

MD OF PROVOST NO. 52



FINANCIAL STATEMENT

**FOR THE YEAR ENDING
DECEMBER 31, 2021**

REEVES REPORT 2021

As this is being written 2021 seems like it was a calm year. Many of the challenges of the previous year although not entirely disappearing seemed like the new normal. Covid remained with us and impacted us individually, it had little impact on the operations of the municipality. We still had issues with unpaid taxes primarily from the energy sector but with our strong financial position we have been able to weather this through the use of reserves, operational efficiencies and budgeting awareness of potential gaps in tax collection.

The year was very dry for our agricultural producers with many experiencing feed shortages with dry pastures and poor hay crops, Grain production was severely impacted but prices rose accordingly. However this was an ideal year for road rehabilitation with Hauser Construction able to exceed the 2021 road program and get a start on the 2022 program. Continued investment in our infrastructure remains the priority of Council and funding will be made available to continue our rehabilitation work even past our targets for the year.

The municipality has continued to upgrade our road network by using products such as Terrasim (cementing) chip sealing, dust control with MG 30 but in an environment of uncollected taxes these were some areas that the programs were reduced.

The province had shifted municipalities to a centralized industrial assessment but we had been able on a separate contract to keep our assessment services through Wainwright Assessment Services till that contract was cancelled by the province. We had concerns that the Centralized Assessment would not be as thorough and we privately retained WAG to continue to monitor assessment changes. This proved to be a wise move as WAG showed many thousands of dollars of provincially missed assessment.

After many years of attempting to work with Alberta Health Services on construction of a new Medical Centre on AHS property we had selected a different site in 2020 and had started construction almost immediately. As a result the new building was opened for business in April of 2021. We now have a very functional and professional building for our Doctors to serve our community. An official grand opening was planned but with new Covid restrictions had to be cancelled. The building will be governed by the partnership of the owners which are the MD & Town of Provost with community participation.

We continue to have new investment in our municipality with Gibson's in partnership with the USD rail loading facility started production mid summer. Construction continues at the tank farm at Rosyth although the US cancelled their portion of the Keystone XL pipeline.

We continue to stock pile gravel near Cadogen during the winter and because of the dry conditions road gravelling was completed ahead of schedule and the stock piling began in

the fall. This saves many miles during the summer so time is then spent putting the gravel on the roads when needed instead of all the trips to the gravel sources. We continue to have secured many years of gravel supplies and expect at least 20 years from current contracts and continue look for and secure more.

The Ag Service Board has continued with adjustments to the program to have helicopter spraying for leafy spurge in the West end. This program is far more efficient as it gets the spraying done in a timely manner and has a real reduction in repairs for our equipment. A new pole shed was constructed at the MD Provost yard to house ASB equipment.

With the dry weather fire bans were put on and lifted several times but it is very important with the dry conditions to do this although many at times feel that it is an inconvenience but a large fire can cause a lot more inconvenience.

We were able to ratify another collective agreement with our unionized workers in December that will last for two years.

With supply chain uncertainty and inflation having an effect on capital purchase we tendered and ordered new Graders for half our fleet earlier than the normal tendering time. This gave us our normal delivery date and save thousands in rising costs.

2021 was a Municipal Election year. We had long time Councilors retire and at the end of elections we had four new Councilors which is a very large turnover for our Municipality. I would like to thank Barry Tripp, Daryl Carson, Richard Charlton and Ron Rustad for their time and contributions to the MD over the past few years and welcome and thank our new Councilors for committing to serve for the next four years.

I would also like to thank administration, all staff, Council and Ratepayers of the MD for their cooperation and efforts during the past year. We also have very solid relations with municipal neighbours such as the Town of Provost, and Villages of Czar, Hughenden and Amisk and continue to work together for the betterment of our Communities.

God Bless

A handwritten signature in cursive script that reads "Allan Murray".

Allan Murray
Reeve

**MUNICIPAL DISTRICT
OF PROVOST NO. 52**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of the Municipal District of Provost No. 52

Opinion

We have audited the accompanying consolidated financial statements of the Municipal District of Provost No. 52 (the "Municipal District"), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District as at December 31, 2021, the results of its operations, changes in net debt, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipal District 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipal District's internal control.
- Evaluate the appropriateness of accounting policies 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Municipal District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 28, 2022



Municipal District of Provost No. 52

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Municipal District are the responsibility of management and have been approved by the Municipal District's Council. The consolidated financial statements have been prepared in conformity with Canadian public sector accounting standards established by the Canadian Institute of Chartered Accountants, using management's best estimates and judgments, where appropriate. In the opinion of management, these financial statements reflect fairly the financial position, the results of its financial activities and changes in financial position of the Municipal District within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. Council carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These consolidated financial statements have been audited, in accordance with Canadian generally accepted auditing standards by Metrix Group LLP, who were appointed by Council. Metrix Group LLP have full and unrestricted access to management and Council to discuss their audit and related findings. The Auditors' Report outlining the scope of their examination and their opinion on the financial statements is presented on the preceding page.


