

Consolidated Financial Statements

City of Camrose

December 31, 2020

City of Camrose

December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of City of Camrose have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of City of Camrose's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

City Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of Council by RSM Alberta LLP, in accordance with Canadian generally accepted auditing standards.

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Travis Bouck
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Travis Bouck, General Manager of
Financial Services

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M. M.
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Malcolm Boyd, City Manager

Camrose, AB
April 19, 2021

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of City of Camrose

Opinion

We have audited the consolidated financial statements of City of Camrose, (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows and schedules 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 consolidated financial position of the City as at December 31, 2020, and results of its consolidated operations, its changes in 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 City 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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:

- 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 City'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 City'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 City 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.

RSM Alberta LLP

Chartered Professional Accountants
April 21, 2021
Edmonton, Alberta

City of Camrose

Consolidated Statement of Financial Position

As at December 31, 2020


	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 77,509,781	\$ 66,005,668
Investments (Note 3)	4,113,938	12,330,349
Receivables:		
Taxes and grants in place of taxes (Note 4)	3,262,108	2,725,481
Trade and other (Note 4)	2,737,826	3,076,639
Land for resale inventory (Note 5)	7,186,980	7,186,980
	94,810,633	91,325,117
LIABILITIES		
Accounts payable and accrued liabilities	2,935,444	4,139,868
Deposit liabilities	1,675,137	1,855,243
Deferred revenue (Note 6)	13,733,763	14,140,648
Employee benefit obligations (Note 7)	4,868,661	4,684,732
Provision for landfill closure and post-closure costs (Note 9)	5,006,813	1,453,137
Long-term debt (Note 11)	13,738,493	15,204,624
	41,958,311	41,478,252
NET FINANCIAL ASSETS	52,852,322	49,846,865
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	238,269,432	234,305,324
Inventory for consumption	1,138,957	1,308,325
Prepaid expenses	522,044	529,873
	239,930,433	236,143,522
ACCUMULATED SURPLUS (Schedule 1) (Note 14)	\$ 292,782,755	\$ 285,990,387

Commitments (Note 21) and Contingencies (Note 22)

APPROVED ON BEHALF OF THE CITY:

DocuSigned by:

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Mayor

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City Manager

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

City of Camrose

Consolidated Statement of Operations

For the year ended December 31, 2020

	Budget (See Note 24)	2020	2019
REVENUES			
Net municipal taxes (Schedule 3)	\$ 25,959,498	\$ 26,505,605	\$ 26,293,805
User fees and sales of goods	14,730,112	14,194,439	15,009,966
Government transfers for operating (Schedule 4)	1,671,005	3,310,202	1,995,903
Sales to other governments	207,201	165,863	169,733
Penalties and costs of taxes	295,500	120,001	281,033
Licences and permits	696,290	698,701	799,002
Development levies	-	768	1,123,039
Fines	1,175,000	619,685	703,620
Franchise and concession contracts	3,206,021	3,118,898	2,842,398
Investment income	1,308,359	1,096,798	1,807,348
Rentals	1,387,648	907,364	1,532,861
Other revenues	115,450	393,645	261,019
	50,752,084	51,131,969	52,819,727
EXPENSES			
Legislative	491,644	320,566	382,232
Administration	6,147,370	5,745,778	5,666,152
Protective Services	9,649,538	9,135,578	9,528,361
Roads, Streets, Walks & Lighting	10,542,342	9,816,866	10,958,902
Water, Wastewater and Waste Management	10,056,652	13,284,719	10,560,799
Public Health & Welfare	312,462	370,192	339,800
Planning & Development	1,123,054	983,724	1,220,753
Recreation & Culture	10,293,051	9,117,803	10,513,490
	48,616,113	48,775,226	49,170,489
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	2,135,971	2,356,743	3,649,238
OTHER:			
Contributed tangible capital assets (Note 20)	-	-	407,131
Government transfers for capital (Schedule 4)	4,897,400	4,435,625	10,727,462
EXCESS OF REVENUES OVER EXPENSES	7,033,371	6,792,368	14,783,831
ACCUMULATED SURPLUS, BEGINNING OF YEAR	285,990,387	285,990,387	271,206,556
ACCUMULATED SURPLUS, END OF YEAR	\$ 293,023,758	\$ 292,782,755	\$ 285,990,387

