)
Decrease in accounts payable and accrued liabilities	(1,106,467)	(291,352)
Increase in asset retirement obligation	377,978	48,849
Increase (decrease) in deferred revenues	(892,191)	521,593
Increase in employee benefit obligations	5,009	31,095
<i>Net cash provided by operating transactions</i>	2,350,937	1,930,264
Capital		
Acquisition of tangible capital assets	(2,961,819)	(1,694,409)
Proceeds on disposal of tangible capital assets	455,286	229,900
<i>Net cash used in capital transactions</i>	(2,506,533)	(1,464,509)
Investing		
Decrease (increase) in restricted cash or cash equivalents	892,191	(521,993)
<i>Net cash provided by (used in) investing transactions</i>	892,191	(521,993)
Change in cash and cash equivalents during the year	736,595	(56,238)
Cash and cash equivalents, beginning of year	17,395,609	17,451,847
Cash and cash equivalents, end of year	18,132,204	17,395,609
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 4)	19,645,465	19,801,061
Less: restricted portion of cash and temporary investments (Note 4)	(1,513,261)	(2,405,452)
	18,132,204	17,395,609
Cash flows supplementary information:		
Interest received	395,300	316,667

COUNTY OF MINBURN NO. 27
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2019

(Schedule 1)

	Unrestricted Surplus	Restricted Capital reserves	Equity in Capital Assets	2019 \$	2018 \$
Balance, beginning of year	11,320,816	15,713,110	23,286,281	50,320,207	49,070,775
Excess of revenues over expenses	2,503,671	-	-	2,503,671	1,249,432
Unrestricted funds designated for future use	(4,077,626)	4,077,626		-	-
Restricted funds used for operations	1,768,699	(1,768,699)		-	-
Restricted funds used for tangible capital assets		(682,897)	682,897	-	-
Current year funds used for tangible capital assets	(2,278,922)		2,278,922	-	-
Disposals of tangible capital assets	567,125		(567,125)	-	-
Annual amortization	1,518,698		(1,518,698)	-	-
Change in accumulated surplus	1,645	1,626,030	875,996	2,503,671	1,249,432
Balance, end of year	11,322,461	17,339,140	24,162,277	52,823,878	50,320,207

COUNTY OF MINBURN NO. 27
Schedule of Tangible Capital Assets
Year Ended December 31, 2019

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019 \$	2018 \$
Cost								
Balance, beginning of year	507,002	973,001	3,129,643	104,666,169	12,034,944	4,504,048	125,814,807	124,555,496
Acquisition of tangible capital assets	1,000	-	7,563	1,066,974	1,358,207	228,876	2,662,620	1,651,018
Construction in progress	-	-	-	299,200	-	-	299,200	43,391
Disposal of tangible capital assets	-	-	-	(75,460)	(1,065,083)	(30,048)	(1,170,591)	(435,098)
Balance, end of year	508,002	973,001	3,137,206	105,956,883	12,328,068	4,702,876	127,606,036	125,814,807
Accumulated amortization								
Balance, beginning of year	-	337,094	1,104,421	92,623,619	5,824,001	2,639,391	102,528,526	101,312,861
Annual amortization	-	36,210	64,825	342,910	816,157	258,596	1,518,698	1,451,264
Accumulated amortization on disposals	-	-	-	(46,785)	(526,632)	(30,048)	(603,465)	(235,599)
Balance, end of year	-	373,304	1,169,246	92,919,744	6,113,526	2,867,939	103,443,759	102,528,526
2019 net book value of tangible capital assets	508,002	599,697	1,967,960	13,037,139	6,214,542	1,834,937	24,162,277	23,286,281
2018 net book value of tangible capital assets	507,002	635,907	2,025,222	12,042,550	6,210,943	1,864,567		23,286,191

COUNTY OF MINBURN NO. 27
Schedule of Property and Other Taxes
Year Ended December 31, 2019

(Schedule 3)

