

TOWN OF SUNDRE

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Approved by Council:



Richard Warnock, Mayor



Chris Albert, CPA, CGA
Director of Corporate Services



Independent auditor's report

To the Mayor and Town Council of Town of Sundre

Our opinion

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

What we have audited

The Town's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of operations and accumulated operating surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as

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management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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 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 Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
April 25, 2022

**Town of Sundre
Statement of Financial Position
As at December 31, 2021**

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 4)	\$ 9,501,738	\$ 8,896,006
Receivables (Note 5)		
Taxes and grants in place of taxes	700,600	522,095
Trade and other receivables	1,108,343	1,033,898
Investments (Note 6)	27,754	27,754
	\$ 11,338,435	\$ 10,479,753
LIABILITIES		
Accounts payable and accrued liabilities	\$ 960,884	\$ 662,894
Deposit liabilities	261,610	113,982
Deferred revenue (Note 7)	821,287	1,408,678
Long-term debt (Note 8)	5,371,629	5,836,620
	\$ 7,415,410	\$ 8,022,174
NET FINANCIAL ASSETS	\$ 3,923,025	\$ 2,457,579
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	\$ 42,830,159	\$ 43,933,185
Inventory for consumption	47,821	80,842
Prepaid Expense	45,508	40,914
	\$ 42,923,488	\$ 44,054,941
ACCUMULATED SURPLUS (Note 13)	\$ 46,846,513	\$ 46,512,520

Commitments and contingencies (Note 16 and 17)

Approved on behalf of Council by:





Town of Sundre
Statement of Operations and Accumulated Surplus
As at December 31, 2021

	Budget \$	2021 \$	2020 \$
REVENUE			
Net municipal taxes (Schedule 3)	\$ 3,509,312	\$ 3,615,861	\$ 3,647,933
User fees and sales of goods	3,925,993	4,387,996	3,964,062
Government transfers for operating (Schedule 4)	810,343	1,226,218	1,140,330
Investment Income	16,000	53,581	72,381
Fines, penalties and cost of taxes	117,700	153,629	92,005
Licenses and permits	87,300	117,861	75,940
Rentals	108,508	81,714	64,737
Other	209,200	245,834	305,513
Total Revenue	\$ 8,784,356	\$ 9,882,694	\$ 9,362,901
EXPENSES			
Legislative	\$ 308,926	\$ 351,836	\$ 305,949
Administration	742,761	706,182	717,690
Protective services	861,627	858,957	679,215
Roads, streets, walks, lighting	1,734,899	1,459,501	1,355,388
Water supply and distribution	1,281,733	1,120,069	1,042,040
Wastewater treatment and disposal	839,754	883,754	795,032
Waste management	247,224	263,283	268,929
Gas distribution	1,230,391	1,564,885	1,170,323
Family and community support	35,520	166,017	165,785
Land use planning, zoning and development	701,760	641,660	632,200
Parks and recreation	1,817,527	1,685,038	1,575,829
Culture	130,001	329,952	321,834
Total Expenses	\$ 9,932,123	\$ 10,031,134	\$ 9,030,214
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	\$ (1,147,767)	\$ (148,440)	\$ 332,687
OTHER			
Contributed Assets	-	-	316,600
Government Transfers for capital (Schedule 4)	-	482,433	534,197
	\$ -	\$ 482,433	\$ 850,797
EXCESS OF REVENUE OVER EXPENSES	\$ (1,147,767)	\$ 333,993	\$ 1,183,484
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 46,512,520	\$ 46,512,520	\$ 45,329,036
ACCUMULATED SURPLUS, END OF YEAR (Note 13)	\$ 45,364,753	\$ 46,846,513	\$ 46,512,520

Town of Sundre
Statement of Change in Net Financial Assets
As at December 31, 2021

