

Consolidated Financial Statements

City of Camrose

December 31, 2021

City of Camrose

December 31, 2021

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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.

DocuSigned by:
Travis Bouck
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Travis Bouck, General Manager of
Financial Services

DocuSigned by:
Malcolm Boyd
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Malcolm Boyd, City Manager

Camrose, AB
April 22, 2022

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, 2021 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, 2021, and its results of 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 27, 2022
Edmonton, Alberta

City of Camrose

Consolidated Statement of Financial Position

As at December 31, 2021


	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 90,703,449	\$ 77,509,781
Investments (Note 3)	-	4,113,938
Receivables:		
Taxes and grants in place of taxes (Note 4)	3,657,824	3,262,108
Trade and other (Note 4)	3,265,250	2,737,826
Land for resale inventory - ready for sale (Note 5)	1,261,670	1,382,070
	98,888,193	89,005,723
LIABILITIES		
Accounts payable and accrued liabilities	6,177,810	2,935,444
Deposit liabilities	1,959,425	1,675,137
Deferred revenue (Note 6)	14,349,834	13,733,763
Employee benefit obligations (Note 7)	4,691,719	4,868,661
Provision for landfill closure and post-closure costs (Note 9)	5,369,358	5,006,813
Long-term debt (Note 11)	12,068,283	13,738,493
	44,616,429	41,958,311
NET FINANCIAL ASSETS	54,271,764	47,047,412
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	244,148,503	238,269,432
Land for resale inventory - not ready for sale (Note 5)	5,804,910	5,804,910
Inventory for consumption	1,487,128	1,138,957
Prepaid expenses	364,779	522,044
	251,805,320	245,735,343
ACCUMULATED SURPLUS (Schedule 1) (Note 14)	\$ 306,077,084	\$ 292,782,755

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, 2021

	Budget (See Note 24)	2021	2020
REVENUES			
Net municipal taxes (Schedule 3)	\$ 26,123,890	\$ 26,820,605	\$ 26,505,605
User fees and sales of goods	15,320,511	15,195,058	14,194,439
Government transfers for operating (Schedule 4)	1,613,235	2,339,595	3,310,202
Sales to other governments	124,474	157,800	165,863
Penalties and costs of taxes	275,500	207,801	120,001
Licences and permits	656,950	823,628	698,701
Development levies	-	1,546	768
Fines	800,000	664,063	619,685
Franchise and concession contracts	3,683,993	3,541,572	3,118,898
Investment income	705,879	846,913	1,096,798
Rentals	1,275,007	965,952	907,364
Other revenues	88,050	218,844	393,645
	50,667,489	51,783,377	51,131,969
EXPENSES			
Legislative	641,363	354,739	320,566
Administration	6,178,430	5,057,349	5,745,778
Protective Services	9,560,808	9,049,356	9,135,578
Roads, Streets, Walks & Lighting	9,925,942	9,335,348	9,816,866
Water, Wastewater and Waste Management	10,566,306	10,294,987	13,284,719
Public Health & Welfare	334,106	337,801	370,192
Planning & Development	1,191,681	1,108,215	983,724
Recreation & Culture	11,497,833	12,301,422	9,117,803
	49,896,469	47,839,217	48,775,226
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	771,020	3,944,160	2,356,743
OTHER:			
Contributed tangible capital assets (Note 20)	-	232,747	-
Government transfers for capital (Schedule 4)	14,503,955	9,117,422	4,435,625
EXCESS OF REVENUES OVER EXPENSES	15,274,975	13,294,329	6,792,368
ACCUMULATED SURPLUS, BEGINNING OF YEAR	292,782,755	292,782,755	285,990,387
ACCUMULATED SURPLUS, END OF YEAR	\$ 308,057,730	\$ 306,077,084	\$ 292,782,755

