

Municipality of Crowsnest Pass

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

MUNICIPALITY OF CROWSNEST PASS

CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

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Management's Responsibility for Reporting

Municipality of Crowsnest Pass' management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Municipal Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Municipality's external auditors.

The consolidated financial statements have been audited by the independent firm of BDO Canada LLP, Chartered Professional Accountants. Their report to the Members of Council of Municipality of Crowsnest Pass, stating the scope of their examination and opinion on the consolidated financial statements follow.

Patrick Thomas, P.Eng., CLGM
Chief Administrative Officer
April 26, 2022



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Independent Auditor's Report

To the Mayor and Members of Council of the Municipality of Crowsnest Pass

Opinion

We have audited the consolidated financial statements of the Municipality of Crowsnest Pass and its controlled entities (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *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 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 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 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 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:

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated 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.

BDO Canada LLP

Chartered Professional Accountants,

Lethbridge, Alberta

April 26, 2022

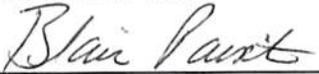
MUNICIPALITY OF CROWSNEST PASS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 13,518,537	\$ 10,392,099
Taxes and grants in lieu receivables (note 3)	488,491	723,614
Trade and other receivables (note 3)	5,071,652	1,999,972
Investments (note 4)	<u>5,445,068</u>	<u>5,281,688</u>
	<u>24,523,748</u>	<u>18,397,373</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,947,552	1,659,190
Employee benefit obligations (note 6)	522,587	530,546
Deferred revenue (note 7)	5,117,279	3,894,056
Long-term debt (note 8)	<u>6,005,740</u>	<u>6,350,284</u>
	<u>18,593,158</u>	<u>12,434,076</u>
NET FINANCIAL ASSETS	<u>5,930,590</u>	<u>5,963,297</u>
NON - FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	105,861,683	94,558,074
Inventory for consumption	430,408	345,798
Prepaid expenses	<u>227,282</u>	<u>96,464</u>
	<u>106,519,373</u>	<u>95,000,336</u>
ACCUMULATED SURPLUS (schedule 1, note 11)	<u>\$ 112,449,963</u>	<u>\$ 100,963,633</u>

Contingencies and commitments - See notes 16 and 17

APPROVED BY:





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

MUNICIPALITY OF CROWSNEST PASS

CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2021

	Budget (note 14)	2021	2020
REVENUE			
Net municipal taxes (schedule 3)	\$ 8,422,271	\$ 8,747,929	\$ 8,206,295
Government transfers (schedule 4)	480,904	1,672,417	754,403
User fees and sales of goods	4,658,460	9,505,205	4,462,012
Investment income	89,305	220,165	294,774
Penalties and cost of taxes	93,000	128,844	73,697
Licenses and permits	133,100	364,987	201,253
Franchise and concession contracts	1,201,893	1,170,988	1,103,908
Rental	287,600	258,857	179,813
Other	101,946	59,585	56,418
Gain on disposal of tangible capital assets	-	690,153	14,986
	15,468,479	22,819,130	15,347,559
EXPENSES			
Legislative	153,011	203,191	187,511
Administration	2,526,220	2,747,717	2,766,974
Protection services	1,369,469	1,596,376	1,294,933
Roads, streets, walks and lighting	3,538,578	7,667,434	5,340,154
Water supply, distribution and wastewater	1,913,259	2,963,782	2,557,193
Waste management	575,850	607,773	543,585
Family and community support services	282,256	280,636	285,681
Cemeteries and crematoriums	54,361	53,997	46,141
Planning and development	731,387	769,481	755,756
Parks and recreation	2,639,014	3,261,333	2,980,111
Culture - libraries and museums	563,579	566,326	492,395
	14,346,984	20,718,046	17,250,434
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	1,121,495	2,101,084	(1,902,875)
OTHER			
Government transfers for capital (schedule 4)	4,017,064	9,385,246	2,170,352
	5,138,559	11,486,330	267,477
EXCESS OF REVENUE OVER EXPENSES			
ACCUMULATED SURPLUS, BEGINNING OF YEAR	100,963,633	100,963,633	100,696,156
ACCUMULATED SURPLUS, END OF YEAR	\$ 106,102,192	\$ 112,449,963	\$ 100,963,633