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

City of Camrose

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2020

	Budget (See Note 24)	2020	2019
EXCESS OF REVENUES OVER EXPENSES	\$ 7,033,371	\$ 6,792,368	\$ 14,783,831
Acquisition of tangible capital assets	(28,812,300)	(13,577,529)	(20,461,802)
Contributed tangible capital assets	-	-	(407,131)
Proceeds on disposal of tangible capital assets	89,000	288,931	691,249
Amortization of tangible capital assets	9,500,111	9,500,111	9,293,417
(Gain) loss on disposal of tangible capital assets	-	(175,621)	351,591
	(19,223,189)	(3,964,108)	(10,532,676)
Acquisition of prepaid assets	-	-	(235,233)
Use of supplies inventories	-	169,368	124,253
Use of prepaid assets	-	7,829	-
	-	177,197	(110,980)
INCREASE IN NET FINANCIAL ASSETS	(12,189,818)	3,005,457	4,140,175
NET FINANCIAL ASSETS, BEGINNING OF YEAR	49,846,865	49,846,865	45,706,690
NET FINANCIAL ASSETS, END OF YEAR	\$ 37,657,047	\$ 52,852,322	\$ 49,846,865

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

City of Camrose
Consolidated Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 6,792,368	\$ 14,783,831
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	9,500,111	9,293,417
(Gain) loss on disposal of capital assets	(175,621)	351,591
Contributed tangible capital assets	-	(407,131)
	16,116,858	24,021,708
Non-cash contributions (charges) to operations - net change:		
Increase in taxes and grants in place of taxes receivable	(536,627)	(29,009)
Decrease (increase) in trade and other receivables	338,813	(390,268)
Decrease in inventory for consumption	169,368	124,253
Decrease (increase) in prepaid expenses	7,829	(235,233)
Decrease in temporary loans payable	-	(84,484)
Decrease in accounts payable and accrued liabilities	(1,204,424)	(31,844)
Decrease in deposit liabilities	(180,106)	(226,452)
Decrease in deferred revenue	(406,885)	(6,406,528)
Increase in employee benefit obligations	183,929	424,871
Increase in provision for landfill closure and post-closure costs	3,553,676	152,947
	18,042,431	17,319,961
CAPITAL		
Proceeds from disposal of tangible capital assets	288,931	691,249
Acquisition of tangible capital assets	(13,577,529)	(20,461,802)
	(13,288,598)	(19,770,553)
FINANCING		
Long-term debt issued	492,822	128,661
Long-term debt repaid	(1,958,953)	(1,952,828)
	(1,466,131)	(1,824,167)
INVESTING		
Decrease (increase) in investments	8,216,411	(12,330,349)
	8,216,411	(12,330,349)
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	11,504,113	(16,605,108)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	66,005,668	82,610,776
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 77,509,781	\$ 66,005,668

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

City of Camrose

Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2020

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF THE YEAR	\$ 6,275,035	\$ 54,701,253	\$ 225,014,099	\$ 285,990,387	\$ 271,206,556
Excess of revenues over expenses for the year	6,792,368	-	-	6,792,368	14,783,831
Unrestricted funds designated for future use	(10,664,251)	10,664,251	-	-	-
Restricted funds used for operations	1,971,604	(1,971,604)	-	-	-
Restricted funds used for tangible capital assets	-	(7,671,669)	7,671,669	-	-
Current year funds used for tangible capital assets	(5,905,860)	-	5,905,860	-	-
Disposal of tangible capital assets (at net book value)	113,310	-	(113,310)	-	-
Annual amortization expense	9,500,111	-	(9,500,111)	-	-
Long term debt repaid	(1,378,976)	-	1,378,976	-	-
Change in accumulated surplus	428,306	1,020,978	5,343,084	6,792,368	14,783,831
BALANCE, END OF THE YEAR	\$ 6,703,341	\$ 55,722,231	\$ 230,357,183	\$ 292,782,755	\$ 285,990,387