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, 2021

	Budget (See Note 24)	2021	2020
EXCESS OF REVENUES OVER EXPENSES	\$ 15,274,975	\$ 13,294,329	\$ 6,792,368
Acquisition of tangible capital assets	-	(17,804,016)	(13,577,529)
Contributed tangible capital assets	-	(232,747)	-
Proceeds on disposal of tangible capital assets	-	937,609	288,931
Amortization of tangible capital assets	10,004,247	10,004,247	9,500,111
Loss (gain) on disposal of tangible capital assets	-	1,215,836	(175,621)
	10,004,247	(5,879,071)	(3,964,108)
Acquisition of inventory for consumption	-	(348,171)	-
Use of inventory for consumption	-	-	169,368
Use of prepaid assets	-	157,265	7,829
	-	(190,906)	177,197
INCREASE IN NET FINANCIAL ASSETS	25,279,222	7,224,352	3,005,457
NET FINANCIAL ASSETS, BEGINNING OF YEAR	52,852,322	47,047,412	44,041,955
NET FINANCIAL ASSETS, END OF YEAR	\$ 78,131,544	\$ 54,271,764	\$ 47,047,412

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, 2021

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 13,294,329	\$ 6,792,368
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	10,004,247	9,500,111
Loss (gain) on disposal of capital assets	1,215,836	(175,621)
Contributed tangible capital assets	(232,747)	-
	24,281,665	16,116,858
Non-cash contributions (charges) to operations - net change:		
Increase in taxes and grants in place of taxes receivable	(395,716)	(536,627)
(Increase) decrease in trade and other receivables	(527,424)	338,813
(Increase) decrease in inventory for consumption	(348,171)	169,368
Decrease in land for resale inventory	120,400	-
Decrease in prepaid expenses	157,265	7,829
Increase (decrease) in accounts payable and accrued liabilities	3,242,366	(1,204,424)
Increase (decrease) in deposit liabilities	284,288	(180,106)
Increase (decrease) in deferred revenue	616,071	(406,885)
(Decrease) increase in employee benefit obligations	(176,942)	183,929
Increase in provision for landfill closure and post-closure costs	362,545	3,553,676
	27,616,347	18,042,431
CAPITAL		
Proceeds from disposal of tangible capital assets	937,609	288,931
Acquisition of tangible capital assets	(17,804,016)	(13,577,529)
	(16,866,407)	(13,288,598)
FINANCING		
Long-term debt issued	348,744	492,822
Long-term debt repaid	(2,018,954)	(1,958,953)
	(1,670,210)	(1,466,131)
INVESTING		
Decrease in investments	4,113,938	8,216,411
	4,113,938	8,216,411
INCREASE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	13,193,668	11,504,113
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	77,509,781	66,005,668
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 90,703,449	\$ 77,509,781

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, 2021

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF THE YEAR	\$ 6,703,341	\$ 55,722,231	\$ 230,357,183	\$ 292,782,755	\$ 285,990,387
Excess of revenues over expenses for the year	13,294,329	-	-	13,294,329	6,792,368
Unrestricted funds designated for future use	(12,967,948)	12,967,948	-	-	-
Restricted funds used for operations	704,223	(704,223)	-	-	-
Restricted funds used for tangible capital assets	-	(7,103,811)	7,103,811	-	-
Current year funds used for tangible capital assets	(8,546,760)	-	8,546,760	-	-
Contributed tangible capital assets	(232,747)	-	232,747	-	-
Annual amortization expense	10,004,247	-	(10,004,247)	-	-
Long term debt repaid	(1,439,015)	-	1,439,015	-	-
Change in accumulated surplus	816,329	5,159,914	7,318,086	13,294,329	6,792,368
BALANCE, END OF THE YEAR	\$ 7,519,670	\$ 60,882,145	\$ 237,675,269	\$ 306,077,084	\$ 292,782,755