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MUNICIPALITY OF CROWSNEST PASS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2021

	Budget (note 14)	2021	2020
EXCESS OF REVENUE OVER EXPENSES	\$ 5,138,559	\$ 11,486,330	\$ 267,477
Acquisition of tangible capital assets	(5,688,064)	(15,237,565)	(2,786,101)
Proceeds on disposal of tangible capital assets	-	758,383	15,000
Amortization of tangible capital assets	-	3,762,908	3,565,297
Gain on disposal of tangible capital assets	-	(690,153)	(14,986)
Loss on disposal of tangible capital assets	-	102,818	139,342
	(5,688,064)	(11,303,609)	918,552
Acquisition of supplies inventories	-	(430,408)	(345,798)
Acquisition of prepaid assets	-	(227,282)	(96,464)
Use of supplies inventories	-	345,798	463,975
Use of prepaid assets	-	96,464	35,136
	-	(215,428)	56,849
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(549,505)	(32,707)	1,242,878
NET FINANCIAL ASSETS, BEGINNING OF YEAR	5,963,297	5,963,297	4,720,419
NET FINANCIAL ASSETS, END OF YEAR	\$ 5,413,792	\$ 5,930,590	\$ 5,963,297

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

MUNICIPALITY OF CROWSNEST PASS

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2021

	2021	2020
NET OUTFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 11,486,330	\$ 267,477
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	3,762,908	3,565,297
Gain on disposal of tangible capital assets	(690,153)	(14,986)
Loss on disposal of tangible capital assets	102,818	139,342
Amortization of bonds discount	(9,325)	(15,953)
Gain on disposal of investments	(13,454)	(1,495)
Non-cash charges to operations (net change):		
Taxes and grants in lieu receivables	235,123	(65,894)
Trade and other receivables	(3,071,680)	(480,632)
Inventory for consumption	(84,610)	118,177
Prepaid expenses	(130,818)	(61,328)
Accounts payables	5,288,362	(840,086)
Deferred revenue	1,223,223	9,921
Employee benefit obligations	(7,959)	30,893
Cash provided by operating transactions	18,090,765	2,650,733
CAPITAL		
Acquisition of tangible capital assets	(15,237,565)	(2,786,101)
Proceeds on disposal of tangible capital assets	758,383	15,000
Cash applied to capital transactions	(14,479,182)	(2,771,101)
INVESTING		
Purchase of investments	(3,321,980)	(2,930,600)
Sale of investments	3,181,379	2,677,895
Cash applied to investing transactions	(140,601)	(252,705)
FINANCING		
Repayment of long-term debt	(344,544)	(334,659)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	3,126,438	(707,732)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,392,099	11,099,831
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,518,537	\$ 10,392,099

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

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2021

SCHEDULE 1

	Unrestricted Surplus (note 11)	Internally Restricted Surplus (note 11)	Equity in Tangible Capital Assets (note 10)	2021	2020
BALANCE, BEGINNING OF YEAR	4,019,327	5,736,739	91,207,567	\$ 100,963,633	\$ 100,696,156
Excess of revenue over expenses	11,486,330	-	-	11,486,330	267,477
Unrestricted funds designated for future use	(3,182,470)	3,182,470	-	-	-
Restricted funds used for operations	601,212	(601,212)	-	-	-
Current year funds used for tangible capital assets	(15,237,565)	-	15,237,565	-	-
Disposal of tangible capital assets	171,048	-	(171,048)	-	-
Annual amortization expense	3,762,908	-	(3,762,908)	-	-
Change in capital debt	(366,630)	-	366,630	-	-
Change in accumulated surplus	(2,765,167)	2,581,258	11,670,239	11,486,330	267,477
BALANCE, END OF YEAR	1,254,160	8,317,997	102,877,806	\$ 112,449,963	\$ 100,963,633

