

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**

**Consolidated Financial Statements**

**For the year ended December 31, 2020**

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**

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**For the year ended December 31, 2020**

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CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To: The Reeve and Members of Council of  
the Municipal District of Bighorn No. 8

### *Opinion*

We have audited the consolidated financial statements of the Municipal District of Bighorn No. 8 which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Bighorn No. 8 as at December 31, 2020, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipal District of Bighorn No. 8 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 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 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 Municipal District of Bighorn No. 8'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 Municipal District of Bighorn No. 8 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipal District of Bighorn No. 8's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT, continued

- 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 Municipal District of Bighorn No. 8'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 Municipal District of Bighorn No. 8'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 company 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.

### *Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, we confirm that the Municipal District of Bighorn No. 8 is in compliance with the Debt Limit Regulation. A detailed account of the Municipal District's debt limit can be found in note 10.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, we confirm that the Municipal District of Bighorn No. 8 is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 20.

Lethbridge, Alberta

April 13, 2021



Chartered Professional Accountants

## MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Municipal District of Bighorn No. 8.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Municipal District of Bighorn No. 8 maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Municipal District of Bighorn No. 8's assets are properly accounted for and adequately safeguarded.

The elected Council of the Municipal District of Bighorn No. 8 is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Finance and Administration and General Services committees.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Municipal District of Bighorn No. 8. Avail LLP has full and free access to the Council.

*Robert Ellis*

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Chief Administrative Officer

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2020**

	2020	2019
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 11,760,588	\$ 10,545,268
Taxes and grants in place of taxes receivable (note 3)	788,722	342,076
Trade and other receivables (note 4)	7,298,230	6,171,892
Notes receivable (note 5)	622,762	721,127
Investments (note 6)	5,746,827	6,448,965
	26,217,129	24,229,328
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,375,382	1,083,487
Employee benefit obligations (note 7)	97,790	78,909
Provision for gravel pit reclamation	307,200	310,000
Deferred revenue (note 8)	6,873,858	3,400,019
Long-term debt (note 9)	986,162	1,388,410
	9,640,392	6,260,825
<b>Net financial assets</b>	16,576,737	17,968,503
<b>Non-financial assets</b>		
Prepaid expenses	145,092	150,199
Inventory for consumption	408,700	69,853
Tangible capital assets (schedule 2)	73,830,756	71,078,172
	74,384,548	71,298,224
<b>Accumulated surplus</b> (note 11 and schedule 1)	\$ 90,961,285	\$ 89,266,727

*Commitments and contingencies* (note 21)

Approved on behalf of Council:

Councillor Robert Ellis

Councillor Bene W. Cooper

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
<b>Revenue</b>			
Net municipal property taxes (note 12)	\$ 6,787,663	\$ 6,438,277	\$ 6,436,099
User fees and sales of goods	1,245,420	1,174,124	1,000,209
Government transfers for operating (note 13)	3,607,780	1,606,647	6,765,373
Investment income	130,000	344,760	493,852
Penalties and costs of taxes	50,000	55,991	84,078
Licenses and permits	90,000	75,491	214,128
Gain on disposal of tangible capital assets	-	15,200	-
Other	87,500	327,369	1,723,581
	11,998,363	10,037,859	16,717,320
<b>Expenses (note 14)</b>			
Legislative	765,534	602,786	606,365
Administration	884,814	916,771	886,105
Fire	693,208	686,690	704,909
Emergency measures and disaster services	94,677	72,140	36,367
Bylaw enforcement	248,159	232,012	213,464
Common and equipment pool	1,494,873	1,570,363	1,503,651
Roads, streets, walks and lighting	1,830,121	1,661,495	1,396,385
Water supply and distribution	1,146,208	2,081,491	743,336
Wastewater treatment and disposal	540,510	393,058	439,646
Waste management	379,124	354,378	442,030
Other environmental use and protection	-	2,592,602	6,506,607
Public health and welfare services	188,255	749,858	477,480
Land use planning, zoning and development	603,712	533,940	542,208
Economic and agricultural development	323,339	410,194	331,271
Parks and recreation	263,474	179,215	186,333
Culture - libraries, museums, halls	37,731	34,295	35,811
	9,493,739	13,071,288	15,051,968
<b>Excess (deficiency) of revenue over expenses before other</b>	2,504,624	(3,033,429)	1,665,352
<b>Other</b>			
Government transfers for capital (note 13)	525,962	635,690	359,022
Contributed assets	-	4,092,297	-
	525,962	4,727,987	359,022
<b>Excess of revenue over expenses</b>	3,030,586	1,694,558	2,024,374
<b>Accumulated surplus, beginning of year</b>	89,266,727	89,266,727	87,242,353
<b>Accumulated surplus, end of year</b>	\$ 92,297,313	\$ 90,961,285	\$ 89,266,727