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, 2021

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2021	2020
COST:									
BALANCE, BEGINNING 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
Acquisition of tangible capital assets	-	149,415	1,838,578	4,067,037	517,142	831,470	10,633,121	18,036,763	13,577,529
Disposal of tangible capital assets	(57,537)	-	(2,866,748)	-	(290,203)	(825,371)	-	(4,039,859)	(2,148,108)
BALANCE, END OF YEAR	6,984,349	13,734,905	96,153,534	250,175,277	12,178,218	7,540,497	15,311,039	402,077,819	388,080,915
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	7,874,212	22,660,520	109,649,895	6,209,740	3,417,116	-	149,811,483	142,346,170
Annual amortization	-	811,009	2,404,076	5,150,149	1,159,837	479,176	-	10,004,247	9,500,111
Accumulated amortization on disposals	-	-	(1,151,859)	-	(200,619)	(533,936)	-	(1,886,414)	(2,034,798)
BALANCE, END OF YEAR	-	8,685,221	23,912,737	114,800,044	7,168,958	3,362,356	-	157,929,316	149,811,483
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2021									
	6,984,349	5,049,684	72,240,797	135,375,233	5,009,260	4,178,141	15,311,039	244,148,503	
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

Included in buildings are leased equipment affixed to the building of \$381,854 with accumulated amortization of \$140,013 (2020 – \$114,556). 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, 2021

	Budget (See Note 24)	2021	2020
TAXATION			
Real property taxes	\$ 33,842,105	\$ 33,338,023	\$ 33,170,470
Linear property taxes	-	457,140	443,529
Business taxes	84,000	80,079	3,488
Government grants in lieu of property taxes	-	85,523	87,549
Special assessments and local improvement taxes	-	662,090	586,870
	33,926,105	34,622,855	34,291,906
REQUISITIONS			
Alberta School Foundation Fund	7,133,151	7,133,151	6,769,043
Elk Island CSRD No. 41	649,765	649,765	998,046
Other Requisitions	19,299	19,334	19,212
	7,802,215	7,802,250	7,786,301
NET MUNICIPAL TAXES	\$ 26,123,890	\$ 26,820,605	\$ 26,505,605

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

City of Camrose

Schedule of Government Transfers

For the year ended December 31, 2021

	Budget (See Note 24)	2021	2020
TRANSFERS FOR OPERATING			
Provincial and federal grants	\$ 1,113,735	\$ 1,414,085	\$ 2,803,000
Local government transfers	499,500	925,510	507,202
	1,613,235	2,339,595	3,310,202
TRANSFERS FOR CAPITAL			
Provincial and federal government	14,503,955	9,117,422	4,435,625
TOTAL GOVERNMENT TRANSFERS	\$ 16,117,190	\$ 11,457,017	\$ 7,745,827

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, 2021

	Budget (See Note 24)	2021	2020
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 22,288,893	\$ 20,530,504	\$ 20,305,112
Contracted and general services	7,917,078	6,632,135	6,359,417
Materials, goods and utilities	7,401,332	7,036,334	6,925,707
Provisions for allowances	35,000	(197,059)	63,555
Transfers to other governments	127,034	134,137	128,288
Transfers to local boards and agencies	1,132,449	1,160,289	1,146,818
Transfers to individuals and organizations	328,263	339,126	272,812
Bank charges and short-term interest	71,530	75,441	73,736
Interest on long-term debt	490,643	496,601	567,473
Amortization of tangible capital assets	10,004,247	10,004,247	9,500,111
Loss (gain) on disposal of tangible capital assets	-	1,215,836	(175,621)
Landfill closure liability	-	-	3,553,676
Other expenses	100,000	411,626	54,142
	\$ 49,896,469	\$ 47,839,217	\$ 48,775,226

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

City of Camrose
Schedule of Segmented Disclosure
For the year ended December 31, 2021