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2021

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
COST:								
BALANCE, BEGINNING OF YEAR	\$4,964,867	\$5,474,209	\$9,422,991	\$203,990,953	\$13,552,795	\$3,479,529	\$ 240,885,344	\$ 238,948,210
Acquisition of tangible capital assets	510,600	462,831	624,765	558,260	818,424	207,454	3,182,334	2,661,377
Transfers	-	(6,500)	6,500	-	-	-	-	-
Additions to construction-in-progress (note 5)	-	-	-	12,055,231	-	-	12,055,231	124,724
Disposition of tangible capital assets	(20,868)		(125,306)	-	(341,351)	(139,387)	(626,912)	(848,967)
BALANCE, END OF YEAR	5,454,599	5,930,540	9,928,950	216,604,444	14,029,868	3,547,596	255,495,997	240,885,344
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	2,427,351	5,063,572	130,551,762	6,280,950	2,003,635	146,327,270	143,471,584
Annual amortization	-	215,058	264,584	2,310,180	756,859	216,227	3,762,908	3,565,297
Transfers	-	-	-	-	(5,352)	5,352	-	-
Accumulated amortization on disposal	-	-	(105,574)	-	(249,434)	(100,856)	(455,864)	(709,611)
BALANCE, END OF YEAR	-	2,642,409	5,222,582	132,861,942	6,783,023	2,124,358	149,634,314	146,327,270
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$5,454,599	\$3,288,131	\$4,706,368	\$83,742,502	\$7,246,845	\$1,423,238	\$ 105,861,683	\$ 94,558,074
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$4,964,867	\$3,046,858	\$4,359,419	\$73,439,191	\$7,271,845	\$1,475,894	\$ 94,558,074	\$ 94,558,074

MUNICIPALITY OF CROWNEST PASS

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2021

SCHEDULE 3

	<u>Budget</u>	<u>2021</u>	<u>2020</u>
TAXATION			
Real property taxes	\$ 10,240,623	\$ 10,605,042	\$ 9,930,902
Linear property taxes	1,051,837	1,051,837	1,148,440
Government grants in lieu of property taxes	163,705	163,705	132,664
	<u>11,456,165</u>	<u>11,820,584</u>	<u>11,212,006</u>
REQUISITIONS			
Alberta School Foundation	2,648,760	2,681,791	2,616,338
Crowsnest Pass Senior Housing	385,134	390,864	389,373
	<u>3,033,894</u>	<u>3,072,655</u>	<u>3,005,711</u>
NET MUNICIPAL TAXES	<u>\$ 8,422,271</u>	<u>\$ 8,747,929</u>	<u>\$ 8,206,295</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2021

SCHEDULE 4

	Budget	2021	2020
TRANSFERS FOR OPERATING			
Provincial Government	\$ 480,904	\$ 1,305,440	\$ 380,705
Other	-	366,977	373,699
	480,904	1,672,417	754,403
TRANSFERS FOR CAPITAL			
Provincial Government	4,017,064	9,293,187	1,993,875
Other	-	92,059	176,477
	4,017,064	9,385,246	2,170,352
TOTAL GOVERNMENT TRANSFERS	\$ 4,497,968	\$ 11,057,663	\$ 2,924,755

MUNICIPALITY OF CROWNEST PASS

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2021

SCHEDULE 5

	Budget	2021	2020
EXPENSES			
Salaries, wages and benefits	\$ 6,865,477	\$ 6,915,520	\$ 6,496,769
Contracted and general services	4,186,973	6,619,498	3,969,661
Materials, goods, supplies and utilities	2,474,519	2,418,368	2,428,402
Bank charges and short-term interest	18,200	44,517	24,233
Interest on long-term debt	221,140	179,933	186,205
Other expenditures	44,813	205,953	86,697
Transfers to organizations and others	535,862	468,531	353,828
Amortization of tangible capital assets	-	3,762,908	3,565,297
Loss on disposal of tangible capital assets	-	102,818	139,342
	<u>\$ 14,346,984</u>	<u>\$ 20,718,046</u>	<u>\$ 17,250,434</u>

MUNICIPALITY OF CROWSNEST PASS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2021