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

City of Camrose
Schedule of Tangible Capital Assets
For the year ended December 31, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2020	2019
COST:									
BALANCE, BEGINNING OF YEAR	\$ 7,043,739	\$ 12,016,968	\$ 76,148,754	\$ 241,771,045	\$ 11,367,511	\$ 7,506,386	\$ 20,797,091	\$ 376,651,494	\$ 360,275,229
Acquisition of tangible capital assets	-	1,568,522	22,206,948	4,836,295	755,625	329,312	(16,119,173)	13,577,529	20,868,933
Disposal of tangible capital assets	(1,853)	-	(1,173,998)	(499,100)	(171,857)	(301,300)	-	(2,148,108)	(4,492,668)
BALANCE, END OF YEAR	7,041,886	13,585,490	97,181,704	246,108,240	11,951,279	7,534,398	4,677,918	388,080,915	376,651,494
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	7,303,170	21,790,547	104,905,710	5,190,309	3,156,434	-	142,346,170	136,502,581
Annual amortization	-	571,042	2,043,971	5,243,285	1,165,846	475,967	-	9,500,111	9,293,417
Accumulated amortization on disposals	-	-	(1,173,998)	(499,100)	(146,415)	(215,285)	-	(2,034,798)	(3,449,828)
BALANCE, END OF YEAR	-	7,874,212	22,660,520	109,649,895	6,209,740	3,417,116	-	149,811,483	142,346,170
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2020									
	7,041,886	5,711,278	74,521,184	136,458,345	5,741,539	4,117,282	4,677,918	238,269,432	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2019									
	\$ 7,043,739	\$ 4,713,798	\$ 54,358,207	\$ 136,865,335	\$ 6,177,202	\$ 4,349,952	\$ 20,797,091		\$ 234,305,324

Included in buildings are leased equipment affixed to the building of \$381,854 with accumulated amortization of \$114,556 (2019 – \$89,099). The leased assets are amortized on a straight line basis over the estimated useful life of 15 years.

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

City of Camrose

Schedule of Property and Other Taxes

For the year ended December 31, 2020

	Budget (See Note 24)	2020	2019
TAXATION			
Real property taxes	\$ 33,676,191	\$ 33,170,470	\$ 33,023,681
Linear property taxes	-	443,529	457,379
Business taxes	84,000	3,488	85,161
Government grants in lieu of property taxes	-	87,549	70,120
Special assessments and local improvement taxes	-	586,870	495,299
	33,760,191	34,291,906	34,131,640
REQUISITIONS			
Alberta School Foundation Fund	6,769,043	6,769,043	6,799,387
Elk Island CSRD No. 41	998,046	998,046	1,004,847
Other Requisitions	33,604	19,212	33,601
	7,800,693	7,786,301	7,837,835
NET MUNICIPAL TAXES	\$ 25,959,498	\$ 26,505,605	\$ 26,293,805

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

City of Camrose

Schedule of Government Transfers

For the year ended December 31, 2020

	Budget (See Note 24)	2020	2019
TRANSFERS FOR OPERATING			
Provincial and federal grants	\$ 1,109,495	\$ 2,803,000	\$ 1,357,387
Local government transfers	561,510	507,202	638,516
	1,671,005	3,310,202	1,995,903
TRANSFERS FOR CAPITAL			
Provincial and federal government	4,897,400	4,435,625	10,727,462
TOTAL GOVERNMENT TRANSFERS	\$ 6,568,405	\$ 7,745,827	\$ 12,723,365

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

City of Camrose

Schedule of Consolidated Expenses by Object

For the year ended December 31, 2020

	Budget (See Note 24)	2020	2019
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 21,547,782	\$ 20,305,112	\$ 21,637,454
Contracted and general services	7,558,514	6,359,417	7,507,923
Materials, goods and utilities	7,568,754	6,925,707	7,621,168
Provisions for allowances	35,500	63,555	(39,085)
Transfers to other governments	127,649	128,288	131,468
Transfers to local boards and agencies	1,214,454	1,146,818	1,417,479
Transfers to individuals and organizations	331,532	272,812	348,658
Bank charges and short-term interest	71,550	73,736	65,569
Interest on long-term debt	560,267	567,473	637,355
Amortization of tangible capital assets	9,500,111	9,500,111	9,293,417
(Gain) loss on disposal of tangible capital assets	-	(175,621)	351,591
Landfill closure liability	50,000	3,553,676	50,000
Other expenses	50,000	54,142	147,492
	\$ 48,616,113	\$ 48,775,226	\$ 49,170,489

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

City of Camrose
Schedule of Segmented Disclosure
For the year ended December 31, 2020