	Budget	2019	2018
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	8,328,809	8,336,720	7,918,003
Linear property	7,246,193	7,101,726	7,560,512
Government grants in place of property taxes	23,964	19,648	19,397
	15,598,966	15,458,094	15,497,912
Requisitions			
Alberta School Foundation Fund	2,342,420	2,308,297	2,281,672
Minburn Foundation	122,999	120,558	119,076
Designated Industrial Property	32,278	32,277	13,984
	2,497,697	2,461,132	2,414,732
Net Municipal Taxes	13,101,269	12,996,962	13,083,180

COUNTY OF MINBURN NO. 27
Schedule of Government Transfers
Year Ended December 31, 2019

(Schedule 4)

	Budget \$ (Unaudited)	2019 \$	2018 \$
Transfers for operating			
Local Government	114,508	114,508	114,508
Provincial Government	1,940,442	2,511,923	2,645,985
	2,054,950	2,626,431	2,760,493
Transfers for capital			
Provincial Government	799,923	908,312	346,384
Total Government Transfers	2,854,873	3,534,743	3,106,877

COUNTY OF MINBURN NO. 27
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2019

(Schedule 5)

	Budget \$ (Unaudited)	2019 \$	2018 \$
Consolidated expenses by object			
Salaries, wages and benefits	5,646,823	5,369,044	5,206,999
Contracted and general services	2,369,614	2,033,200	2,047,642
Materials, goods, supplies and utilities	5,326,304	4,658,874	5,136,447
Transfers to local boards and agencies	1,360,184	1,334,279	1,256,436
Bank charges and short term interest	4,000	1,204	860
Amortization of tangible capital assets	1,452,400	1,518,698	1,451,264
Other	501,000	665,837	1,023,449
	16,660,325	15,581,136	16,123,097

COUNTY OF MINBURN NO. 27
Schedule of Segmented Disclosure
Year Ended December 31, 2019

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Public Health	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	12,996,962	12,996,962
Government transfers	130,560	-	2,701,087	309,494	278,757	114,508	-	337	3,534,743
User fees and sales of goods	32,989	-	120,988	252,095	18,740	-	-	-	424,812
Investment income	-	-	-	-	-	-	-	395,300	395,300
Gain (loss) on disposal of assets	-	4,796	(116,636)	-	-	-	-	-	(111,840)
Other revenues	6,566	234,441	130,381	66,636	16,127	-	-	274,043	728,194
	170,115	239,237	2,835,820	628,225	313,624	114,508	-	13,666,642	17,968,171
Expenses									
Salaries, wages and benefits	1,359,597	150,321	3,215,399	176,300	467,427	-	-	-	5,369,044
Contracted and general services	566,267	38,714	578,602	674,366	165,922	-	6,129	3,200	2,033,200
Materials, goods, supplies and utilities	50,452	73,979	4,072,701	106,088	323,174	-	32,480	-	4,658,874
Transfers to local boards and agencies	108,462	291,653	-	97,923	-	164,256	671,985	-	1,334,279
Other expenses	-	-	-	848	-	-	-	549,557	550,405
	2,084,778	554,667	7,866,702	1,055,525	956,523	164,256	710,594	552,757	13,945,802
Net revenue (expense) before amortization	(1,914,663)	(315,430)	(5,030,882)	(427,300)	(642,899)	(49,748)	(710,594)	13,113,885	4,022,369
Amortization of tangible capital assets	37,644	111,800	1,233,543	100,724	25,382	-	8,571	1,034	1,518,698
2019 net revenue (expense)	(1,952,307)	(427,230)	(6,264,425)	(528,024)	(668,281)	(49,748)	(719,165)	13,112,851	2,503,671
2018 net revenue (expense)	(1,993,927)	(283,692)	(7,244,347)	(423,501)	(666,312)	(49,248)	(699,658)	12,610,117	1,249,432

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. Significant accounting policies

Basis of presentation

The consolidated financial statements of the municipality are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

Basis of accounting

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

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

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

(continues)

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. Significant accounting policies (*continued*)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant estimates include:

- Amortization of tangible capital assets
- Estimated useful life of tangible capital assets
- Allowance for doubtful accounts
- Valuation of asset retirement obligation

Cash and temporary investments

Cash includes cash and cash equivalents. Cash equivalents are investments in notice accounts valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

Requisition over-levy and under-levy

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

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

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

(*continues*)

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. Significant accounting policies (*continued*)

Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Tax revenue

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

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

Asset retirement obligation

Pursuant to the Alberta Environmental Protection and Enhancement Act, the municipality is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the accreted value from the initial obligation to the end of the useful life of the landfill.