SCHEDULE 6

	General Government	Protective Services	Public Works	Water & Waste	Public Health & Welfare	Planning & Development	Recreation & Culture	Electrical Distribution	Total
REVENUE									
Net municipal taxes (schedule 3)	\$ 8,747,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,747,929
Government transfers (schedule 4)	808,883	209,062	1,399,924	8,061,699	196,304	22,600	359,191	-	11,057,663
User fees and sales of goods	149,764	96,338	3,240,003	3,853,734	11,483	1,524,529	629,354	-	9,505,205
Investment income	216,043	-	-	-	-	-	4,122	-	220,165
Penalties and costs of taxes	128,844	-	-	-	-	-	-	-	128,844
Licenses and permits	68,940	15,055	-	37,566	8,039	235,387	-	-	364,987
Franchise and concession contracts	475,875	-	-	-	-	46,368	212,409	695,113	1,170,988
Rental	-	80	-	-	-	1,923	-	-	258,857
Other	700	1,196	-	-	55,766	-	-	-	59,585
Gain on disposal of tangible capital assets	537,165	55,121	-	-	-	14,980	-	82,887	690,153
	<u>11,134,143</u>	<u>376,852</u>	<u>4,639,927</u>	<u>11,952,999</u>	<u>271,592</u>	<u>1,845,787</u>	<u>1,205,076</u>	<u>778,000</u>	<u>32,204,376</u>
EXPENSES									
Salaries and benefits	1,540,890	637,186	1,845,833	695,733	116,264	410,695	1,668,919	-	6,915,520
Goods and services	1,032,190	683,053	4,246,995	1,484,900	105,716	358,786	1,126,226	-	9,037,866
Interest	34,675	-	-	104,239	-	-	85,536	-	224,450
Transfers to organizations and others	74,809	-	-	-	109,490	-	284,232	-	468,531
Other expenditures	203,049	-	-	250	-	-	2,654	-	205,953
Loss on disposal of tangible capital assets	-	79,135	-	-	-	-	23,683	-	102,818
	<u>2,885,613</u>	<u>1,399,374</u>	<u>6,092,828</u>	<u>2,285,122</u>	<u>331,470</u>	<u>769,481</u>	<u>3,191,250</u>	<u>-</u>	<u>16,955,138</u>
EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	<u>8,248,530</u>	<u>(1,022,522)</u>	<u>(1,452,901)</u>	<u>9,667,877</u>	<u>(59,878)</u>	<u>1,076,306</u>	<u>(1,986,174)</u>	<u>778,000</u>	<u>15,249,238</u>
Amortization of tangible capital assets	65,295	197,002	1,574,606	1,286,433	3,163	-	636,409	-	3,762,908
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 8,183,235</u>	<u>\$ (1,219,524)</u>	<u>\$ (3,027,507)</u>	<u>\$ 8,381,444</u>	<u>\$ (63,041)</u>	<u>\$ 1,076,306</u>	<u>\$ (2,622,583)</u>	<u>\$ 778,000</u>	<u>\$ 11,486,330</u>

MUNICIPALITY OF CROWNEST PASS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
YEAR ENDED DECEMBER 31, 2020

SCHEDULE 7

	General Government	Protective Services	Public Works	Water & Waste	Public Health & Welfare	Planning & Development	Recreation & Culture	Electrical Distribution	Total
REVENUE									
Net municipal taxes (schedule 3)	\$ 8,206,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,206,295
Government transfers (schedule 4)	301,687	115,394	1,076,478	98,716	196,304	26,400	1,109,776	-	2,924,755
User fees and sales of goods	182,651	103,807	231,934	3,416,155	10,365	77,614	439,486	-	4,462,012
Investment Income	294,012	-	-	-	-	-	762	-	294,774
Penalties and costs of taxes	73,697	-	-	-	-	-	-	-	73,697
Licenses and permits	68,243	7,795	-	27,250	510	97,455	-	-	201,253
Franchise and concession contracts	449,391	-	-	-	-	46,052	133,741	654,517	1,103,908
Rental	-	20	-	-	-	401	59	-	179,813
Other	3,149	-	-	-	52,809	-	14,982	-	56,418
Gain on disposal of tangible capital assets	-	-	4	-	-	-	-	-	14,986
	<u>9,579,125</u>	<u>227,016</u>	<u>1,308,416</u>	<u>3,542,121</u>	<u>259,988</u>	<u>247,922</u>	<u>1,698,806</u>	<u>654,517</u>	<u>17,517,911</u>
EXPENSES									
Salaries and benefits	1,564,393	455,115	1,899,191	569,835	129,724	274,863	1,603,648	-	6,496,769
Goods and services	1,241,981	577,258	1,802,515	1,302,881	82,021	477,194	914,213	-	6,398,063
Interest	17,402	-	-	108,744	-	-	84,292	-	210,438
Transfers to organizations and others	-	-	-	-	118,625	-	235,203	-	353,828
Other expenditures	85,269	-	-	-	-	-	1,428	-	86,697
Loss on disposal of tangible capital assets	-	55,121	-	-	-	-	84,221	-	139,342
	<u>2,909,045</u>	<u>1,087,494</u>	<u>3,701,706</u>	<u>1,981,460</u>	<u>330,370</u>	<u>752,057</u>	<u>2,923,005</u>	<u>-</u>	<u>13,685,137</u>
EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	<u>6,670,080</u>	<u>(860,478)</u>	<u>(2,393,290)</u>	<u>1,560,661</u>	<u>(70,382)</u>	<u>(504,135)</u>	<u>(1,224,199)</u>	<u>654,517</u>	<u>3,832,774</u>
Amortization of tangible capital assets	45,440	207,439	1,638,448	1,119,318	1,452	3,699	549,501	-	3,565,297
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 6,624,640</u>	<u>\$ (1,067,917)</u>	<u>\$ (4,031,738)</u>	<u>\$ 441,343</u>	<u>\$ (71,834)</u>	<u>\$ (507,834)</u>	<u>\$ (1,773,700)</u>	<u>\$ 654,517</u>	<u>\$ 267,477</u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality of Crowsnest Pass (the "Municipality") are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the Municipality of Crowsnest Pass are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of all the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