	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	\$ -	\$ 26,820,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$26,820,605
User fees and sales of goods	-	62,319	335,257	116,845	13,409,822	222,891	145,446	902,478	15,195,058
Government transfers	-	422,313	878,686	2,594,425	6,675,867	-	9,061	876,665	11,457,017
Sales to other governments	-	-	157,800	-	-	-	-	-	157,800
Penalties and costs of taxes	-	180,852	-	-	26,949	-	-	-	207,801
Licences and permits	-	-	559,029	-	-	-	264,599	-	823,628
Development levies	-	-	-	-	-	-	1,546	-	1,546
Fines	-	-	664,063	-	-	-	-	-	664,063
Franchise and concession contracts	-	3,541,572	-	-	-	-	-	-	3,541,572
Investment income	-	514,691	-	-	332,222	-	-	-	846,913
Rentals	-	-	-	43,117	71,424	-	34,875	816,536	965,952
Contributed tangible capital assets	-	113,781	-	-	-	-	-	118,966	232,747
Other revenues	44	41,210	2,287	122,847	-	-	7,000	45,456	218,844
	44	31,697,343	2,597,122	2,877,234	20,516,284	222,891	462,527	2,760,101	61,133,546
EXPENSES									
Salaries, wages and benefits	246,882	3,059,517	7,114,638	2,113,908	2,589,169	144,437	689,612	4,572,341	20,530,504
Contracted and general services	85,280	1,624,037	740,058	614,408	2,652,356	29,639	316,989	569,368	6,632,135
Materials, goods and utilities	22,577	327,292	559,828	2,131,429	2,066,482	17,093	40,762	1,870,871	7,036,334
Transfers to other governments	-	-	16,250	-	-	117,887	-	-	134,137
Transfers to local boards and agencies	-	-	-	202,840	-	-	-	957,449	1,160,289
Transfers to individuals and organizations	-	503	-	-	217,363	-	38,900	82,360	339,126
Interest on long-term debt	-	-	35,426	109,189	54,686	-	-	297,300	496,601
Loss (gain) on disposal of tangible capital assets	-	(418,758)	(13,693)	112,545	(17,058)	-	-	1,552,800	1,215,836
Other expenses	-	(185,064)	11,601	53,683	385,173	-	2,277	22,338	290,008
	354,739	4,407,527	8,464,108	5,338,002	7,948,171	309,056	1,088,540	9,924,827	37,834,970
NET REVENUES (EXPENSES) BEFORE AMORTIZATION	(354,695)	27,289,816	(5,866,986)	(2,460,768)	12,568,113	(86,165)	(626,013)	(7,164,726)	23,298,576
Amortization of tangible capital assets	-	649,823	585,248	3,997,345	2,346,816	28,745	19,675	2,376,595	10,004,247
NET REVENUES (EXPENSES)	\$ (354,695)	\$ 26,639,993	\$ (6,452,234)	\$ (6,458,113)	\$10,221,297	\$ (114,910)	\$ (645,688)	\$ (9,541,321)	\$13,294,329

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, 2021

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.

Financial statement areas requiring the use of management estimates include:

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Use of Estimates (Continued)

- useful lives of carrying value of tangible capital assets;
- fair value of contributed tangible capital assets;
- valuation of land inventory;
- landfill closure and post-closure liability;
- liabilities for potential environmental obligations;
- offsite levy liabilities;
- accrued liabilities
- accrued receivables;
- allowance for doubtful accounts receivable; and
- employee benefit obligations.

(d) Financial Instruments

Financial assets are measured at amortized cost and consist of accounts receivable, cash and temporary 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.

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.

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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended 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) **Land for Resale Inventory**

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) **Employee Benefit Obligations**

The cost of employment benefits, pension benefits, compensated absences, and termination benefits are recorded as an expense at the time the event giving rise to the obligation occurs.

(i) **Local Improvement Charges**

Construction costs associated with local improvement projects are recovered through annual tax levies collectible from property owners for work performed by The City. Taxpayers may elect to pay over a number of years or immediately prepay the outstanding local improvement charges.

(j) **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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) 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.

(m) 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. Tangible capital assets are written down when conditions indicate that they no longer contribute to The City's ability to provide goods and services, or when the value of the future economic benefits associated with the assets are less than their net book value. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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 \$15,311,039 (2020 - \$4,677,918) and will be amortized when the assets are put into service.

(n) Interdepartmental Revenues and Expenses

Where identified, interdepartmental revenues and offsetting expenses have been removed from the City's financial's. 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.