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Wastewater & Waste Management	Public Health & Welfare	Planning and Development	Recreation & Culture	Total
REVENUES									
Net municipal taxes	\$ -	\$ 26,505,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$26,505,605
User fees and sales of goods	-	26,043	317,574	159,345	12,798,715	131,960	17,865	742,937	14,194,439
Government transfers	-	1,808,089	749,995	2,145,905	146,970	-	86,790	2,808,078	7,745,827
Sales to other governments	-	-	90,237	75,626	-	-	-	-	165,863
Penalties and costs of taxes	-	98,665	-	-	21,336	-	-	-	120,001
Licences and permits	-	-	446,499	-	-	-	252,202	-	698,701
Development levies	-	-	-	-	-	-	768	-	768
Fines	-	-	619,685	-	-	-	-	-	619,685
Franchise and concession contracts	-	3,118,898	-	-	-	-	-	-	3,118,898
Investment income	-	565,359	-	-	531,439	-	-	-	1,096,798
Rentals	-	-	-	38,042	69,990	-	43,981	755,351	907,364
Other revenues	-	4,795	13,388	356,899	-	-	6,000	12,563	393,645
	-	32,127,454	2,237,378	2,775,817	13,568,450	131,960	407,606	4,318,929	55,567,594
EXPENSES									
Salaries, wages and benefits	238,317	3,245,197	7,244,435	2,448,346	2,448,829	188,313	609,717	3,881,958	20,305,112
Contracted and general services	75,887	1,473,174	722,855	712,625	2,644,737	18,719	266,222	445,198	6,359,417
Materials, goods and utilities	6,362	388,385	572,872	2,228,050	2,220,644	19,755	34,999	1,454,640	6,925,707
Transfers to other governments	-	-	12,939	-	-	115,349	-	-	128,288
Transfers to local boards and agencies	-	-	-	190,864	-	-	-	955,954	1,146,818
Transfers to individuals and organizations	-	548	-	-	196,964	-	49,500	25,800	272,812
Interest on long-term debt	-	-	40,796	122,930	64,444	-	-	339,303	567,473
Loss (gain) on disposal of tangible capital assets	-	(129,704)	(20,166)	(25,414)	(224)	-	-	(113)	(175,621)
Other expenses	-	70,494	8,774	56,869	3,583,641	-	537	24,794	3,745,109
	320,566	5,048,094	8,582,505	5,734,270	11,159,035	342,136	960,975	7,127,534	39,275,115
NET REVENUES (EXPENSES) BEFORE AMORTIZATION	(320,566)	27,079,360	(6,345,127)	(2,958,453)	2,409,415	(210,176)	(553,369)	(2,808,605)	16,292,479
Amortization of tangible capital assets	-	697,684	553,073	4,082,596	2,125,684	28,056	22,749	1,990,269	9,500,111
NET REVENUES (EXPENSES)	\$ (320,566)	\$ 26,381,676	\$ (6,898,200)	\$ (7,041,049)	\$ 283,731	\$ (238,232)	\$ (576,118)	\$ (4,798,874)	\$ 6,792,368

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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Camrose are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the City of Camrose 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 the municipal operations plus all the organizations that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The Regional Solid Waste Authority is owned and controlled by the City as the City maintains 60% representation on the Board.

The schedule of Property and Other 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.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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. Offsite levies are collected from a developer upon the execution of a Development Agreement as per the Offsite Levy Bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the said infrastructure has been built and the City has provided proof of construction completion.

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. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) 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 revenues and expenses 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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Use of Estimates (Continued)**

Significant estimates include assumptions used in a number of areas including useful lives of tangible capital assets, the fair value of contributed tangible capital assets, the valuation of land inventory, and the determination of reserves. Estimates are also used for various liabilities, including landfill closure and post-closure and contaminated sites liabilities, offsite levy liabilities and accrued liabilities. Other areas that estimates are used include, revenue recognized in the year, provision for tax exempt appeals, investment impairment, provisions for allowances in accounts receivable and in performing actuarial valuations of employee future benefits.

(d) **Financial Instruments**

Financial assets are measured at amortized cost and consist of cash and temporary investments, accounts receivable and investments. Financial assets are tested annually for impairment. Impairment losses are recorded in the statement of operations. Any write-downs resulting from impairment are not reversed for subsequent increases in value.

Financial liabilities are measured at amortized cost and include accounts payable and accrued liabilities, and long-term debt.

i. Cash and temporary investments

Cash and temporary investments are comprised of cash on deposits with financial institutions including bank indebtedness and highly liquid investments with original term of maturity of three months or less.

ii. Investments

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

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) **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.

(g) **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.

(h) **Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement act, the City 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, surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(i) **Contaminated Sites**

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

(j) **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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

i. **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, 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	2 - 45
Buildings	50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	20 - 75
Machinery and equipment	5 - 20
Vehicles	4 - 20

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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Non-Financial Assets (Continued)

ii. Contributions of Tangible Capital Assets

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

Tangible capital assets contributed to other organizations are recorded at cost at the date of contribution and also are recorded as an expense.

iii. 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.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

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

vi. Construction in Progress

Assets under construction have a cost of \$4,677,918 (2019 - \$20,797,091) and will be amortized when the assets are put into service.