Government transfers

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

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

(*continues*)

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. Significant accounting policies (*continued*)

Non-financial assets

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

a) Tangible capital assets

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

	YEARS
Land improvements	20-25
Buildings	25-50
Engineered structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	30-50
Machinery and equipment	4-45
Vehicles	10-20

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) Contributions of tangible capital assets

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

c) Leases

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

d) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value utilizing a first-in first-out costing system.

e) Cultural and historical tangible capital assets

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

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

2. Adoption of recent accounting pronouncements

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC).

Section PS 3280 - Asset Retirement Obligations

This new section establishes standards on how to account and report a liability for asset retirement obligations (ARO). This Section identifies the main attributes of an ARO and provides guidance on how to establish the fair value of the ARO. This standard is effective for fiscal periods beginning on or after April 1, 2021. Early adoption is permitted. The Municipality has adopted PS 3280 for the fiscal period ended December 31, 2019 and it has been applied prospectively.

Section PS 3430 - Restructuring Transactions

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. This standard is effective for fiscal periods beginning on or after April 1, 2018.

3. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3450 - Financial Instruments

The new Section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new Section, Section PS1201, Section PS 2601 and Section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new Section. The new Section and the related amendments are effective for fiscal periods beginning on or after April 1, 2021.

Section 3400 - Revenue

This new Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This Section applies to fiscal years beginning on or after April 1, 2022.

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

4. Cash and temporary investments

	2019	2018
Cash	\$ 674,125	\$ 884,804
Temporary investments	18,971,340	18,916,257
	\$ 19,645,465	\$ 19,801,061

Temporary investments are short term deposits with original maturities of three months or less.

Council has designated funds of \$17,339,143 (2018 - \$15,713,110) included in the above amounts for equipment replacement.

Included in cash and temporary investments is a restricted amount of \$1,513,261 (2018 - \$2,405,452) comprised of deferred revenue not expended (Note 7).

5. Taxes and grants in place of taxes receivable

	2019	2018
Current taxes and grants in place of taxes	\$ 1,412,183	\$ 1,269,101
Arrears taxes	134,081	1,285,595
	1,546,264	2,554,696
Less: allowance for doubtful accounts	(370,077)	(2,000,000)
	\$ 1,176,187	\$ 554,696

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

6. Asset retirement obligation

In 2019 the County of Minburn adopted Section PS 3280 – Asset Retirement Obligations.

Alberta Environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The net present value of the estimated closure and post-closure costs were calculated using a discount rate of 2%.

The following summarizes the total net present value for the estimated costs of closure and post-closure care:

	Ranfurly	Lavoy	Mannville	2019
Opening liability	\$ 358,955	\$ 42,906	\$ 276,256	\$ 678,117
Liability incurred during the year	35,439	423	667,614	703,476
Liability settled during the year	(314,065)	(5,957)	(5,477)	(325,499)
Closing liability	\$ 80,329	\$ 37,372	\$ 938,393	\$ 1,056,094

The Ranfurly landfill site was closed in 2012. Reclamation was completed in 2016. It is estimated that post-closure care for the site will be required for a period of 25 years.

The Lavoy site was reclaimed in 2003. It is estimated that post-closure care for the site will be required for a period of 25 years.

The Mannville site was closed in 2013. Reclamation of the Mannville site has not yet commenced. It is estimated that post-closure care for the site will be required for a period of 25 years.

All partner municipalities of the Mannville landfill site formed East Regional Waste Transfer Station. The East Regional Waste Transfer Station became operational in 2013.

The municipality has not designated assets for settling closure and post-closure liabilities.