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2020**

	Budget (Unaudited)	2020	2019
<b>Excess of revenue over expenses</b>	\$ 3,030,586	\$ 1,694,558	\$ 2,024,374
Acquisition of tangible capital assets	(5,451,130)	(704,677)	(816,809)
Amortization of tangible capital assets	1,974,000	2,044,390	1,973,838
Contributed assets	-	(4,092,297)	-
Gain on disposal of tangible capital assets	-	(15,200)	-
Proceeds on disposal of tangible capital assets	-	15,200	-
	(3,477,130)	(2,752,584)	1,157,029
Net change in inventory for consumption	-	(338,847)	5
Net change in prepaid expense	-	5,107	(27,227)
	-	(333,740)	(27,222)
<b>Increase (decrease) in net financial assets</b>	(446,544)	(1,391,766)	3,154,181
<b>Net financial assets, beginning of year</b>	17,968,503	17,968,503	14,814,322
<b>Net financial assets, end of year</b>	\$ 17,521,959	\$ 16,576,737	\$ 17,968,503



**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2020

	2020	2019
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 1,694,558	\$ 2,024,374
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(15,200)	-
Amortization of tangible capital assets	2,044,390	1,973,838
Contributed assets	(4,092,297)	-
Amortization of bond premiums (discounts)	(1,123)	(1,120)
	(369,672)	3,997,092
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(446,646)	(74,513)
Trade and other receivables	(1,126,337)	(2,679,029)
Inventory for consumption	(338,847)	5
Prepaid expenses	5,107	(27,227)
Accounts payable and accrued liabilities	291,895	706,727
Employee benefit obligations	18,881	10,311
Deferred revenue	3,473,839	(4,716,174)
Provision for gravel pit reclamation	(2,800)	-
Cash provided by (applied to) operating transactions	1,505,420	(2,782,808)
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	15,200	-
Acquisition of tangible capital assets	(704,677)	(816,809)
Cash applied to capital transactions	(689,477)	(816,809)
<b>Investing transactions</b>		
Increase in investments	703,260	906,112
Receipts of notes receivable	98,365	101,174
Cash provided by investing transactions	801,625	1,007,286
<b>Financing transactions</b>		
Repayment of long-term debt	(402,248)	(705,435)
<b>Increase (decrease) in cash and temporary investments</b>	<b>1,215,320</b>	<b>(3,297,766)</b>
<b>Cash and temporary investments, beginning of year</b>	<b>10,545,268</b>	<b>13,843,034</b>
<b>Cash and temporary investments, end of year</b>	<b>\$ 11,760,588</b>	<b>\$ 10,545,268</b>
<b>Cash and temporary investments consists of:</b>		
Cash (note 2)	\$ 2,413,456	\$ 1,138,215
Temporary investments (note 2)	9,347,132	9,407,053
	<b>\$ 11,760,588</b>	<b>\$ 10,545,268</b>

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**1. Significant accounting policies**

The consolidated financial statements of the Municipal District of Bighorn No. 8 are the representations of management prepared in accordance with public sector accounting standards for local government established by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipal District of Bighorn No. 8 are as follows:

(a) Basis of accounting

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

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

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

(b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Municipal District of Bighorn No. 8 and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

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

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expense 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) Investments

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

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

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**1. Significant accounting policies, continued**

(e) Development levies  
Development levies are recorded when the amount can be reasonably estimated and collection is reasonably assured. All levies are due within 24 months of the signing date of the respective agreement.

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

(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) 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.

(i) 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.

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

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**1. Significant accounting policies, continued**

(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	15-75
Buildings	20-70
Engineered structures	3-99
Machinery and equipment	10-45

Amortization is calculated from the month the asset is put into service until the month the asset is disposed of. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(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 but are disclosed.

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**2. Cash and temporary investments**

	2020	2019
Cash	\$ 2,413,456	\$ 1,138,215
Temporary investments	9,347,132	9,407,053
	<u>\$ 11,760,588</u>	<u>\$ 10,545,268</u>

Temporary investments are short-term deposits with original maturities of twelve months or less. The temporary investments are comprised of bonds and short term securities with interest rates of 1.61% to 1.90%.