(l) Recently Adopted Accounting Pronouncements

The City has not adopted any new accounting standards as required by the Public Sector Accounting Standards Board since 2018.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Future Accounting Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In the coming year, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

PS 3041 - Portfolio Investments: This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 1201 - Financial Statement Presentation: The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealised gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 3450 - Financial Instruments: This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the Entity. Unrealised gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 2601 - Foreign Currency Translation: This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealised gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 3280 - Asset Retirement Obligations: This section establishes the recognition, measurement, and disclosure requirements for asset retirement obligations. This section requires management to prepare a best estimate of the obligation when there is a legal obligation to incur retirement costs, the transaction giving rise to the liability has occurred and future costs will be incurred. The liability must be reassessed at each financial statement date. This standard is effective for fiscal years beginning on or after April 1, 2022.

(n) Interdepartmental Revenues and Expenses

Where identified, interdepartmental revenues and offsetting expenses have been removed from the City's financials. The Water, Wastewater and Waste Management segment provides a number of services such as water and wastewater services, waste collection and landfill disposal to other segments within the City of Camrose. These amounts are not material to the financial statements, and as such, have not been eliminated from the Water, Wastewater and Waste Management revenues or the other segments operating expenditures.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Restricted Surplus

Certain amounts, as approved by City Council, are set aside in accumulated surplus for future operating purposes and capital purposes. Transfers to or from restricted surplus are adjustments to the respective fund when approved.

2. CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash	\$ -	\$ 1,903,811
Temporary investments	77,509,781	64,101,857
	<u>\$ 77,509,781</u>	<u>\$ 66,005,668</u>

Temporary investments require between 31 and 90 days notice of demand to redeem and are held in accounts guaranteed by the Province of Alberta. Interest rates on these short term deposits at December 31, 2020 ranged from 1.00% to 1.10% per annum.

Included in temporary investments is a restricted amount of \$5,239,435 (2019 - \$5,623,408) received from various grant programs and held exclusively for approved projects.

3. INVESTMENTS

	2020	2019
Non-Cashable Guaranteed Investment Certificates	\$ 4,113,938	\$ 12,330,349

In 2019, the City moved some temporary investments into longer term non-cashable guaranteed investment certificates. These certificates mature between 365 days and 730 days and earn interest at rates between 2.85% and 3.04% per annum. In 2020, two guaranteed investment certificates matured. The remaining guaranteed investment certificate matures on January 25, 2021 and earns interest at a rate of 3.04% per annum.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

4. RECEIVABLES

	2020	2019
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	\$ 1,005,635	\$ 272,093
Arrears	249,882	573,625
Less: Allowance for doubtful accounts	(234,379)	(203,089)
Total current taxes and grants in place of taxes	1,021,138	642,629
Long term taxes and grants in place of taxes - local improvement levies	2,240,970	2,082,852
Total taxes and grants in place of taxes	\$ 3,262,108	\$ 2,725,481
Trade and other		
Due from government	\$ 286,227	\$ 357,824
Trade accounts	2,695,318	2,955,761
Allowance for doubtful accounts	(243,719)	(236,946)
Total trade and other receivables	\$ 2,737,826	\$ 3,076,639

5. LAND HELD FOR SALE

	2020	2019
Residential	\$ -	\$ -
Industrial and commercial	1,382,070	1,382,070
Land held ready for sale	1,382,070	1,382,070
Residential	2,369,849	2,369,849
Industrial and commercial	3,435,061	3,435,061
Land held not ready for sale	5,804,910	5,804,910
	\$ 7,186,980	\$ 7,186,980

Land held ready for sale is land in a condition to be sold, marketed for sale, and reasonably anticipated to be sold within a year. Land held not ready for sale is land held for future development and is not reasonable anticipated to be sold within one year.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