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

7. Deferred revenue

	2019	2018
Municipal Sustainability Initiative Grant	\$ 898,130	\$ 1,769,872
Strategic Transportation Infrastructure	50,794	134,470
Federal Gas Tax Fund Grant	523,593	445,156
Alberta Community Partnership - Village of Innisfree	18,534	19,250
Alberta Community Partnership - Town of Vegreville	22,210	-
Community and Regional Economic Support	-	31,293
Alberta Environmentally Sustainable Agriculture	-	357
Deferred donation	-	5,054
	\$ 1,513,261	\$ 2,405,452

Grants

Funding in the amount of \$3,534,743 was received in the current year from various federal and provincial government programs and local governments. The use of these funds is restricted to eligible projects as approved under the funding agreements. Unexpended funds related to these advances are supported by temporary investments of \$1,513,261 held exclusively for these projects (Note 4).

8. Employee benefit obligations

	2019	2018
Vacation and overtime	\$ 80,118	\$ 75,109

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The municipality has accumulating non-vesting sick leave benefits.

9. Inventory for consumption

Municipal inventories consist of the following:

	2019	2018
Gravel and road materials	\$ 9,372,413	\$ 10,450,502
Public Works	393,561	340,681
Agricultural Service Board	45,507	45,526
	\$ 9,811,481	\$ 10,836,709

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

10. Accumulated surplus

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

	2019	2018
Unrestricted surplus	\$ 11,322,461	\$ 11,320,816
Restricted surplus		
Future expenditures	11,699,473	10,856,202
General capital	2,459,453	2,204,398
Lavoy water	90,967	79,597
Hamlet of Lavoy - sewer	3,283	1,627
Agricultural Service Board	33,726	35,734
Fire - Mannville	-	31,494
Fire - Innisfree	-	160,039
Fire - Vegreville	-	187,000
Fire - Consolidated	204,658	-
Landfill liability	1,056,094	-
Hamlet of Lavoy	31,249	23,422
Ace Water Corporation	266,931	266,931
County - industry partnership	222,897	222,897
Peace Park	53,734	22,750
Bridges	1,179,736	1,589,818
Hamlet of Minburn	25,504	19,766
Hamlet of Minburn - sewer	11,435	11,435
Equity in tangible capital assets	24,162,277	23,286,281
	\$ 52,823,878	\$ 50,320,207

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. Debt limits

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

	2019	2018
Total debt limit	\$ 25,764,743	\$ 25,539,218
Debt servicing limit	\$ 4,294,124	\$ 4,256,536

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

12. Equity in tangible capital assets

	2019	2018
Tangible capital assets (Schedule 2)	\$ 127,606,036	\$ 125,814,807
Less: Accumulated amortization (Schedule 2)	103,443,759	102,528,526
	\$ 24,162,277	\$ 23,286,281

13. Segmented disclosure

The municipality provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

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

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

14. Salary and benefits disclosure

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

	Salary	(1)	Benefits & allowances (2)	2019	2018			
Roger Konieczny - Reeve	\$	68,000	\$	19,699	\$	87,699	\$	83,575
Carl Ogrodnick - Deputy Reeve		61,100		18,470		79,570		75,317
Eric Anderson		58,400		17,986		76,386		71,919
David Melenka		-		-		-		49,779
Richard Wagner		58,400		15,237		73,637		71,919
Tara Kuzio		56,300		17,612		73,912		69,491
Clifford Wowdzia		56,300		17,612		73,912		69,491
Kevin Bentley		56,300		17,612		73,912		3,073
Chief Administrative Officer		140,000		29,604	(3)	169,604		241,704
Designated Officer		112,200		22,723		134,923		132,966

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

15. Local Authorities Pension Plan

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The municipality is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2019 were \$251,342 (2018 - \$318,411). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2019 were \$277,381 (2018 - \$290,971).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.469 billion.

COUNTY OF MINBURN NO. 27
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

16. Financial instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, debt charges recoverable, accounts payable and accrued liabilities, deposit liabilities, and long term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risk arising from these financial instruments.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the 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.

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

17. Contingencies

Top Grade Construction Ltd. (bridge contractor) filed a Statement of Claim on August 9, 2016, seeking \$618,846 in damages plus interests and costs. The County has filed a Statement of Defence and issued a Third Party Claim against its consultant for the project. Further information will be required to properly address the full extent of the claim against the County. Management is of the opinion that a potential liability exists but the amount is not determinable at this time.

18. Budget amounts

Budget amounts are included for information purposes only and are not audited.

19. Approval of financial statements

Council and Management have approved these financial statements.

20. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.