Organizations that are controlled by the Municipality are the following:

The Municipality of Crowsnest Pass Library Board

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 have been eliminated.

b) 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. User fees are recognized monthly as earned. Licenses and permits and rental revenues and other revenues are recognized as earned. Franchise revenues, and concession revenues are recognized monthly based on the term of the agreement as earned. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

c) Cash and temporary investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

d) Investments

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

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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.

f) Government Transfers

Government transfers are the transfers 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 and any eligibility criteria have been met except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

g) Tax Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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

h) Employee Benefit Obligations

The cost of sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days, long-term inflation rates and discount rates.

Unamortized gains and losses are amortized over the expected average remaining service life of the related employee groups, which is 10 years. Amortization commences in the year following the effective date of the related actuarial valuation.

i) Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, taxes and grants in lieu receivables, trade and other receivables, accounts payables, accrued liabilities, and long-term debt.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments (continued)

The Municipality is subject to credit risk with respect to the majority of cash being held at one financial institution. Credit risk arises from the possibility that the bank may experience financial difficulty and the Municipality will be unable to access its funds as requested.

The Municipality is also subject to credit risk with respect to taxes and grants in place of taxes receivables 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.

The Municipality is subject to market risk in respect of bonds held in their investment portfolio. Market risk arises with respect to the fair value of future cash flows fluctuating because of changes in market conditions.

j) 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 revenue over expenses, provides the consolidated Change in Net Financial Assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed 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	15-50
Buildings	10-50
Engineered structures	20-99
Machinery and equipment	3-45
Vehicles	8-25

Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost using the average costing method.

k) 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 cost of post-remediation including operation, maintenance and monitoring.

MUNICIPALITY OF CROWNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting 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 the revenues and expenses during the period. Items requiring the use of significant estimates include estimated employee benefit obligations and rates for amortization.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
Cash	\$ 13,518,534	\$ 10,367,334
Investment in cash account	<u>3</u>	<u>24,765</u>
	<u>\$ 13,518,537</u>	<u>\$ 10,392,099</u>

Cash includes bank accounts with interest rates from 0.00% to 0.65%.

Included in cash is \$5,117,279 (2020 - \$3,894,056) in externally restricted funds for future capital and operating expenditures and are include in deferred revenue (note 7).

The Municipality has an available revolving line of credit facility up to \$2,000,000 with interest payable at prime minus 0.25% and secured by a general security agreement. As at December 31, 2021 the balance owing on this facility is \$nil (2020 - \$nil).