6. DEFERRED REVENUE

	2020	2019
Developer contributions and offsite levies		
Offsite levies - Transportation	\$ 2,333,478	\$ 2,290,302
Offsite levies - Sanitary	821,910	800,601
Offsite levies - Water	4,363,708	4,294,359
Other developer contributions	440,854	430,957
Total developer contributions and offsite levies	7,959,950	7,816,219
Conditional Grants		
Municipal Sustainability Initiative	2,295,705	906,513
Basic Municipal Transportation Grant	2,574,279	3,181,827
Gas Tax Fund	23,668	1,216,780
Other Grants	345,783	318,288
Total conditional grants	5,239,435	5,623,408
Requisition Over-Levy	-	211,793
Other deferred revenue	408,464	385,798
Prepaid property taxes	125,914	103,430
	\$ 13,733,763	\$ 14,140,648

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

7. EMPLOYEE BENEFIT OBLIGATIONS

	2020	2019
Vacation accrual	\$ 1,266,015	\$ 1,114,516
Sick leave	3,602,646	3,570,216
	\$ 4,868,661	\$ 4,684,732

Vacation accrual

The vacation accrual is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next budgetary year.

Sick leave

The City of Camrose provides benefits for sick leave under the following conditions:

- a) All employees receive one day of sick leave per month. Sick leave can only be used for paid time off for illness of the employee and is paid at the employee's normal rate of pay.
- b) Unused sick days are accumulated in a bank. If an employee terminates, payment of accumulated sick days will be made to the employee at the rate of 5% of the accumulated sick days for each full year of continuous service with the City. If an employee terminates with at least 20 years of service, they will be paid in cash for 100% of the days accumulated to a maximum of 120 days. Payment is made at the final pay rate.

In accordance with accounting standard PS 3255 - Post-employment Benefits, Compensated Absences and Termination Benefits, benefits are accrued in the year of the service of the employee that generated the benefit, similar to a pension plan liability where an organization incurs an obligation to make payment in the future for services rendered today.

The City engaged an actuary to determine the sick leave benefit obligation for the years ending December 31, 2019 and December 31, 2020. Significant assumptions used in the valuation are highlighted in Note 8.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

8. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation	2020	2019
Benefit obligation, beginning of year	\$ 3,570,216	\$ 3,180,583
Expected service cost	287,667	273,182
Interest cost	89,813	96,133
Actuarial loss (gain)	(43,867)	303,536
Expected benefits paid	(301,183)	(283,218)
Benefit obligation, end of year	\$ 3,602,646	\$ 3,570,216
Change in Plan Assets	2020	2019
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	266,530	140,195
Actual benefits paid	(266,530)	(140,195)
Fair value of plan assets, end of year	\$ -	\$ -
Significant Assumptions	2020	2019
Discount rate per annum, beginning of year	2.52%	3.02%
Discount rate per annum, end of year	2.26%	2.52%
Rate of compensation increases per annum	3.50%	3.75%
Estimated Average Remaining Services Life (EARSL) in years	15.82	15.12
Net Periodic Benefit Cost	2020	2019
Service Cost	\$ 287,667	\$ 273,182
Interest Cost	89,813	96,133
Recognized net actuarial gain	(19,859)	(39,939)
Net periodic benefit cost	\$ 357,621	\$ 329,376

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 2.8% and assuming annual inflation of 2.0%.

The estimated liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. During the year, the City completed an aerial survey in combination with geo-tech studies in order to have more accurate and reliable data to complete an estimate regarding remaining useful airspace as well as an estimate of future closure and post-closure activities. As a result of these reviews, closure and post-closure estimates have increased significantly and the total capacity of the site is now estimated at 2.5 million cubic metres (3.0 million cubic metres used in prior years). The estimated remaining capacity of the landfill site is 1.23 (2019 – 1.30) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2051.

The City has not designated assets for settling closure and post-closure costs.

	2020	2019
Estimated closure costs	\$ 6,754,843	\$ 1,218,423
Estimated post-closure costs	3,062,438	1,344,429
Estimated total liability	9,817,281	2,562,852
Estimated capacity remaining	49.0 %	43.3 %
Portion of total liability remaining to be recognized	4,810,468	1,109,715
Estimated capacity used	51.0 %	56.7 %
Estimated liability portion	\$ 5,006,813	\$ 1,453,137

10. CONTAMINATED SITES LIABILITY

On January 1, 2015, the City adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the City.

In 2019, the City did conduct Phase I Environmental Site Assessments on six City-owned properties. The properties included the Public Works Main Shop, Camrose Airport, Parks Maintenance Shop, Golf Course Maintenance Shop & Pro Shop, and two Public Works Satellite Facilities. The City also completed a Phase II Environmental Site Assessment on the Public Works Main Shop.