The Municipal District has established a line of credit to help finance short term cash flow deficiencies, with the Royal Bank of Canada, to a maximum of \$1,830,000 which bears interest at prime less 0.5%. As at December 31, 2020, there was no balance outstanding on this line of credit.

See page 7 of the consolidated financial statements for the change in cash and temporary investments for the current year.

**3. Taxes and grants in place of taxes receivable**

	2020	2019
Taxes and grants in place of taxes receivable	\$ 696,720	\$ 277,971
Arrears	92,002	64,105
	<u>\$ 788,722</u>	<u>\$ 342,076</u>

**4. Trade and other receivables**

	2020	2019
Alberta Community Resiliency Program	\$ 2,900,000	\$ -
Local improvement levies	2,402,086	2,763,019
Municipal Sustainability Initiative (MSI) - capital	653,498	212,713
Federal Gas Tax Fund	452,634	376,327
Flood mitigation	319,106	1,891,135
Trade receivables	297,493	504,400
Goods and Service Tax (GST)	132,596	277,751
Municipal Sustainability Initiative (MSI) - operating	108,465	72,161
Utilities	32,560	27,530
Allowance for doubtful accounts	(208)	(8,394)
Forest Resource Improvement Association of Alberta	-	55,250
	<u>\$ 7,298,230</u>	<u>\$ 6,171,892</u>

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**5. Notes receivable**

	2020	2019
Note receivable from Bow Valley Waste Management Commission is repayable at \$95,125 annually and is non-interest bearing. The note is due in 2027.	\$ 591,022	\$ 686,147
Note receivable from Bow Valley Regional Housing Repayable at \$4,808 annually including interest at 4.48%. The note is due in 2028.	31,740	34,980
	\$ 622,762	\$ 721,127

**6. Investments**

	2020		2019	
	Cost	Market value	Cost	Market value
Investments	\$ 5,746,827	\$ 6,026,915	\$ 6,448,965	\$ 6,539,237

Guaranteed investment certificates and government guaranteed bonds have effective interest rates of 1.75% to 3.00% (2019 - 1.61% to 3.00%) with maturity dates from 2022 to 2027.

**7. Employee benefit obligations**

	2020	2019
Employee benefit obligations	\$ 97,790	\$ 78,909

**Vacation and overtime**

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

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**8. Deferred revenue**

Deferred revenue consists of the deferred portion of a developer contribution, deposits and deferred grant revenue.

Government transfers consists of funding received from the provincial government for which stipulations have not yet been met. The use of these funds is restricted to eligible projects approved under the funding agreements.

	2019	Received	Recognized	2020
Deferred Grant Revenue - operating	299,709	3,805,064	1,086,647	3,018,126
Alberta Municipal Water/Wastewater Partnership (AMWWP) - capital	1,034,895	7,762	-	1,042,657
Municipal Sustainability Initiative (MSI) - capital	566,374	867,911	586,757	847,528
Alberta Municipal Infrastructure Program (AMIP) - capital	695,483	5,216	-	700,699
Federal Gas Tax Fund	343,794	78,885	-	422,679
Exshaw water treatment upgrade - capital	-	402,784	28,294	374,490
Deposits	325,191	12,888	93,500	244,579
Bridge Grant Program - capital	-	222,370	500	221,870
Developer contribution and other deferred revenue	11,664	479	10,913	1,230
Municipal Sustainability Initiative (MSI) - operating	122,909	36,304	159,213	-
	<u>3,400,019</u>	<u>5,439,663</u>	<u>1,965,824</u>	<u>6,873,858</u>

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**9. Long-term debt**

	2020	2019
Tax supported debentures	\$ 986,162	\$ 1,388,410
Current portion	\$ 82,590	\$ 402,248

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 82,590	\$ 37,130	\$ 119,720
2022	85,796	33,924	119,720
2023	89,126	30,594	119,720
2024	92,586	27,134	119,720
2025	96,180	23,540	119,720
Thereafter	539,884	58,713	598,597
	\$ 986,162	\$ 211,035	\$ 1,197,197

Debenture debt is repayable to Treasury Board and Finance and bears interest at 3.844% per annum and matures in 2030.

Interest on long-term debt amounted to \$43,203 (2019 - \$66,768).

The Municipal District of Bighorn No. 8's total cash payments for interest in 2020 were \$45,874 (2019 - \$71,089).