(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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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 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 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 3450 - Financial Instruments: This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. It requires fair value measurements of derivative 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.

PS 3400 - Revenue: This section establishes standards on how to account for and report on revenue, specifically in regards to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

PS 1000 - Financial Statement Concepts: This section will be amended to allow for recognition of purchased intangible assets. It makes reference to the new Public Sector Guideline 8, which will define purchased intangibles and provide further guidance on recognition and accounting treatment. This guideline is applicable for fiscal years beginning on or after April 1, 2023.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

2. CASH AND TEMPORARY INVESTMENTS

	2021	2020
Cash	\$ 3,126,271	\$ (182,843)
Temporary investments	87,577,178	77,692,624
	<u>\$ 90,703,449</u>	<u>\$ 77,509,781</u>

Temporary investments require between 31 and 90 days notice to redeem and are held in accounts guaranteed by the Province of Alberta. Interest rates on these short term deposits at December 31, 2021 ranged from 0.85% to 1.00% per annum.

Included in temporary investments is a restricted amount of \$5,511,693 (2020 - \$5,239,435) received from various grant programs and held exclusively for approved projects (see Note 6).

3. INVESTMENTS

	2021	2020
Non-Cashable Guaranteed Investment Certificates	\$ -	\$ 4,113,938

The guaranteed investment certificates matured on January 25, 2021.

4. RECEIVABLES

	2021	2020
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	\$ 804,476	\$ 1,005,635
Arrears	401,488	249,882
Less: Allowance for doubtful accounts	(40,225)	(234,379)
Total current taxes and grants in place of taxes	1,165,739	1,021,138
Long term taxes and grants in place of taxes - local improvement levies	2,492,085	2,240,970
Total taxes and grants in place of taxes	<u>\$ 3,657,824</u>	<u>\$ 3,262,108</u>
Trade and other		
Due from government	\$ 738,441	\$ 286,227
Trade accounts	2,752,668	2,695,318
Allowance for doubtful accounts	(225,859)	(243,719)
Total trade and other receivables	<u>\$ 3,265,250</u>	<u>\$ 2,737,826</u>

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

5. LAND FOR RESALE INVENTORY

	2021	2020
Financial Assets		
Industrial and Commercial land held ready for sale	\$ 1,261,670	\$ 1,382,070
Non-Financial Assets		
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

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 and is recorded as a financial asset on the Consolidated Statement of Financial Position. Land held not ready for sale is land held for future development and is not reasonable anticipated to be sold within one year and has been recorded as a non-financial asset.

6. DEFERRED REVENUE

	2021	2020
Developer contributions and offsite levies		
Offsite levies - Transportation	\$ 2,373,071	\$ 2,333,478
Offsite levies - Sanitary	849,798	821,910
Offsite levies - Water	4,414,404	4,363,708
Other developer contributions	444,096	440,854
Total developer contributions and offsite levies	8,081,369	7,959,950
Conditional Grants		
Municipal Sustainability Initiative	1,691,131	2,295,705
Basic Municipal Transportation Grant	2,001,722	2,574,279
Canada Community-Building Fund	528,958	23,668
Other Grants	1,289,882	345,783
Total conditional grants (Note 2)	5,511,693	5,239,435
Other deferred revenue	611,185	408,464
Prepaid property taxes	145,587	125,914
	\$ 14,349,834	\$ 13,733,763

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

OUTSTANDING GRANTS RECEIVABLE

	2021	2020
Municipal Sustainability Initiative	\$ 3,755,395	\$ -
Basic Municipal Transportation Grant	1,124,520	-
Canada Community-Building Fund	2,194,477	1,072,075
Alberta Municipal Water and Wastewater Partnership	4,709,616	-
Strategic Transportation Infrastructure Program	1,238,250	-
	<u>\$ 13,022,258</u>	<u>\$ 1,072,075</u>

At December 31, 2021, both the Federal and Provincial governments have committed capital funding for the City of Camrose that has not been recorded as a receivable and deferred revenue. The various grants and outstanding allocations are identified in the following table. The Alberta Municipal Water/Wastewater Partnership grant funding is in support of the City's Wastewater Treatment Plant upgrade, and the Strategic Transportation Infrastructure Program funding will be allocated to the City's Airport Runway Overlay project.

7. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Vacation accrual	\$ 1,365,591	\$ 1,266,015
Sick leave	3,326,128	3,602,646
	<u>\$ 4,691,719</u>	<u>\$ 4,868,661</u>

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:

- 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.
- 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, 2020 and December 31, 2021. 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, 2021

8. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation	2021	2020
Benefit obligation, beginning of year	\$ 3,602,646	\$ 3,570,216
Expected service cost	277,811	287,667
Interest cost	81,515	89,813
Actuarial loss (gain)	(309,066)	(43,867)
Expected benefits paid	(326,778)	(301,183)
Benefit obligation, end of year	\$ 3,326,128	\$ 3,602,646
Change in Plan Assets	2021	2020
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	252,133	266,530
Actual benefits paid	(252,133)	(266,530)
Fair value of plan assets, end of year	\$ -	\$ -
Significant Assumptions	2021	2020
Discount rate per annum, beginning of year	2.26%	2.52%
Discount rate per annum, end of year	2.87%	2.26%
Rate of compensation increases per annum	3.50%	3.50%
Estimated Average Remaining Services Life (EARSL) in years	15.88	15.82
Net Periodic Benefit Cost	2021	2020
Service Cost	\$ 277,811	\$ 287,667
Interest Cost	81,515	89,813
Recognized net actuarial gain	(22,632)	(19,859)
Net periodic benefit cost	\$ 336,694	\$ 357,621

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 2.87% and assuming annual inflation of 2.00%.

The estimated liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 2.5 million cubic metres. The estimated remaining capacity of the landfill site is 1.18 (2020 – 1.23) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2055.

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

	2021	2020
Estimated closure costs	\$ 7,011,363	\$ 6,754,843
Estimated post-closure costs	3,157,876	3,062,438
Estimated total liability	10,169,239	9,817,281
Estimated capacity remaining	47.2 %	49.0 %
Portion of total liability remaining to be recognized	4,799,881	4,810,468
Estimated capacity used	52.8 %	51.0 %
Estimated liability portion	\$ 5,369,358	\$ 5,006,813

10. CONTAMINATED SITES LIABILITY

In 2019, the City conducted 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, 2021 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.

In 2021, the City did conduct a Phase II Environmental Site Assessments at the Airport around the underground fuel tanks. No contamination was detected.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

11. LONG-TERM DEBT

	2021	2020
Supported by general tax levies	\$ 9,202,866	\$ 10,543,133
Supported by special levies	1,858,939	1,840,968
Supported by utility rates	1,006,478	1,354,392
	\$ 12,068,283	\$ 13,738,493

The current portion of the long-term debt amounts to \$1,831,915 (2020 - \$2,007,169).

Of the \$12,068,283 total long-term debt, \$6,473,234 (2020 - \$7,912,249) is secured against equity in tangible capital assets, with the remaining \$5,595,049 (2020 - \$5,826,244) unsecured. The unsecured debt includes \$3,736,110 of debentures taken out for the Jeanne & Peter Lougheed Performing Arts Centre and \$1,858,939 associated with local improvements receivable.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2022	\$ 1,831,915	\$ 435,253	\$ 2,267,168
2023	1,638,454	357,402	1,995,856
2024	1,552,112	290,562	1,842,674
2025	1,592,613	228,892	1,821,505
2026	1,629,215	165,179	1,794,394
Thereafter	3,823,974	396,481	4,220,455
	\$ 12,068,283	\$ 1,873,769	\$ 13,942,052

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.733% to 6.000% per annum, before Provincial subsidy, and mature in periods 2022 through 2041. The average annual interest rate is 3.20% for 2021 (3.31% for 2020). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$496,601 (2020 - \$567,473). The City's total cash payments for interest in 2021 were \$510,161 (2020 - \$579,855).