	2021 Budget \$	2021 \$	2020 \$
EXCESS OF REVENUES OVER EXPENSES	\$ (1,147,767)	\$ 333,993	\$ 1,183,484
Change in tangible capital assets			
Acquisition of tangible capital assets	(121,200)	(877,176)	(2,668,445)
Contributed Tangible capital assets	-	-	(316,600)
Loss (Gain) on sale of tangible capital assets	-	491	(2,746)
Amortization of tangible capital assets	2,196,000	1,979,103	1,916,761
Trade-in value on disposal of tangible capital assets	-	-	10,000
Proceeds on disposal of tangible capital assets	-	608	-
	<u>\$ 2,074,800</u>	<u>\$ 1,103,026</u>	<u>\$ (1,061,030)</u>
Change in non-financial assets			
Use (Acquisition) of inventories for consumption	-	33,021	-
(Acquisition) Use of prepaid assets	-	(4,594)	(15,107)
	<u>-</u>	<u>28,427</u>	<u>(15,107)</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 927,033	\$ 1,465,446	\$ 107,347
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>\$ 2,457,579</u>	<u>\$ 2,457,579</u>	<u>\$ 2,350,232</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 3,384,612</u>	<u>\$ 3,923,025</u>	<u>\$ 2,457,579</u>

**Town of Sundre
Statement of Cash Flows
As at December 31, 2021**

	2021 \$	2020 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 333,993	\$ 1,183,484
Non-cash items included in excess (shortfall) of revenue over expenses		
Amortization of tangible capital assets	1,979,103	1,916,761
Tangible capital assets received as contributions	-	(316,600)
Loss / (Gain) on disposal of tangible capital assets	491	(2,746)
Trade-in value on disposal of tangible capital assets	-	10,000
Non-cash charges to operations (net change)		
(Increase) Decrease in taxes and grants in place of taxes	(178,505)	(181,802)
(Increase) Decrease in trade and other receivables	(74,445)	(239,993)
Decrease (Increase) in inventory for consumption	33,021	-
(Increase) Decrease in prepaid expenses	(4,594)	(15,107)
Increase (Decrease) in accounts payable and accrued liabilities	297,990	(332,416)
Increase (Decrease) in deposit liabilities	147,628	52,279
(Decrease) Increase in deferred revenue	(587,391)	214,154
Total cash provided by operations	<u>\$ 1,947,291</u>	<u>\$ 2,288,014</u>
CAPITAL		
Acquisition of tangible capital assets	(877,176)	(2,668,445)
Proceeds on disposal of tangible capital assets	608	-
Cash applied to capital transactions	<u>\$ (876,568)</u>	<u>\$ (2,668,445)</u>
INVESTING		
(Increase) Decrease in investments	-	(54)
Cash provided by investing transactions	<u>\$ -</u>	<u>\$ (54)</u>
FINANCING		
Long-term debt repaid	(464,991)	(473,781)
Long-term debt acquired	-	-
Cash provided by financing transactions	<u>\$ (464,991)</u>	<u>\$ (473,781)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	<u>\$ 605,732</u>	<u>\$ (854,266)</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>\$ 8,896,006</u>	<u>\$ 9,750,272</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 9,501,738</u>	<u>\$ 8,896,006</u>
Cash and temporary investments is made up of:		
Cash and temporary investments (Note 4)	\$ 8,716,289	\$ 7,998,604
Designated portion of cash (Note 4)	785,449	897,402
	<u>\$ 9,501,738</u>	<u>\$ 8,896,006</u>

Town of Sundre
Schedule of Changes in Accumulated Surplus
As at December 31, 2021
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in		2021	2020
			Tangible Assets	Capital		
BALANCE, BEGINNING OF YEAR	\$ 5,338,004	\$ 3,077,951	\$ 38,096,565	\$	\$ 46,512,520	\$ 45,329,036
Excess of revenues over expenses	333,993	-	-	-	333,993	1,183,484
Unrestricted funds designated for future use	(2,304,110)	2,304,110	-	-	-	-
Restricted funds used for operations	49,700	(49,700)	-	-	-	-
Restricted funds re-designated as Unrestricted	-	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(154,909)	154,909	-	-	-
Current year funds used for tangible capital assets	(722,267)	-	722,267	-	-	-
Contributed tangible capital assets	-	-	-	-	-	-
Disposal of tangible capital assets	1,099	-	(1,099)	-	-	-
Annual amortization expense	1,979,103	-	(1,979,103)	-	-	-
Long term debt acquired	-	-	-	-	-	-
Long term debt repaid	(464,991)	-	464,991	-	-	-
Change in accumulated surplus	\$ (1,127,473)	\$ 2,099,501	\$ (638,035)	\$	\$ 333,993	\$ 1,183,484
BALANCE, END OF YEAR	\$ 4,210,531	\$ 5,177,452	\$ 37,458,530	\$	\$ 46,846,513	\$ 46,512,520