Tyler Lawrason, Chief Administrative Officer


Wendy Treanor, Finance Manager

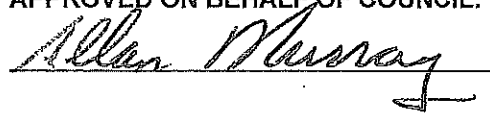
Provost, Alberta
April 28, 2022

MUNICIPAL DISTRICT OF PROVOST NO. 52
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u> (Restated) (Note 20)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,957,518	\$ 20,476,907
Taxes and grants in place of taxes (Note 3)	4,864,023	3,126,783
Accounts receivable (Note 4)	637,310	632,905
Land inventory	94,717	94,717
Investments (Note 5)	<u>31,429,023</u>	<u>12,120,973</u>
	<u>38,982,591</u>	<u>36,452,285</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,554,651	2,425,839
Deferred revenue (Note 7)	300,189	326,475
Provision for gravel pit reclamation	<u>171,674</u>	<u>251,549</u>
	<u>2,026,514</u>	<u>3,003,863</u>
NET FINANCIAL ASSETS	<u>36,956,077</u>	<u>33,448,422</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	149,408,391	145,183,256
Inventory for consumption (Note 8)	4,060,179	4,805,938
Prepaid expenses	<u>321,472</u>	<u>606,136</u>
	<u>153,790,042</u>	<u>150,595,330</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>\$190,746,119</u>	<u>\$184,043,752</u>

CONTINGENCIES (Note 11)

APPROVED ON BEHALF OF COUNCIL:



MUNICIPAL DISTRICT OF PROVOST NO. 52

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u> (Budget) (Note 15)	<u>2021</u> (Actual)	<u>2020</u> (Actual) (Restated) (Note 20)
REVENUE			
Net municipal property taxes (Schedule 2)	\$ 23,905,916	\$ 23,898,474	\$ 23,114,203
User fees and sales of goods	488,100	607,891	750,987
Interest and investment income	303,500	301,132	620,039
Penalties and costs on taxes	633,868	1,260,537	954,272
Government transfers (Schedule 3)	361,652	411,270	721,760
Other	190,125	316,153	91,950
Rentals	<u>173,300</u>	<u>181,120</u>	<u>152,585</u>
	<u>26,056,461</u>	<u>26,976,577</u>	<u>26,405,796</u>
EXPENSES			
Administration services	2,253,697	2,059,330	2,441,925
Transportation services	8,645,628	15,729,419	15,268,405
Agriculture and development services	1,393,115	1,402,861	1,373,632
Recreation and culture services	899,231	931,634	901,632
Water and wastewater services	280,850	286,559	305,882
Protective services	744,151	903,214	727,480
Waste management and disposal services	287,204	284,045	265,632
Council and other legislative services	190,100	163,269	146,997
Public health services	106,950	505,842	-
Other	<u>18,691</u>	<u>18,691</u>	<u>18,691</u>
	<u>14,819,617</u>	<u>22,284,864</u>	<u>21,450,276</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>11,236,844</u>	<u>4,691,713</u>	<u>4,955,520</u>
OTHER INCOME (LOSS)			
Government transfers for capital (Schedule 3)	2,730,424	2,895,017	1,999,132
Contributed tangible capital assets	-	-	114,000
Loss on disposal of tangible capital assets	<u>-</u>	<u>(884,363)</u>	<u>(275,762)</u>
	<u>2,730,424</u>	<u>2,010,654</u>	<u>1,837,370</u>
ANNUAL SURPLUS	<u>13,967,268</u>	<u>6,702,367</u>	<u>6,792,890</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>184,043,752</u>	<u>184,043,752</u>	<u>177,250,862</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$198,011,020</u>	<u>\$190,746,119</u>	<u>\$184,043,752</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u> (Budget) (Note 15)	<u>2021</u> (Actual)	<u>2020</u> (Actual) (Restated) (Note 20)
ANNUAL SURPLUS	<u>\$ 13,967,268</u>	<u>\$ 6,702,367</u>	<u>\$ 6,792,890</u>
Acquisition of tangible capital assets	(13,293,175)	(13,866,887)	(14,580,340)
Contributed tangible capital assets	-	-	(114,000)
Proceeds on disposal of tangible capital assets	-	179,517	91,803
Amortization of tangible capital assets	-	8,577,872	8,145,928
Loss on disposal of tangible capital assets	-	884,363	275,762
	<u>(13,293,175)</u>	<u>(4,225,135)</u>	<u>(6,180,847)</u>
Net change in inventory for consumption	-	745,759	163,352
Net change in prepaid expenses	-	284,664	122,421
	<u>-</u>	<u>1,030,423</u>	<u>285,773</u>
INCREASE IN NET FINANCIAL ASSETS	674,093	3,507,655	897,816
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>26,167,380</u>	<u>33,448,422</u>	<u>32,550,606</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>\$ 26,841,473</u></u>	<u><u>\$ 36,956,077</u></u>	<u><u>\$ 33,448,422</u></u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u> (Restated) (Note 20)
OPERATING ACTIVITIES		
Annual surplus	\$ 6,702,367	\$ 6,792,890
Non-cash items included in annual surplus:		
Loss on disposal of tangible capital assets	884,363	275,762
Amortization of tangible capital assets	8,577,872	8,145,928
Provision for gravel pit reclamation	(79,875)	-
Contributed tangible capital assets	-	(114,000)
Change in non-cash working capital balances:		
Taxes and grants in place of taxes	(1,737,240)	(2,040,709)
Accounts receivables	(4,405)	35,331
Accounts payable and accrued liabilities	(871,188)	1,103,864
Prepaid expenses	284,664	122,422
Inventory for consumption	745,759	163,351
Deferred revenue	(26,286)	(46,435)
	<u>14,476,031</u>	<u>14,438,404</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(13,866,887)	(14,580,340)
Proceeds on disposal of tangible capital assets	<u>179,517</u>	<u>91,803</u>
	<u>(13,687,370)</u>	<u>(14,488,537)</u>
INVESTING ACTIVITIES		
Net change in investments	<u>(19,308,050)</u>	<u>13,879,027</u>
	<u>(19,308,050)</u>	<u>13,879,027</u>
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(18,519,389)	13,828,894
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>20,476,907</u>	<u>6,648,013</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)	<u>\$ 1,957,518</u>	<u>\$ 20,476,907</u>

SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u> (Restated) (Note 20)
BALANCE, BEGINNING OF YEAR	\$145,183,256	\$139,002,409
Purchase of tangible capital assets	13,866,887	14,580,340
Cost of tangible capital assets disposed of	(3,255,857)	(1,900,025)
Amortization of tangible capital assets	(8,577,872)	(8,145,928)
Accumulated amortization of tangible capital assets disposed of	<u>2,191,977</u>	<u>1,532,460</u>
BALANCE, END OF YEAR	<u>\$149,408,391</u>	<u>\$145,183,256</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets (Schedule 5)	<u>\$149,408,391</u>	<u>\$145,183,256</u>
	<u>\$149,408,391</u>	<u>\$145,183,256</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

	<u>2021</u> (Budget) (Note 15)	<u>2021</u> (Actual)	<u>2020</u> (Actual)
TAXATION			
Linear property taxes	\$ 12,551,050	\$ 12,551,050	\$ 13,101,199
Real property taxes	<u>16,837,258</u>	<u>17,010,130</u>	<u>15,671,827</u>
	<u>29,388,308</u>	<u>29,561,180</u>	<u>28,773,026</u>
REQUISITIONS			
East Central Alberta C.S.S.	70,287	70,287	70,287
Alberta School Foundation Fund	4,869,400	4,869,400	4,885,007
Provost Seniors Foundation	542,705	542,705	541,554
Designated Industrial Property	<u>-</u>	<u>180,314</u>	<u>161,975</u>
	<u>5,482,392</u>	<u>5,662,706</u>	<u>5,658,823</u>
NET MUNICIPAL TAXES	<u>\$ 23,905,916</u>	<u>\$ 23,898,474</u>	<u>\$ 23,114,203</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 3

	<u>2021</u> (Budget) (Note 15)	<u>2021</u> (Actual)	<u>2020</u> (Actual) (Restated) (Note 20)
TRANSFERS FOR OPERATING			
Provincial government	\$ 286,077	\$ 339,116	\$ 644,552
Local government	<u>75,575</u>	<u>72,154</u>	<u>77,208</u>
	<u>361,652</u>	<u>411,270</u>	<u>721,760</u>
TRANSFERS FOR CAPITAL			
Provincial government	<u>2,730,424</u>	<u>2,895,017</u>	<u>1,999,132</u>
	<u>2,730,424</u>	<u>2,895,017</u>	<u>1,999,132</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,092,076</u>	<u>\$ 3,306,287</u>	<u>\$ 2,720,892</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 4A