Based upon the results of the assessments there is a risk that some extent of contamination may be present on all six properties. No contaminated site liability has been recorded as of December 31, 2020 as all six operational sites are still being used productively, and estimated costs to clean up the sites are not readily available. The City will continue to monitor and evaluate the properties to determine if any future actions need to be taken.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

11. LONG-TERM DEBT

	2020	2019
Supported by general tax levies	\$ 10,543,133	\$ 11,825,876
Supported by special levies	1,840,968	1,686,171
Supported by utility rates	1,354,392	1,692,577
	\$ 13,738,493	\$ 15,204,624

The current portion of the long-term debt amounts to \$2,007,169 (2019 - \$1,940,623).

Of the \$13,738,493 total long-term debt, \$7,912,249 is secured against equity in tangible capital assets, with the remaining \$5,826,244 (2019 - \$5,913,399) unsecured. The unsecured debt includes \$3,985,276 of debentures taken out for the Jeanne & Peter Loughheed Performing Arts Centre and \$1,840,968 associated with local improvements receivable.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 2,007,169	\$ 506,373	\$ 2,513,542
2022	1,807,984	428,038	2,236,022
2023	1,614,031	350,678	1,964,709
2024	1,527,189	284,339	1,811,528
2025	1,567,178	223,181	1,790,359
Thereafter	5,214,942	527,535	5,742,477
	\$ 13,738,493	\$ 2,320,144	\$ 16,058,637

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.597% to 6.000% per annum, before Provincial subsidy, and mature in periods 2021 through 2040. The average annual interest rate is 3.31% for 2020 (3.40% for 2019). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$567,473 (2019 - \$637,355). The City's total cash payments for interest in 2020 were \$579,855 (2019 - \$652,270).

Included in the above debt amounts is a capital lease obligation of \$298,970 (2019 - \$318,984) relating to the purchase of building equipment. This lease bears interest at 1.53625%, expires October, 2031 and includes a lease buyout of \$76,371.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

12. 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 City of Camrose, be disclosed as follows:

	2020	2019
Total debt limit	\$ 76,697,954	\$ 79,229,591
Total debt	(13,738,493)	(15,204,624)
Amount of debt limit unused	62,959,461	64,024,967
Debt servicing limit	12,782,992	13,204,932
Debt Servicing	(2,513,542)	(2,515,873)
Amount of debt servicing limit unused	\$ 10,269,450	\$ 10,689,059

The debt limit is calculated as 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 consolidated financial statements must be interpreted as a whole.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedule 2)	\$ 388,080,915	\$ 376,651,494
Accumulated amortization (Schedule 2)	(149,811,483)	(142,346,170)
Long-term debt (Note 11)	(13,738,493)	(15,204,624)
Long-term debt not secured against tangible capital assets	5,826,244	5,913,399
	\$ 230,357,183	\$ 225,014,099

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

14. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	\$ 6,703,341	\$ 6,275,035
Restricted surplus:		
General administration	15,446,315	14,719,652
Protective services	772,023	613,307
Roads, streets, walks and lighting	5,013,998	4,251,234
Water, sewer, and waste management	34,133,064	34,742,430
Recreation and culture	273,796	276,754
Public health and welfare	83,035	97,876
Total restricted surplus	55,722,231	54,701,253
Equity in tangible capital assets	230,357,183	225,014,099
	\$ 292,782,755	\$ 285,990,387

15. SEGMENTED DISCLOSURE

The City of Camrose provides a range of services to its taxpayers. 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).

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

16. 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:

	2020			2019
	Salary	Benefits & Allowances	Total	Total
Mayor - N. Mayer	\$ 62,535	\$ 1,115	\$ 63,650	\$ 64,793
Councillors:				
M. Lindstrand	21,633	3,471	25,104	25,541
G. Wood	21,633	4,493	26,126	27,099
W. Thronson	21,633	2,008	23,641	23,989
A. Hoveland	21,633	3,471	25,104	25,550
C. Johnson	-	-	-	11,608
K. Hycha	21,633	1,770	23,403	26,844
PJ Stasko	21,633	5,027	26,660	27,044
D. Ofrim	21,633	4,493	26,126	26,566
City Manager	228,780	36,674	265,454	264,382
Designated Officers (2)	\$ 128,693	\$ 24,419	\$ 153,112	\$ 151,480

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances figures include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, extended health and dental coverage, vision coverage, group life insurance, long-term disability insurance, professional memberships and tuition.

The City currently has a full time designated officer, and one designated on an as needed basis.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the City of Camrose participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plan Act. The LAPP is financed by employer and employee contributions and by investments earnings of the LAPP Fund.