**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**10. 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 Municipal District of Bighorn No. 8 be disclosed as follows:

	2020	2019
Total debt limit	\$ 15,056,789	\$ 25,075,979
Total debt	986,162	1,388,410
	\$ 14,070,627	\$ 23,687,569
Debt servicing limit	\$ 2,509,465	\$ 4,179,330
Debt servicing	119,720	448,122
	\$ 2,389,745	\$ 3,731,208

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs.

These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which 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.

Revenues included in the above calculation may be comprised of one time funding related to disaster recovery, flooding and insurance proceeds.

**11. Accumulated surplus**

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

	2020	2019
Unrestricted surplus	\$ 4,006,391	\$ 4,077,793
Equity in tangible capital assets (note 15)	72,844,594	69,689,762
Internally restricted surplus (reserves) (note 16)	14,110,300	15,499,172
	\$ 90,961,285	\$ 89,266,727

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**12. Net municipal property taxes**

	Budget (Unaudited)	2020	2019
<b>Taxation</b>			
Real property taxes	\$ 8,226,025	\$ 8,322,985	\$ 8,065,546
Linear property taxes	877,077	802,457	871,523
Other levies	45,000	64,091	39,733
Government grants in place of property taxes	48,349	49,289	53,885
	9,196,451	9,238,822	9,030,687
<b>Requisitions</b>			
Alberta School Foundation Fund	2,236,343	2,641,558	2,422,142
Bow Valley Regional Housing Authority	172,445	158,987	172,446
	2,408,788	2,800,545	2,594,588
	\$ 6,787,663	\$ 6,438,277	\$ 6,436,099

**13. Government transfers**

	Budget (Unaudited)	2020	2019
<b>Transfers for operating:</b>			
Provincial government	\$ 3,607,780	\$ 1,606,647	\$ 6,765,373
<b>Transfers for capital:</b>			
Provincial government	525,962	635,690	359,022
	\$ 4,133,742	\$ 2,242,337	\$ 7,124,395

**14. Expenses by object**

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 3,054,041	\$ 2,960,141	\$ 2,796,614
Contracted and general services	2,193,433	1,831,039	1,916,303
Materials, goods, supplies and utilities	1,496,925	2,605,389	1,033,770
Bank charges and short term interest	3,000	6,673	5,693
Interest on long term debt	448,122	43,203	66,768
Other expenditures	11,100	2,600,062	6,602,235
Transfers to organizations and others	313,118	988,577	603,563
Provision for allowances	-	(8,186)	53,184
Amortization of tangible capital assets	1,974,000	2,044,390	1,973,838
	\$ 9,493,739	\$ 13,071,288	\$ 15,051,968

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**15. Equity in tangible capital assets**

	2020	2019
Tangible capital assets (schedule 2)	\$ 110,733,068	\$ 105,968,934
Accumulated amortization (schedule 2)	(36,902,312)	(34,890,762)
Long-term debt (note 9)	(986,162)	(1,388,410)
	\$ 72,844,594	\$ 69,689,762

**16. Reserves**

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2020	2019
<b>Operating</b>		
General operating reserves	\$ 994,841	\$ 1,116,116
Tax rate stabilization	479,980	475,606
Flood recovery reserves	310,244	2,052,558
Elections reserve	12,146	8,072
	1,797,211	3,652,352
<b>Capital</b>		
Engineering structures	2,400,152	2,378,278
Vehicles	2,289,155	2,137,887
Roads	2,692,462	2,321,114
Lot sale proceeds reserve	5,079,669	5,033,376
Jamieson Road policy	20,289	20,104
Road upgrade policy	31,284	30,999
Aggregate levy reserve	495,332	427,311
Gravel site reclamation	428,511	596,362
Exshaw water project	1,148,475	1,552,378
Community enhancement - Exshaw area	191,095	150,076
Municipal reserve	273,095	270,606
Community enhancement - Dead Man's Flats, Harvie Heights, and Lac Des Arcs area	104,377	90,102
Dead Man's Flats water and wastewater project	(3,164,226)	(3,225,001)
Harvie Heights water project	(414,758)	(408,665)
Community enhancement - Jamieson Road area	127,933	107,129
Community enhancement - Benchlands area	109,531	88,894
Flood mitigation reserve	100,460	50,000
Bridge reserve	400,253	225,870
	12,313,089	11,846,820
	\$ 14,110,300	\$ 15,499,172

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**17. Local authorities pension plan**

Employees of the Municipal District of Bighorn No. 8 participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 274,000 people and 420 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District of Bighorn No. 8 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 Municipal District of Bighorn No. 8 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 Municipal District of Bighorn No. 8 to the LAPP in 2020 were \$232,722 (2019 - \$216,819). Total current service contributions by the employees of the Municipal District of Bighorn No. 8 to the LAPP in 2020 were \$211,470 (2019 - \$196,858).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 billion.