Included in the above debt amounts is a capital lease obligation of \$278,877 (2020 - \$298,970) 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, 2021

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:

	2021	2020
Total debt limit	\$ 77,675,066	\$ 76,697,954
Total debt	(12,068,283)	(13,738,493)
Amount of debt limit unused	65,606,783	62,959,461
Debt servicing limit	12,945,844	12,782,992
Debt Servicing	(2,267,168)	(2,513,542)
Amount of debt servicing limit unused	\$ 10,678,676	\$ 10,269,450

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

	2021	2020
Tangible capital assets (Schedule 2)	\$ 402,077,819	\$ 388,080,915
Accumulated amortization (Schedule 2)	(157,929,316)	(149,811,483)
Long-term debt (Note 11)	(12,068,283)	(13,738,493)
Long-term debt not secured against tangible capital assets	5,595,049	5,826,244
	\$ 237,675,269	\$ 230,357,183

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

14. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	\$ 7,519,670	\$ 6,703,341
Restricted surplus:		
General administration	15,574,787	15,446,315
Protective services	996,013	772,023
Roads, streets, walks and lighting	8,885,738	5,013,998
Water, sewer, and waste management	33,812,782	34,133,064
Recreation and culture	1,553,200	273,796
Public health and welfare	59,625	83,035
Total restricted surplus	60,882,145	55,722,231
Equity in tangible capital assets	237,675,269	230,357,183
	\$ 306,077,084	\$ 292,782,755

15. SEGMENTED DISCLOSURE

The City of Camrose provides a range of services to its taxpayers. The City's operations and activities are organized and reported by functions and services provided. 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. For additional information, refer to the Schedule of Segmented Disclosure (Schedule 6).

Certain functions that have been disclosed in the segmented information, along with the services provided, are as follows:

(a) Legislative

This function includes activities related to City Council.

(b) Administration

This category of functions is used to report activities that provide for the overall operation of The City, which are common to, or affect all of the services provided by the City, including corporate services, general administration, taxation and financial services.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

15. SEGMENTED DISCLOSURE (Continued)

(c) Protective Services

This category of functions is used to report activities that provide for the public safety of the inhabitants of the City, including police, fire, bylaw enforcement and inspections.

(d) Roads, Streets, Walks & Lighting

This category of functions is used to report activities related to public transportation, including roads and streets, public transit, storm sewers and drainage, and the equipment pool.

(e) Water, Wastewater and Waste Management

These functions report activities related to acquiring, treating, and supplying water, the collection or removal and treatment of sanitary sewage, solid waste collection and disposal, landfill operations and recycling.

(f) Public Health & Welfare

These functions report activities on cemeteries maintenance and burials, as well as maintenance of public washrooms.

(g) Planning and Development

This function is used to report activities related to economic growth and sustainability, property management, short term and long term planning, and the development of land.

(h) Recreation and Culture

This function is used to report activities related to providing recreational and cultural opportunities to the community.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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:

	2021			2020
	Salary	Benefits & Allowances	Total	Total
Mayor - N. Mayer	\$ 52,112	\$ 825	\$ 52,937	\$ 63,650
Mayor - PJ Stasko	10,422	1,457	11,879	-
Councillors:				
M. Lindstrand	18,028	2,865	20,893	25,104
G. Wood	18,028	4,814	22,842	26,126
W. Thronson	18,028	1,756	19,784	23,641
D.Ofrim	18,028	3,746	21,774	26,126
PJ Stasko	18,028	4,478	22,506	26,660
K. Hycha	21,633	2,000	23,633	23,403
A. Hoveland	21,633	3,820	25,453	25,104
L. Banack	3,606	637	4,243	-
L. Broker	3,606	1,049	4,655	-
D. Francoeur	3,606	1,141	4,747	-
D. Ilg	3,606	1,141	4,747	-
J. Murphy	3,606	1,141	4,747	-
D. Rosland	3,606	974	4,580	-
City Manager	228,730	38,735	267,465	265,454
Designated Officers (2)	\$ 129,969	\$ 24,800	\$ 154,769	\$ 153,112

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.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 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 2021 were \$1,100,155 (2020 - \$1,084,066). The current service contributions by the employees of the City to the plan in 2021 were \$993,899 (2020 - \$980,754).