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

The City of Camrose 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.

Employees of the City are required to make current service contributions of 8.39% of pensionable salary up to the

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

17. LOCAL AUTHORITIES PENSION PLAN (CONTINUED)

year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the City to the plan in 2020 were \$1,084,066 (2019 - \$1,146,283). The current service contributions by the employees of the City to the plan in 2020 were \$980,754 (2019 - \$1,038,078).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7,913,261,000.

18. SPECIAL FORCES PENSION PLAN

Municipal Police Officers of the City of Camrose participate in the Special Forces Pension Plan (SFPP), which is covered by the Alberta Public Sector Pensions Plan Act. The Plan serves about 7,000 officers from seven municipalities. It is financed by employer and employee contributions and investment earnings of the SFPP Fund.

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

The City of Camrose is required to make current service contributions to the SFPP of 14.55% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Police officers of the City are required to make current service contributions to the SFPP of 13.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Total current service contributions by the City to the plan in 2020 were \$453,444 (2019 - \$427,213). Total current service contributions by employees to the plan in 2020 were \$419,163 (2019 - \$394,915).

At December 31, 2019, the plan disclosed an actuarial surplus of \$184,631,000 (2018 - deficiency of \$191,195,000).

19. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004 and provides supplementary pension benefits to a prescribed class of employees (approximately 6 beneficiaries within the City of Camrose). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.61% and 3.85% respectively of pensionable earnings up to \$154,611 in 2020 (\$151,278 in 2019).

Total current service contributions by the City to APEX in 2020 were \$23,317 (2019 - \$21,394). Total current service contributions by the employees of the City in 2020 were \$15,807 (2019 - \$16,074).

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

At December 31, 2019, the plan disclosed an actuarial deficiency of \$605,073.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

20. CONTRIBUTED ASSET

No contributed assets were received in 2020. In 2019, the City entered into a development agreement for 43 Street Improvements, including road construction and stormwater management. The project was completed as required with contributions from the developer and the adjacent property owner. A contributed asset was recorded in the amount of \$407,131 for the improvements.

21. COMMITMENTS

As noted within the City's current 10-year Wastewater Approval to Operate, the City of Camrose is required to substantially upgrade its existing wastewater treatment system in order to ensure compliance with provincial and federal environmental regulations. The total cost of the project is expected to be approximately \$42.2 million. The project has been initiated and the City has incurred costs through December 31, 2020 of \$3.5 million. The planned funding for the project is based upon a combination of utility reserves, offsite levies and provincial grants. In 2020, the City secured AMWWP grant funding in the amount of \$10 million. The project is expected to be completed in 2023.

As at December 31, 2020, the City had no other significant commitments to report.

22. CONTINGENCIES

As at December 31, 2020 the City is involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is Management's opinion that there will be no adverse effect on the financial position of the City. If any liability is incurred it would be accounted for as a current transaction in the year it is determined.

On May 7, 2020, the City of Camrose started a planned release of treated wastewater from the City's wastewater storage lagoons. On May 22, the City received a verbal directive from Environment & Climate Change Canada (ECCC) to immediately cease all discharge from the lagoons. ECCC provided this directive based on their belief that the discharge would reasonably be acutely lethal to fish, and that it was also exceeding the un-ionized ammonia limit outlined in the federal Wastewater Systems Effluent Regulations (WSER). In June 2020, the ECCC advised that they would be conducting an external investigation related to the spring discharge. The City has been working with the ECCC investigator on this review and at this time, the investigation is still ongoing.

23. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

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

The City is 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 City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

24. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget, however, has been included in the budget presented in the financial statements. The amortization expense included is based on the 2020 actual amortization expense. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

REVENUES

Operating budget	\$ 55,246,818
Capital budget	28,812,300

Less:

Transfers from other funds:

Operating	(4,494,734)
Capital	(23,140,900)
Proceeds on sale of tangible capital assets	(89,000)
Proceeds on debt issue	(685,000)

55,649,484

EXPENSES

Operating budget	55,246,818
Capital budget	28,812,300

Less:

Transfers to other funds/internal transactions	(14,509,890)
Capital expenditures	(28,812,300)
Debt principal payments	(1,620,926)
Amortization	9,500,111

48,616,113

EXCESS OF REVENUES OVER EXPENSES

\$ 7,033,371

25. COMPARATIVE FIGURES

Prior year figures have been reclassified where necessary to conform with current year presentation.