TOWN OF SUNDRE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2021
Schedule 2

	Buildings	Engineered Structures	Land	Land Improvements	Machinery & Equipment	Vehicles	2021	2020
COSTS:								
Balance, beginning of year	\$ 15,498,704	\$ 34,654,650	\$ 9,770,110	\$ 2,225,217	\$ 3,692,271	\$ 1,727,604	\$ 67,568,556	\$ 64,612,700
Acquisition of tangible capital assets	16,041	469,342	-	148,454	182,182	40,757	856,776	4,276,013
Work-in-progress	-	20,400	-	-	-	-	20,400	(1,290,968)
Disposal of tangible capital assets	-	-	-	-	-	(10,995)	(10,995)	(29,189)
Balance, end of year	\$ 15,514,745	\$ 35,144,392	\$ 9,770,110	\$ 2,373,671	\$ 3,874,453	\$ 1,757,366	\$ 68,434,737	\$ 67,568,556
ACCUMULATED AMORTIZATION:								
Balance, beginning of year	\$ 6,476,052	\$ 13,342,302	\$ -	\$ 937,680	\$ 1,942,245	\$ 937,092	\$ 23,635,371	\$ 21,740,545
Annual Amortization	464,817	1,088,362	-	133,946	214,374	77,604	1,979,103	1,916,761
Accumulated amortization on disposals	-	-	-	-	-	(9,896)	(9,896)	(21,935)
Balance, end of year	\$ 6,940,869	\$ 14,430,664	\$ -	\$ 1,071,626	\$ 2,156,619	\$ 1,004,800	\$ 25,604,578	\$ 23,635,371
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,573,876	\$ 20,713,728	\$ 9,770,110	\$ 1,302,045	\$ 1,717,834	\$ 752,566	\$ 42,830,159	\$ 43,933,185
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,022,652	\$ 21,312,348	\$ 9,770,110	\$ 1,287,537	\$ 1,750,026	\$ 790,512	\$ 43,933,185	

**Town of Sundre
Schedule of Property and Other Taxes
For the Year Ended December 31, 2021
Schedule 3**

	Budget \$	2021 \$	2020 \$
TAXATION			
Real property taxes	\$ 3,274,993	\$ 4,544,642	\$ 4,558,199
Linear property taxes	120,026	212,907	206,254
Grants in Lieu of Taxes	34,293	-	-
Special assessments and local improvement taxes	80,000	102,035	102,052
	<u>\$ 3,509,312</u>	<u>\$ 4,859,584</u>	<u>\$ 4,866,505</u>
REQUISTIONS			
Alberta School Foundation Fund	-	1,098,362	1,073,455
Mountain View Senior's Housing	-	145,361	145,117
Designated Industrial Properties	-	-	-
	<u>\$ -</u>	<u>\$ 1,243,723</u>	<u>\$ 1,218,572</u>
NET MUNICIPAL TAXES	<u>\$ 3,509,312</u>	<u>\$ 3,615,861</u>	<u>\$ 3,647,933</u>

Town of Sundre
Schedule of Government Transfers
For the Year Ended December 31, 2021
Schedule 4

	Budget \$	2021 \$	2020 \$
TRANSFERS FOR OPERATING			
FEDERAL TRANSFERS			
Canada Summer Jobs	\$ -	\$ 5,885	\$ -
PROVINCIAL TRANSFERS			
Family & Community Services	-	71,478	71,478
Municipal Sustainability Initiative - Operating	30,000	42,000	44,008
Municipal Operating Support Transfer	-	87,619	-
Municipal Stimulus Program	-	34,455	-
River Bank Stabilization	-	-	-
Flood Mitigation	-	-	-
Other	-	94,711	157,098
	<u>\$ 30,000</u>	<u>\$ 330,263</u>	<u>\$ 272,584</u>
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	780,343	890,070	867,746
Total Operating	<u>\$ 810,343</u>	<u>\$ 1,226,218</u>	<u>\$ 1,140,330</u>
TRANSFERS FOR CAPITAL			
FEDERAL TRANSFERS			
Federal Gas Tax Rebate	-	36,818	281,970
PROVINCIAL TRANSFERS			
Municipal Sustainability Initiative - Capital	-	69,999	252,227
Municipal Operating Support Transfer	-	98,477	-
Municipal Stimulus Program	-	277,139	-
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements	-	-	-
Total Capital	<u>\$ -</u>	<u>\$ 482,433</u>	<u>\$ 534,197</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 810,343</u>	<u>\$ 1,708,651</u>	<u>\$ 1,674,527</u>