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2021</u>	<u>2020</u>
Current taxes and grants in lieu	\$ 304,144	\$ 586,225
Arrears taxes and grants in lieu	<u>248,322</u>	<u>201,364</u>
	552,466	787,589
Less: allowance for doubtful accounts	<u>(63,975)</u>	<u>(63,975)</u>
	<u>\$ 488,491</u>	<u>\$ 723,614</u>
Utilities receivable	\$ 334,086	\$ 323,810
Trade receivables	342,451	470,583
GST receivable	310,449	81,743
Grants receivable	4,106,997	1,025,205
Other receivables	<u>2,800</u>	<u>113,754</u>
	5,096,783	2,015,095
Less: allowance for doubtful accounts	<u>(25,131)</u>	<u>(15,123)</u>
	<u>\$ 5,071,652</u>	<u>\$ 1,999,972</u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

4. INVESTMENTS

	2021		2020
	Market Value	Amortized Cost	
Government guaranteed bonds	\$ 3,476,957	\$ 3,427,068	\$ 3,347,488
Canadian equity mutual fund	1,994,551	2,018,000	1,934,200
	<u>5,471,508</u>	<u>5,445,068</u>	\$ 5,281,688

Government and government guaranteed bonds have an effective interest rate of .34% to 2.68% with maturity dates from November 2022 to January 2033.

5. CONSTRUCTION-IN-PROGRESS

The net book value of tangible capital assets not being amortized because they are under construction is \$12,055,231 (2020 - \$124,724).

6. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - January 1	\$ 335,000	\$ 300,300
Current service cost	28,900	25,500
Interest cost	5,600	7,600
Benefits paid	(24,600)	(29,000)
Actuarial loss (gain)	(41,600)	30,600
Accrued benefit obligation - December 31	<u>303,300</u>	<u>335,000</u>
Components of net benefit cost		
Current service cost	28,900	25,500
Interest cost	5,600	7,600
Amortization of actuarial loss	(9,900)	(13,000)
Net benefit cost recognized	<u>24,600</u>	<u>20,100</u>
Reconciliation of accrued benefit liability		
Accrued benefit liability - January 1	370,900	379,800
Benefits paid	(24,600)	(29,000)
Benefit cost for the year	24,600	20,100
Accrued benefit liability - December 31	<u>370,900</u>	<u>370,900</u>
Vacation and overtime	<u>151,687</u>	<u>159,646</u>
	<u>\$ 522,587</u>	<u>\$ 530,546</u>

MUNICIPALITY OF CROWNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

6. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

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 they are vested) or are entitled to these benefits within the next budgetary year.

Permanent employees hired before July 1, 2008 are credited two days of sick leave for each month of employment and permanent employees hired after July 1, 2008 are credited one and one-half days each month of employment, up to a total accumulation of 120 working days for use as paid absences in the year, due to illness or injury. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. Upon death (after five years of service) or retirement (after ten years of service), 50% of the accumulated sick credits will be payable to the employee.

The sick time accrual for employee future benefits as at December 31, 2021, are based on an actuarial valuation for accounting purposes as at December 31, 2021. Significant assumptions used in the valuation include a discount rate of 2.9%, annual inflation of 3.0%, and a net annual sick leave accumulation of 25%.

7. DEFERRED REVENUE

Deferred revenue relates to funding received in the current period that is related to the subsequent period, and consists of the following:

	<u>Opening balance</u>	<u>Received</u>	<u>Recognized</u>	<u>Ending balance</u>
Basic Municipal Transportation	201,657		200,337	1,320
Municipal Sustainability Initiative Capital	2,046,269	1,839,767	1,294,208	2,591,828
Municipal Operating Support Transfer	256,401		256,401	-
Municipal Stimulus Program	200,000	507,064	649,962	57,102
Other	315,044	284,084	153,574	445,554
Estate of Agnes Poch	568,201		481,213	86,988
Wolfstone Development	306,484			306,484
Alberta Municipal Waste Water Partnership	-	5,930,000	4,301,997	1,628,003
	<u>\$ 3,894,056</u>	<u>8,560,915</u>	<u>7,337,692</u>	<u>\$ 5,117,279</u>

Municipal Sustainability Initiative Capital (MSI)

The Province provides conditional grant funding through this program to assist with various capital expenditures in the Municipality. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

7. DEFERRED REVENUE (continued)

Municipal Operating Support Transfer (MOST)

The Government of Canada and the Province are providing funding to support to municipalities as relief from impacts of COVID-19.