	Administration Services	Transportation Services	Agricultural Services	Recreation and Culture Services	Water and Waste Water Services	All Other	Total
REVENUE							
Taxation	\$ 1,975,329	\$ 7,657,001	\$ 1,168,067	\$ 663,415	\$ -	\$ 12,434,662	\$ 23,898,474
Government transfers	-	-	76,916	-	-	334,354	411,270
User fees and sales of goods	10,935	92,301	-	213,038	98,210	193,407	607,891
All other	-	-	-	-	-	1,757,810	1,757,810
Investment income	-	-	-	-	-	301,132	301,132
	<u>1,986,264</u>	<u>7,749,302</u>	<u>1,244,983</u>	<u>876,453</u>	<u>98,210</u>	<u>15,021,365</u>	<u>26,976,577</u>
EXPENSES							
Materials, goods, contracted and general services	1,036,241	3,740,257	650,394	72,282	83,074	572,952	6,155,200
Salaries, wages and benefits	775,688	3,434,411	573,156	109,301	134,067	352,151	5,378,774
Transfers to other governments	-	8,220	-	636,591	-	590,111	1,234,922
Repairs and maintenance	74,185	376,632	8,195	-	-	25,564	484,576
Utilities	36,906	99,333	-	49,767	14,817	53,990	254,813
Insurance	63,244	90,449	13,238	8,512	181	23,083	198,707
	<u>1,986,264</u>	<u>7,749,302</u>	<u>1,244,983</u>	<u>876,453</u>	<u>232,139</u>	<u>1,617,851</u>	<u>13,706,992</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	-	-	-	-	(133,929)	13,403,514	13,269,585
Amortization	<u>73,066</u>	<u>7,980,117</u>	<u>157,878</u>	<u>55,181</u>	<u>54,420</u>	<u>257,210</u>	<u>8,577,872</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>\$ (73,066)</u>	<u>\$ (7,980,117)</u>	<u>\$ (157,878)</u>	<u>\$ (55,181)</u>	<u>\$ (188,349)</u>	<u>\$ 13,146,304</u>	<u>\$ 4,691,713</u>
Government transfers for capital	26,046	2,868,971	-	-	-	-	2,895,017
Contributed tangible capital assets	-	-	-	-	-	-	-
Loss on disposal of capital assets	-	(884,363)	-	-	-	-	(884,363)
ANNUAL SURPLUS	<u>\$ (157,878)</u>	<u>\$ (5,995,509)</u>	<u>\$ (157,878)</u>	<u>\$ (55,181)</u>	<u>\$ (188,349)</u>	<u>\$ 13,146,304</u>	<u>\$ 6,702,367</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 4B

	Administration Services	Transportation Services	Agricultural Services	Recreation and Culture Services	Water and Waste Water Services	All Other	Total (Restated)
REVENUE							
Taxation	\$ 2,150,594	\$ 7,570,730	\$ 1,193,650	\$ 643,116	\$ -	\$ 12,537,612	\$ 24,095,702
User fees and sales of goods	197,895	88,578	-	203,068	98,463	162,983	750,987
Government transfers	-	-	52,274	-	-	669,486	721,760
Investment income	-	-	-	-	-	620,039	620,039
All other	-	-	-	-	-	217,308	217,308
	<u>2,348,489</u>	<u>7,659,308</u>	<u>1,245,924</u>	<u>846,184</u>	<u>98,463</u>	<u>14,207,428</u>	<u>26,405,796</u>
EXPENSES							
Materials, goods, contracted and general services	1,474,920	3,787,735	532,024	86,374	89,554	146,228	6,116,835
Salaries, wages and benefits	725,071	3,252,815	690,941	93,850	147,074	305,166	5,214,917
Transfers to other governments	-	8,015	-	612,819	-	476,099	1,096,933
Repairs and maintenance	58,158	430,024	11,730	-	-	-	499,912
Utilities	34,328	97,690	-	43,331	15,843	4,660	195,852
Insurance	56,012	83,029	11,229	9,810	-	19,819	179,899
	<u>2,348,489</u>	<u>7,659,308</u>	<u>1,245,924</u>	<u>846,184</u>	<u>252,471</u>	<u>951,972</u>	<u>13,304,348</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	-	-	-	-	(154,008)	13,255,456	13,101,448
Amortization	<u>93,436</u>	<u>7,609,097</u>	<u>127,708</u>	<u>55,448</u>	<u>52,227</u>	<u>208,012</u>	<u>8,145,928</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>\$ (93,436)</u>	<u>\$ (7,609,097)</u>	<u>\$ (127,708)</u>	<u>\$ (55,448)</u>	<u>\$ (206,235)</u>	<u>\$ 13,047,444</u>	<u>\$ 4,955,520</u>
Government transfers for capital	-	1,999,132	-	-	-	-	1,999,132
Loss on disposal of capital assets	-	(275,762)	-	-	-	-	(275,762)
ANNUAL SURPLUS	<u>\$ 20,564</u>	<u>\$ (5,885,727)</u>	<u>\$ (127,708)</u>	<u>\$ (55,448)</u>	<u>\$ (206,235)</u>	<u>\$ 13,047,444</u>	<u>\$ 6,792,890</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 5