**Town of Sundre
Schedule of Expenses by Object
For the Year Ended December 31, 2021
Schedule 5**

	Budget \$	2021 \$	2020 \$
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 3,204,824	\$ 3,226,606	\$ 3,030,771
Contracted and general services	788,867	744,537	840,157
Materials, goods, utilities and other	2,983,736	3,077,111	2,257,440
Transfers to local organizations	553,696	803,333	764,376
Interest on long-term debt	205,000	200,444	220,709
Amortization of tangible capital assets	2,196,000	1,979,103	1,916,761
	<u>\$ 9,932,123</u>	<u>\$ 10,031,134</u>	<u>\$ 9,030,214</u>

Town of Sundre
Schedule of Segmented Disclosure
For the Year Ended December 31, 2021
Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Utility Services	Total \$
REVENUE							
Net Municipal Taxes	\$ 3,615,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,615,861
Government transfers	167,497	171,261	352,508	89,253	928,132	-	1,708,651
User fees and sales of goods	140,353	183,254	93,754	127,788	324,461	3,871,590	4,741,200
Investment income	53,581	-	-	-	-	-	53,581
Other revenues	228,404	4,265	-	-	13,165	-	245,834
	\$ 4,205,696	\$ 358,780	\$ 446,262	\$ 217,041	\$ 1,265,758	\$ 3,871,590	\$ 10,365,127
EXPENSES							
Contract & general services	\$ 204,984	\$ 119,385	\$ 39,580	\$ 29,486	\$ 89,017	\$ 262,085	\$ 744,537
Salaries & wages	471,019	378,339	363,578	409,630	744,018	860,022	3,226,606
Goods & supplies	258,749	216,075	345,057	191,730	351,488	1,714,012	3,077,111
Transfers to local organizations	-	26,432	-	10,814	698,599	67,488	803,333
Long-term debt interest	14,606	-	129,893	-	1,132	54,813	200,444
Other expenses	-	-	-	-	-	-	-
	\$ 949,358	\$ 740,231	\$ 878,108	\$ 641,660	\$ 1,884,254	\$ 2,958,420	\$ 8,052,031
NET REVENUE, BEFORE AMORTIZATION	\$ 3,256,338	\$ (381,451)	\$ (431,846)	\$ (424,619)	\$ (618,496)	\$ 913,170	\$ 2,313,096
Amortization expense	(108,658)	(118,726)	(581,394)	-	(296,755)	(873,570)	(1,979,103)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 3,147,680	\$ (500,177)	\$ (1,013,240)	\$ (424,619)	\$ (915,251)	\$ 39,600	\$ 333,993

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) **Reporting Entity**

The financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and changes in financial position of the reporting entity that comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled by the municipality.

The schedule of taxes levied also includes requisitions for education and seniors’ lodges that are not part of the municipal reporting entity. 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 recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

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

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

c) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles for local governments established by PSAB requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) **Government Transfers**

Government transfers are the transfers of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) **Deferred Revenue**

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

f) **Taxes and Grants in place of Taxes Receivable**

Taxes and grants in place of taxes receivable consist of current and non-current property tax levies, which remain outstanding at December 31.

g) **Cash and Temporary Investments**

Cash is comprised of cash, temporary investments and designated cash deposited with financial institutions. Temporary investments are defined as short-term deposits with original maturities of three months or less and that can be converted to cash as required. Designated cash relates to conditional grants received.