Municipal Stimulus Program

The Province provides conditional grant funding through this program to assist with various capital expenditures in the MD. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Other

This deferred revenue is made up of general revenues in the amount of \$89,673 for the pool, \$93,958 for ski hill passes related to the 2021-2022 season, \$100,000 for ski hill accessibility, and \$161,921 for various other programs.

Estate of Agnes Poch

In 2020, the Estate of Agnes Poch left \$568,201 to the Municipality to be used for a community operated Senior Retirement Home or Lodge.

Wolfstone Development

These funds are restricted to the Wolfstone development.

Alberta Municipal Waste Water Partnership/Investing in Canada Infrastructure Program

The Province provides conditional grant funding through these programs to assist with projects specific to waste water projects.

8. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
Tax supported debentures	<u>\$ 6,005,740</u>	<u>\$ 6,350,284</u>
Long-term debt related to capital expenditures (note 10)	2,983,877	3,350,507
Long-term debt acquired for capital expenditures and not yet spent	<u>3,021,863</u>	<u>2,999,777</u>
	<u>\$ 6,005,740</u>	<u>\$ 6,350,284</u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. LONG-TERM DEBT (CONT.)

The current portion of the long-term debt amounts to \$352,681 (2020 - \$343,546). Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	352,681	171,795	524,476
2023	362,065	162,411	524,476
2024	371,709	152,567	524,276
2025	381,616	142,860	524,476
2026	325,027	132,680	457,707
Thereafter	4,212,642	1,781,100	5,993,742
	<u>\$ 6,005,740</u>	<u>\$ 2,543,413</u>	<u>\$ 8,549,153</u>

Debenture debt is repayable to the Government of Alberta and matures from 2026 to 2041. Interest is payable at rates ranging from 2.081% to 3.245%. Debenture debt is issued on the credit and security of the Municipality at large. Interest on long-term debt during the year amounted to \$183,338 (2020 - \$186,205). The Municipality's total cash payments for interest in 2021 were \$179,933 (2020 - \$190,504).

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipality of Crowsnest Pass be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 33,193,466	\$ 22,998,860
Total debt	<u>6,005,740</u>	<u>6,350,284</u>
Amount total debt limit unused	<u>\$ 27,187,726</u>	<u>\$ 16,648,576</u>
Debt servicing limit	\$ 5,532,244	\$ 3,833,143
Debt servicing	<u>524,476</u>	<u>524,476</u>
Amount of debt servicing limit unused	<u>\$ 5,007,769</u>	<u>\$ 3,308,668</u>

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

MUNICIPALITY OF CROWNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (schedule 2)	\$ 255,495,997	\$ 240,885,344
Accumulated amortization (schedule 2)	(149,634,314)	(146,327,270)
Long-term debt related to capital expenditures (note 8)	(2,983,877)	(3,350,507)
	\$ 102,877,806	\$ 91,207,567

11. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus		
Municipal	\$ 1,241,145	\$ 4,006,312
Crownsnest Pass Municipal Library	13,015	13,015
	1,254,160	4,019,327
Internally Restricted surplus		
Roads, streets, walks and lighting	553,793	102,015
Land/housing	1,743,370	518,938
Electrical distribution	-	3,296,879
Public works	5,224,667	1,197,237
Operating stabilization	480,383	367,895
Family community support services	32,542	21,931
Risk management	283,242	231,844
	8,317,997	5,736,739
Equity in tangible capital assets (note 10)	102,877,806	91,207,567
	\$ 112,449,963	\$ 100,963,633

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

12. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2021			2020
	Salary ¹	Benefits ²	Total	Total
Council				
Mayor Painter	\$ 30,235	1,457	\$ 31,692	\$ 32,865
Councillor Ward	22,758	1,050	23,808	27,552
Councillor Filipuzzi	20,943		20,943	23,652
Councillor Glavin	20,136	907	21,043	20,710
Councillor Anctil	19,002		19,002	19,752
Councillor Girhiny	18,221		18,221	1,691
Councillor Lundy	-	-	-	4,862
Councillor Sygutek	20,136	890	21,026	19,342
Councillor Kubik	2,971	130		
Chief Administrative Officer (1)	191,942	30,817	222,759	261,899
Designated Officers (2)	254,839	18,636	273,475	259,556

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 death and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality of Crowsnest Pass participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves approximately 275,000 people and approximately 433 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

13. LOCAL AUTHORITIES PENSION PLAN (continued)

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 12.84% on pensionable earnings above this amount. Employees of the Municipality are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Municipality of Crowsnest Pass to the LAPP in 2021 were \$424,187 (2020 - \$392,324). Total current service contributions by the employees of Municipality of Crowsnest Pass to the Local Authorities Pension Plan in 2020 were \$383,251 (2020 - \$355,060).