At December 31, 2020, LAPP disclosed an actuarial surplus of \$4,961,337,000 (2019 - surplus of \$7,913,261,000). The 2021 amounts are not yet available.

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 2021 were \$443,496 (2020 - \$453,444). Total current service contributions by employees to the plan in 2021 were \$409,970 (2020 - \$419,163).

At December 31, 2020, the plan disclosed an actuarial surplus of \$9,741,000 (2019 - surplus of \$184,631,000). The 2021 amounts are not yet available.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 \$162,278 in 2021 (\$154,611 in 2020).

Total current service contributions by the City to APEX in 2021 were \$27,379 (2020 - \$23,317). Total current service contributions by the employees of the City in 2021 were \$18,561 (2020 - \$15,807).

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.

At December 31, 2020, the plan disclosed an actuarial deficiency of \$2,624,114 (2019 - deficiency of \$605,073). The 2021 amounts are not yet available.

20. CONTRIBUTED ASSET

In 2021, the donation of a transport body for a bus in support of the City's public transit initiatives was recorded as a contributed asset in the amount of \$113,781. The City provided the bus chassis at a cost of \$39,457. The total value of the Transport Bus is \$153,238.

In 2021, the City recorded a contribution of \$118,966 for the Rotary Club of Camrose Pavilion constructed adjacent to the Stoney Creek Centre. The picnic shelter showcasing Community Heritage is a Nordic Commemorative Site. The City provided funding and in kind support of \$57,229 for a total value of \$176,195 for the addition.

No contributed assets were received in 2020.

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 \$51.2 million. The project has been initiated and the City has incurred costs through December 31, 2021 of \$9.6 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 Alberta Municipal Water/Wastewater Partnership (AMWWP) grant funding in the amount of \$10 million. The City will also utilize up to \$20 million of debenture to fund the project. The project is expected to be completed in 2024.

In 2021, the City began construction on a new Public Works Facility. The project was approved at \$11 million to be completed in 2022. In 2021, the City incurred expenses of \$3.8 million.

As at December 31, 2021, the City had no other significant commitments to report.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

22. CONTINGENCIES

As at December 31, 2021 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.

In May 2021, ECCC updated the City on their investigation. They determined that the City's spring 2020 wastewater discharge was acutely lethal to fish, and therefore was an offence of section 36(3) of the Fisheries Act. ECCC advised that the investigation was being referred to the Crown Prosecutor (Public Prosecution Service of Canada) for a review of the file and circumstances. The Crown Prosecutor would assess the alleged offence and due diligence of the City of Camrose in accordance with their own policy and from there an outcome would be determined. While the City was told that this review would take a couple of months to complete, the City did not receive any further updates from ECCC until March 8, 2022. At that time, ECCC noted that they were requesting some follow-up interviews with a City employee. That interview is scheduled for March 21, 2022. 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, 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, 2021

24. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2021 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 current year actual amortization expense. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

REVENUES

Operating budget	\$ 55,392,635
Capital budget	23,502,500

Less:

Transfers from other funds:

Operating	(4,725,146)
Capital	(8,092,399)
Proceeds on sale of tangible capital assets	(191,500)
Proceeds on debt issue	(714,646)

65,171,444

EXPENSES

Operating budget	55,392,635
Capital budget	23,502,500

Less:

Transfers to other funds/internal transactions	(13,812,233)
Capital expenditures	(23,502,500)
Debt principal payments	(1,688,180)
Amortization	10,004,247

49,896,469

EXCESS OF REVENUES OVER EXPENSES

\$ 15,274,975

25. COMPARATIVE FIGURES

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

26. APPROVAL OF FINANCIAL STATEMENTS

City Council has approved these financial statements on April 19, 2022.