h) **Investments**

Investments are recorded at amortized cost. When there is a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

i) **Prepaid Local Improvement Charges**

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

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

j) **Non-Financial Assets**

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

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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 in accordance with Board Policy B-019 – Tangible Capital Assets as follows:

	YEARS
Land Improvements	15 - 25
Buildings	25 - 30
Engineered Structures	
Water System	30 - 40
Waste Water System	30 - 75
Gas System	30 - 50
Other engineered structures	5 - 40
Machinery & Equipment	3 - 40
Vehicles	10 - 25

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. Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

l) Contributions of Tangible Capital Assets

Contributed tangible capital assets are recorded at fair value at the date of receipt and are recorded as revenue at the date of receipt.

m) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the weighted average cost method.

n) Restricted Surpluses for Future Expenditures

Restricted Surpluses are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from restricted surplus accounts are reflected in accumulated surplus.

o) Leases

Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefit 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.

p) Contaminated Sites

The Town of Sundre reviews all contaminated sites for possible liabilities associated with the remediation of such sites. Management has assessed such sites and has determined there is no liability regarding the remediation of these sites.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) **Related Party Transactions**

Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and when the transactions have, or could have, a material financial effect on the financial statements. Related parties and transactions are reviewed annually.

2. COVID-19 PANDEMIC

Management has assessed the financial impact of COVID-19 at December 31, 2021, including the impact of additional lost facility operating revenue, the collectability of receivables, and the impact on its cash flows and borrowing agreements. To date, the current economic challenges have resulted in moderate declines in facility revenues due to closures, and a reduction of penalty revenue due to Council deferral initiatives. Cash flows have remained acceptable throughout the pandemic to date and have had minimal impact. The Government of Alberta has provided funding through the Municipal Operating Support Transfer initiative, which has been utilized to offset the additional costs associated with complying with provincial health measures and compensate for reduced revenues (see Note 7). While the Town is in a sound financial position, it is possible the pandemic may continue to have a material long-term adverse effect on the future operations and cash flows, including increased defaults or bankruptcies of property owners.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the organization is not known at this time. The Town of Sundre will continue to monitor the impacts of the pandemic on the community that it serves and its employees and continue to adjust to the volatile situation.

3. FUTURE ACCOUNTING POLICIES

The Public Sector Accounting Board (PSAB) recently announced the following accounting pronouncements:

PSAB Section 3450, Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2022, while early adoption is encouraged the Town will not be adopting early. In addition, the Town will be required to assess Section 3041, Portfolio investments; Section 3050, Loans receivable; Section 3390, Contractual obligations; Section 3230, Long-term debt; Section 2500, Consolidation; and Section 3070, Investments in government business enterprises.

PSAB Section 1201, Financial Statement Presentation

This section is effective for fiscal years beginning on or after April 1, 2022, when sections PS 2601 and PS 3450 are adopted and establishes new general reporting principles and standards for the disclosure of information in government financial statements.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021**

3. FUTURE ACCOUNTING POLICIES (continued)

PSAB Section 2601, Foreign Currency Translation

This section is effective for fiscal years beginning on or after April 1, 2022 and establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements.

PSAB Section 3280, Asset Retirement Obligations

This section is effective for fiscal years beginning on or after April 1, 2022 and provides guidance on accounting for asset retirement obligations.

PSAB Section 3160, Public Private Partnerships

This section is effective for fiscal years beginning on or after April 1, 2023 and provides guidance on recognition and measurement of public private partnerships as infrastructure assets and liabilities.

PSAB Section 3400, Revenue

This section is effective for fiscal years beginning on or after April 1, 2023 and provides greater clarity on the difference between exchange and non-exchange transactions.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

4. CASH AND TEMPORARY INVESTMENTS

	2021	2020
	\$	\$
Cash	7,850,624	7,141,461
Temporary Investments	865,665	857,143
Designated Cash	785,449	897,402
	9,501,738	8,896,006

5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2021	2020
	\$	\$
Current taxes and grants in place of taxes	700,600	522,095
Trade and other	1,108,343	1,033,898
	1,808,943	1,555,993

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

6. INVESTMENTS

	2021	2020
	\$	\$
Investment in Gas Alberta Inc.		
Shares at cost	254	254
Debentures	27,500	27,500
	27,754	27,754

The investment in Gas Alberta Inc. consists of shares of \$254 and debenture of \$27,500 that is non-interest bearing and is due when the Gas Alberta Inc. contract expires. Expiry requires five years notice prior to service termination. Shares are not publically traded therefore fair market value is not readily available.