At December 31, 2020, the Plan disclosed an actuarial surplus of \$5.0 Billion.

14. BUDGETED INFORMATION

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	<u>2021</u>
Budget surplus reported in financial statements	\$ (549,505)
Principal payments on long-term debt	(389,271)
Capital asset acquisition	5,688,064
Government transfers capital revenue	(4,017,064)
Net transfers to reserves	<u>(732,224)</u>
Financial plan bylaw surplus for the year	<u><u>\$ -</u></u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

15. SEGMENTED INFORMATION

The Municipality of Crowsnest Pass is a diversified municipal government institution that provides a wide range of services to its citizens, including protective services, public works, water and waste services, public health and welfare, planning and development, recreation and culture, and electrical distribution services. For management reporting purposes the Municipality's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

General government includes the legislation, administration and management of the Municipality.

Protective Services

Protective services are comprised of bylaw enforcement, police, and fire-rescue. The mandate of the police and bylaw enforcement department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crime from occurring; detect offenders and enforce the law. The fire service department is responsible for providing fire suppression service and rescue services.

Public Works

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and the maintenance of the parks and open spaces.

Water & Waste

The Water and Waste department consists of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water, collecting and treating wastewater, and providing collection, disposal and waste minimization programs.

Public Health & Welfare

The Public Health and Welfare department provides Family and Community Support Services and provides for the maintenance of the cemetery.

Planning & Development

The Planning and Development department provides a diverse bundle of services. It manages municipal development for its citizens, environmental concerns, and heritage matters through municipal planning. It facilitates economic development by providing services for the approval of land development plans, the processing of building permit application and the provision of geometrics services.

Recreation & Culture

Recreation and Culture provides support of libraries, parks, and recreation.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

15. SEGMENTED INFORMATION (continued)

Electrical Distribution

The Electrical Distribution department is responsible for the delivery of electrical services.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The General Government reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to Administration services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

16. CONTINGENCIES

- a) The Municipality is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Municipality could become liable for its proportionate share of any claim losses in excess of the funds held by the Exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- b) The Municipality is involved in one labour dispute that is currently scheduled for arbitration. It is not possible at this time for management to determine the outcome of this action, the amount of the loss, if any, or the time of resolution of the matter. The amount of any future settlement would be accounted for as a current transaction in the year of settlement.

17. COMMITMENTS

The Municipality has entered into various contracts with third party agencies to provide services on behalf of the Municipality:

- a) C.N.P. Waste Disposal Ltd. This agreement is for pick up, collection and removal of garbage within the Municipality and delivery to a landfill near Cowley, Alberta. Contract expires 2023 and contains the following agreed upon amounts:

June 1, 2021 - May 31, 2022: \$380,606

June 1, 2022 - May 31, 2023: \$392,362

- b) Benchmark Assessment Consultants Inc. Under the terms of this agreement, Benchmark Assessment Consultants Inc. is required to provide property tax assessments for the Municipality. The contract expires 2023 and contains the following agreed upon amounts:

July 1, 2021 to June 30, 2022 \$116,154 plus GST

July 1, 2022 to June 30, 2023 \$119,058 plus GST

- c) Alberta Transportation. This agreement is to participate in the Transportation Routing and Vehicle Information Multi-Jurisdiction Permitting System for a period of five years with an effective date of April 1, 2014. An extension of the contract has taken effect for another 5 years commencing August 24, 2019.

MUNICIPALITY OF CROWSNEST PASS

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18. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2021 (2020 - nil) as a result of this standard.

19. SUBSEQUENT EVENTS

The Municipality obtained financing on March 1, 2022 in the amount of \$1,369,590 for the acquisition of a fire truck with an interest rate of 3.07% due March 15, 2032 with semi-annual payments of \$80,048 and financing of \$1,000,000 for the Frank Wastewater Treatment Plant with an interest rate of 3.76% due March 15, 2027 with semi-annual payments of \$31,026.