**18. Contaminated sites liability**

The Municipal District of Bighorn No. 8 has adopted PS3260 liability for contaminated sites. The Municipal District of Bighorn No. 8 did not identify any financial liabilities in 2020 (2019 - nil) as a result of this standard.

**19. Financial instruments**

The Municipal District of Bighorn No. 8's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Municipal District of Bighorn No. 8 is not exposed to significant interest or risk arising from these financial instruments.

The Municipal District of Bighorn No. 8 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 Municipal District of Bighorn No. 8 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 instrument approximates fair value.

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**20. Salary and benefits disclosure**

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

	(1) Salary	(2) Benefits & allowances	2020	2019
<b>Council</b>				
Dene Cooper	\$ 45,851	\$ 7,407	\$ 53,258	\$ 55,248
Erik Butters	34,035	9,067	43,102	45,433
Paul Ryan	43,090	10,513	53,603	59,332
Paul Clark	37,632	7,212	44,844	50,646
Lisa Rosvold	38,415	10,275	48,690	52,963
Chief Administrative Officer	165,000	27,467	192,467	184,671
Designated Officers (5 positions)	\$ 520,347	\$ 91,218	\$ 611,565	\$ 557,668

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

(2) Benefits and allowances include the 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.

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

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

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**21. Commitments and contingencies**

The Municipal District of Bighorn No. 8 is committed to reclaim two locations that are used for the purpose of gravel extraction and storage. The Municipal District has established a reserve related to the future restoration of these sites of \$428,511 (2019 - \$596,362).

**Offer to Exchange**

The Municipal District of Bighorn No. 8 signed in principle, on August 13, 2019, an offer to exchange land with the Province of Alberta. Before the exchange can be finalized all environmental assessments will need to be completed.

The Municipal District of Bighorn No. 8 has committed to the following payments for various services provided.

Payments over the next five years are as follows:

2021	\$ 337,747
2022	292,120
2023	247,896
2024	202,497
2025	209,711
	<hr/>
	\$ 1,289,971

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**22. Budget amounts**

The 2020 budget for the Municipal District of Bighorn No. 8 was approved by Council on December 12, 2019 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted surplus per financial statements	\$ 3,030,586
Less: Capital expenditures	(5,451,130)
Long-term debt repayments	(386,723)
Transfers to reserves	(1,337,363)
Add: Amortization	1,974,000
Transfers from reserves	2,170,630
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Equals: Balanced budget	\$ -

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**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**23. Segmented disclosure**

The Municipal District of Bighorn No. 8 provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3).

**24. COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Municipal District could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Municipal District has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Municipal District. Cost saving measures have been instituted where appropriate. The Municipal District continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Administration is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Municipal District due to the pandemic.

The situation is continually changing and the future impact on the Municipal District is not readily determinable at this time.

**25. Approval of financial statements**

These financial statements were approved by Council and Management.

**26. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2020	2019
Balance, beginning of year	\$ 4,077,793	\$ 15,499,172	\$ 69,689,762	\$ 89,266,727	\$ 87,242,353
Excess of revenue over expenses	1,694,558	-	-	1,694,558	2,024,374
Unrestricted funds designated for future use	(1,174,236)	1,174,236	-	-	-
Restricted funds used for operations	2,509,713	(2,509,713)	-	-	-
Restricted funds used for tangible capital assets	-	(53,395)	53,395	-	-
Current year funds used for tangible capital assets	(651,282)	-	651,282	-	-
Contributed tangible capital assets	(4,092,297)	-	4,092,297	-	-
Amortization of tangible capital assets	2,044,390	-	(2,044,390)	-	-
Long-term debt repaid	(402,248)	-	402,248	-	-
Change in accumulated surplus	(71,402)	(1,388,872)	3,154,832	1,694,558	2,024,374
<b>Balance, end of year</b>	<b>\$ 4,006,391</b>	<b>\$ 14,110,300</b>	<b>\$ 72,844,594</b>	<b>\$ 90,961,285</b>	<b>\$ 89,266,727</b>