7. DEFERRED REVENUE

	2021		2021
	Beginning	Additions	End
	\$		\$
Prepaid local improvement charges	23,366	-	-
Mountain View Senior's Housing	21,814	24	21,838
	45,180	24	21,838
Grants			
FRIAA FireSmart Program	36	1	37
Travel Alberta	-	89,253	-
Fortis Community Naturalization	-	1,200	1,200
Municipal Operating Support Transfer	186,096	-	-
Municipal Sustainability Int. - Operating	32,387	31,685	22,072
Municipal Stimulus Program	280,000	44,394	12,800
Canada Community Building Fund (formerly Federal Gas Tax Fund)	300,624	1,549	265,355
Municipal Sustainability Int. - Capital	564,355	3,629	497,985
	1,363,498	171,711	799,449
	1,408,678	171,735	821,287

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

7. DEFERRED REVENUE (continued)

Deferred revenue represents amounts received or receivable which will be recognized as revenue in the period in which they are earned and corresponding expenditures are incurred.

The use of the Municipal Sustainability Initiative Grants and the Federal Gas Tax Grant is restricted to eligible capital projects as approved by the Province, which are scheduled for completion in the future.

Prepaid local improvement charges are being amortized to revenue at a rate of \$23,366 per year ending in 2021.

8. LONG-TERM DEBT

	2021 \$	2020 \$
Tax supported debentures	4,148,599	4,384,280
Special levies supported debentures	-	112,243
Utility supported debentures	1,223,030	1,340,097
	5,371,629	5,836,620

The current portion of long-term debt is \$329,461 (2020 - \$464,991).

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2022	329,461	185,884	515,345
2023	341,894	173,451	515,345
2024	354,819	160,527	515,346
2025	368,255	147,091	515,346
2026	382,224	133,122	515,346
Thereafter	3,594,976	630,290	4,225,266
	5,371,629	1,430,365	6,801,994

Debenture debt is repayable to the Alberta Capital Finance Authority bearing interest rates ranging from 2.46% to 5.24% per annum, before provincial subsidy and matures in periods 2022 to 2039. For qualifying debentures, the Province of Alberta rebates interest. Debenture debt is issued on the credit and security of the Town of Sundre at large.

Interest on long-term debt amounted to \$200,444 (2020 - \$220,709).

The Town's total cash payments for interest in 2021 were \$202,582 (2020 - \$220,648).

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

9. RESTRICTED SURPLUSES

Restricted Surpluses for operating and capital activities are as follows:

	Beginning of Year	End of Year
	\$	\$
Operating		
General Corp. Stabilization	610,252	1,400,316
Corp. Serv. Stabilization	-	53,216
Prot. Serv. Stabilization	-	13,041
Mun. Op. Stabilization	-	35,904
Development Stabilization	-	30,584
Comm. Serv. Stabilization	-	75,411
Fire (Operating)	103,029	119,318
	<u>713,281</u>	<u>1,727,790</u>
Capital		
Municipal New Projects	1,185	53,780
Municipal Life-cycling	685,193	754,458
Utility Life-cycling	506,164	1,358,506
Fire (Capital)	738,732	846,808
Off-Site Levy - Water	314,065	315,812
Municipal Reserve	63,960	64,316
Sundre Golf Society	55,371	55,982
	<u>2,364,670</u>	<u>3,449,662</u>
Total Restricted Surpluses	<u><u>3,077,951</u></u>	<u><u>5,177,452</u></u>

Capital Restricted Surpluses are based on a 10-year capital replacement plan that is approved by Council on an annual basis.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

10. DEBT LIMITS

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

	2021	2020
	\$	\$
Total debt limit	14,824,041	14,044,352
Total debt	5,371,629	5,836,620
Amount of debt limit unused	9,452,412	8,207,732
	2021	2020
	\$	\$
Debt servicing limit	2,470,673	2,340,725
Debt servicing	667,572	694,429
Amount of debt servicing limit unused	1,803,101	1,646,296

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue.

Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2021	2020
	\$	\$
Land	9,770,110	9,770,110
Land Improvements	1,302,045	1,287,537
Buildings	8,573,876	9,022,652
Engineered Structures	20,713,728	21,312,348
Machinery, equipment and furnishings	1,717,834	1,750,026
Vehicles	752,566	790,512
	42,830,159	43,933,185

There were contributed assets of nil in 2021 (2020 - \$316,600); and the total contributed assets value is \$1,348,257 (2020 - \$1,348,257).

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
	\$	\$
Tangible Capital Assets (Schedule 2)	68,434,737	67,568,556
Accumulated Amortization (Schedule 2)	(25,604,578)	(23,635,371)
Long-term Debt (Note 8)	(5,371,629)	(5,836,620)
	37,458,530	38,096,565

13. ACCUMULATED SURPLUS

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

	2021	2020
	\$	\$
Equity in tangible capital assets (Note 12)	37,458,530	38,096,565
Unrestricted surplus (Schedule 1)	4,210,531	5,338,004
Restricted surplus		
Operating Restricted Surplus (Note 9)	1,727,790	713,281
Capital Restricted Surplus (Note 9)	3,449,662	2,364,670
	46,846,513	46,512,520

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plan Act. The LAPP serves about 274,151 people and 420 employers. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Sundre is required to make current service contributions to the plan of 9.39% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% for the excess. Employees of the Town 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 town to the LAPP in 2021 were \$217,390 (2020 - \$215,416). Total current service contributions by the employees of the town to the LAPP in 2021 were \$196,363 (2020 - \$194,844).

At December 31, 2020 LAPP disclosed an actuarial surplus of \$4.9 billion (2019 - \$7.9 billion).

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

15. SALARY AND BENEFITS DISCLOSURE

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

			2021	2020
			\$	\$
	Salary ¹	Benefits & Allowances ²	Total	Total
Mayor & Councillors:				
Mayor, Leslie	20,652	-	20,652	26,440
Mayor, Warnock	6,907	-	6,907	-
Councillor, Dalke	17,214	747	17,961	18,034
Councillor, Funke	13,346	573	13,919	18,779
Councillor, Isaac	15,807	671	16,478	15,908
Councillor, Preston	9,676	403	10,079	16,358
Councillor, Warnock	12,751	-	12,751	15,904
Councillor, Wolfe	12,104	506	12,610	16,097
Councillor, Anderson	3,053	-	3,053	-
Councillor, Marr	3,578	158	3,736	-
Councillor, Petersen	3,843	173	4,016	-
Councillor, Vardas	4,283	197	4,480	-
	123,214	3,428	126,642	127,520
Chief Administrative Officer	171,630	28,872	200,502	199,980

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, and per diem payments.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021**

16. COMMITMENTS

The Town of Sundre has an agreement with Wild Rose Assessment Services Inc. to provide assessment services. Assessment services are required by the municipality in order to carry out the assessment of property within each municipality, primarily for taxation purposes. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until the end of March 31, 2022.

January 1, 2022 – March 31, 2022	\$ 9,810
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The Town of Sundre has an agreement with Jane Finney to provide animal control services. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until the end of December 31, 2022.

January 1, 2022 – December 31, 2022	\$25,200
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The Town of Sundre has agreements with Environmental 360 Solutions Ltd to provide for the residential collection and processing of solid waste, recyclables and compost/organics services. Under the terms of the agreements the Town of Sundre is committed to the following monthly charges:

Residential Solid Waste	January 1, 2022 – May 31, 2022 - \$1.37 per household	
Compost/Organics	January 1, 2022 – May 31, 2022 - \$1.37 per household	
Recyclables	January 1, 2022 – May 31, 2022 - \$1.61 per household	

The Town of Sundre has agreements with Angela's Janitorial Services to provide custodial services to the Town of Sundre firehall, town office and town shop facilities. Under the terms of the agreements the Town of Sundre is committed to the following charges:

Firehall	January 1, 2022 – December 31, 2022	\$14,500
	January 1, 2023 – December 31, 2023	\$14,500
	January 1, 2024 – May 31, 2024	\$5,750
Town Office	January 1, 2022 – December 31, 2022	\$26,300
	January 1, 2023 – December 31, 2023	\$26,300
	January 1, 2024 – May 31, 2024	\$11,175
Town Shop	January 1, 2022 – December 31, 2022	\$18,730
	January 1, 2023 – December 31, 2023	\$18,730
	January 1, 2024 – May 31, 2024	\$8,290

The Town of Sundre has eight agreements with ADT Canada Inc to provide security monitoring services to each of the Town owned facilities. Under the terms of the agreements, the Town of Sundre is committed to the following charges:

January 1, 2022 – December 31, 2022	\$5,179
January 1, 2023 – March 31, 2023	\$1,295

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

16. COMMITMENTS (continued)

The Town of Sundre has an equipment lease agreement with Xerox Financial Services Canada Ltd in regards to a multifunction printer/copier. Under the terms of the agreement, the Town of Sundre is committed to the following charges:

January 1, 2022 – December 31, 2022	\$5,280
January 1, 2023 – December 31, 2023	\$5,280
January 1, 2024 – December 31, 2024	\$5,280
January 1, 2025 – December 31, 2025	\$5,280
January 1, 2026 – August 24, 2026	\$3,520

17. CONTINGENCIES

The Town of Sundre, in the conduct of its normal activities can be named as a defendant in legal proceedings. The ultimate outcome of these proceedings can often not be determined until the proceedings are completed. Should any loss result from the resolution of these proceedings or if the amount of the loss can be determined, such amount would be expensed as they become known to the Town.

The Town of Sundre is a member of the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE). Under the terms of the membership, the town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

18. FINANCIAL INSTRUMENTS

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

The town is subject to credit risk with respect to taxes, utilities and other accounts receivables. Credit risk arises from the possibility that some taxpayers and other customers may experience financial difficulty and be unable to fulfill their obligations. The Town's customers and taxpayers are diverse which minimizes this risk.

Other than long-term debt or otherwise noted, the carrying value of the financial instrument approximates fair value.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

19. SEGMENTED DISCLOSURE

The Town is a diversified municipal government that provides a wide range of services to its citizens, including bylaw, fire, water, wastewater and gas management.

For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. Certain functions that have been disclosed in the segmented information, along with services provided are as follows:

a) General Government

This category encompasses General revenue which includes taxes, government transfers, investment income, and franchise fees as well as Legislative Services which pertains to Town Council, Chief Administrative Officer and Legislative Services and also includes Corporate Services which oversees Financial Services, Taxation Administration, Utilities Administration, Accounts Payable, Accounts Receivable, Payroll, Insurance and Risk Management, Human Resources, and Information Technology.

b) Protective Services

Protective services includes Bylaw Enforcement, Animal Control, Disaster Services and Fire Services.

c) Transportation Services

This category includes Roads, sidewalk maintenance, street lighting, fleet management and Shop.

d) Planning and development

This category includes municipal planning, development and economic development.

e) Utility Services

This category includes water supply and distribution, water treatment, wastewater treatment and disposal, waste and recycling and the purchase and distribution of gas services for the Town.

f) Recreation and Culture

Parks and recreation includes the Sundre Community Centre, Arena, Greenwood Campground, Baseball, Parks, Recreation & Culture grants, Community Services, Trails, Outdoor Rinks, Recreation Fields, funds provided to the Sundre Municipal Library, and funds provided to Greenwood Neighbourhood place to provide Family and Community Support Services (FCSS).

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (Schedule 6).

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2021

20. REVOLVING LINE OF CREDIT

In 2021, the Town dissolved the \$750,000 revolving demand facility. Use of the line of credit was limited to funding current expenditures and obligations of the Town until such time as the taxes levied or to be levied are collected. It was secured by the assets of the Town. The balance outstanding at December 31, 2021 is nil (2020 – nil). This line of credit bore interest at a rate of prime plus 1.00% per annum and was payable on a monthly basis.

21. BUDGET AMOUNTS

The 2021 Budget of the Town of Sundre was approved by Council on December 21, 2020 and has been reported in the financial statements for information purposes only.

22. APPROVAL OF FINANCIAL STATEMENTS

The Council and Management have approved these financial statements.