**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**Schedule of tangible capital assets**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
<b>Cost:</b>									
Balance, beginning of year	\$ 17,406,317	\$ 2,180,574	\$ 2,558,521	\$ 76,399,521	\$ 3,403,378	\$ 3,022,418	\$ 998,205	\$ 105,968,934	\$ 105,152,130
Acquisitions	-	281,486	-	3,824,187	84,782	53,395	553,124	4,796,974	816,804
Transfers	-	-	-	78,550	39,703	-	(118,253)	-	-
Disposals	-	-	-	-	(32,840)	-	-	(32,840)	-
Balance, end of year	17,406,317	2,462,060	2,558,521	80,302,258	3,495,023	3,075,813	1,433,076	110,733,068	105,968,934
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	1,637,914	1,184,990	28,781,970	1,746,061	1,539,827	-	34,890,762	32,916,924
Annual amortization	-	51,406	58,465	1,610,029	138,509	185,981	-	2,044,390	1,973,838
Disposals	-	-	-	-	(32,840)	-	-	(32,840)	-
Balance, end of year	-	1,689,320	1,243,455	30,391,999	1,851,730	1,725,808	-	36,902,312	34,890,762
<b>Net book value</b>	\$ 17,406,317	\$ 772,740	\$ 1,315,066	\$ 49,910,259	\$ 1,643,293	\$ 1,350,005	\$ 1,433,076	\$ 73,830,756	\$ 71,078,172
<b>2019 net book value</b>	\$ 17,406,317	\$ 542,660	\$ 1,373,531	\$ 47,617,552	\$ 1,657,317	\$ 1,482,591	\$ 998,205	\$ 71,078,172	

**MUNICIPAL DISTRICT OF BIGHORN NO. 8**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

**Schedule of segmented disclosure**

**Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal property taxes	\$ 6,438,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,438,277
User fees and sales of goods	27,331	265,312	43,854	796,570	-	37,158	3,899	1,174,124
Government transfers for operating	533,257	22,091	500	458,046	384,188	208,565	-	1,606,647
Investment income	344,760	-	-	-	-	-	-	344,760
Penalties and costs of taxes	55,991	-	-	-	-	-	-	55,991
Licenses and permits	-	-	-	-	-	75,491	-	75,491
Gain on disposal of capital assets	15,200	-	-	-	-	-	-	15,200
Other	45,763	58,624	-	100,804	107,020	15,158	-	327,369
	<b>7,460,579</b>	<b>346,027</b>	<b>44,354</b>	<b>1,355,420</b>	<b>491,208</b>	<b>336,372</b>	<b>3,899</b>	<b>10,037,859</b>
<b>Expenses</b>								
Salaries, wages and benefits	699,251	530,668	528,933	409,409	117,435	620,505	53,940	2,960,141
Contracted and general services	519,490	180,374	663,808	273,482	4,637	158,382	30,866	1,831,039
Materials, goods, supplies and utilities	225,081	125,820	453,291	1,721,936	31	54,713	24,517	2,605,389
Bank charges and short term interest	6,673	-	-	-	-	-	-	6,673
Interest on long term debt	-	-	-	43,203	-	-	-	43,203
Other expenditures	-	22,170	-	2,565,798	-	12,094	-	2,600,062
Transfers to organizations and others	10,600	139,995	-	7,600	627,755	98,440	104,187	988,577
Provision for allowances	-	(8,186)	-	-	-	-	-	(8,186)
Amortization of tangible capital assets	58,464	-	1,585,828	400,098	-	-	-	2,044,390
	<b>1,519,559</b>	<b>990,841</b>	<b>3,231,860</b>	<b>5,421,526</b>	<b>749,858</b>	<b>944,134</b>	<b>213,510</b>	<b>13,071,288</b>
<b>Excess (deficiency) of revenue over expenses before other</b>	<b>5,941,020</b>	<b>(644,814)</b>	<b>(3,187,506)</b>	<b>(4,066,106)</b>	<b>(258,650)</b>	<b>(607,762)</b>	<b>(209,611)</b>	<b>(3,033,429)</b>
<b>Other</b>								
Government transfers for capital	-	-	635,690	-	-	-	-	635,690
Contributed assets	-	-	4,092,297	-	-	-	-	4,092,297
	<b>-</b>	<b>-</b>	<b>4,727,987</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,727,987</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 5,941,020</b>	<b>\$ (644,814)</b>	<b>\$ 1,540,481</b>	<b>\$ (4,066,106)</b>	<b>\$ (258,650)</b>	<b>\$ (607,762)</b>	<b>\$ (209,611)</b>	<b>\$ 1,694,558</b>