	<u>Land</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2021</u>	<u>2020 (Restated) (Note 20)</u>
COST:							
Balance, Beginning of Year	\$ 260,426	\$11,525,086	\$213,954,335	\$16,543,993	\$ 8,022,512	\$250,306,352	\$237,512,037
Additions	-	922,934	11,512,546	441,824	989,583	13,866,887	14,580,340
Contributed assets	-	-	-	-	-	-	114,000
Disposals	-	(18,627)	(2,693,688)	(543,542)	-	(3,255,857)	(1,900,025)
Balance, End of Year	<u>260,426</u>	<u>12,429,393</u>	<u>222,773,193</u>	<u>16,442,275</u>	<u>9,012,095</u>	<u>260,917,382</u>	<u>250,306,352</u>
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	1,948,604	93,936,630	6,033,418	3,204,444	105,123,096	98,509,628
Amortization Expense	-	203,249	6,550,449	1,238,750	585,424	8,577,872	8,145,928
Disposals	-	(8,941)	(1,964,329)	(218,707)	-	(2,191,977)	(1,532,460)
Balance, End of Year	-	<u>2,142,912</u>	<u>98,522,750</u>	<u>7,053,461</u>	<u>3,789,868</u>	<u>111,508,991</u>	<u>105,123,096</u>
NET BOOK VALUE, END OF YEAR	<u>\$ 260,426</u>	<u>\$10,286,481</u>	<u>\$124,250,443</u>	<u>\$ 9,388,814</u>	<u>\$ 5,222,227</u>	<u>\$149,408,391</u>	<u>\$145,183,256</u>

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

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The Municipal District of Provost No. 52 (the "Municipal District") is a municipality in the Province of Alberta incorporated on March 1, 1943 and operates under the provisions of the *Municipal Government Act*.

The consolidated financial statements of the Municipal District are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Municipal District, and are therefore, accountable to the Council for the administration of their financial affairs and resources.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable.

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 are recognized in the financial statements as revenue in the period in which 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 made.

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

(c) Cash and Temporary Investments

Cash and temporary investments consist of cash on deposit and term deposits with original maturities of three months or less at the date of acquisition and are recorded at cost.

(d) Investments

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

(e) Land Inventory

Land inventory is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(CONT'D)

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Provision for Gravel Pit Reclamation

Pursuant to the *Alberta Environmental Protection and Enforcement Act*, the Municipal District is required to fund the future reclamation of its gravel pits. Closure activities include the final top soil cover, landscaping and visual inspection. The requirement is being provided for based on the estimated length of time until all the gravel has been extracted.

(g) 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 Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Work in progress represents assets which are not available for use and therefore are not subject to amortization. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

	Years
Buildings	25 - 50
Engineered structures	
Roadway system	5 - 65
Water system	45 - 75
Wastewater system	45 - 75
Machinery and equipment	3 - 40
Vehicles	10 - 40

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

Inventory for consumption

Inventory for consumption is valued at the lower of cost or net realizable value with cost determined using the average cost method.

(h) Tax Revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

(CONT'D)

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Tax Revenue (Cont'd)

Constructions and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the Municipal District and are recognized as revenue in the year they are levied.

(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) 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.

(k) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(l) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, and provision for gravel pit reclamation are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(CONT'D)

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Contaminated Sites

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

(n) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The Municipal District will continue to assess the impact and prepare for the adoption of these standards.

i) Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

ii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iii) Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

iv) Financial Instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Future Accounting Standard Pronouncements (cont'd)

v) Asset Retirement Obligations

PS 3280, *Asset Retirement Obligations*, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability* has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

vi) Revenue

PS 3400, *Revenue*, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable for fiscal years beginning on or after April 1, 2023.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2021</u>	<u>2020</u>
Bank accounts	\$ 1,957,518	\$ 10,462,177
Temporary investments	<u> -</u>	<u>10,014,730</u>
	<u>\$ 1,957,518</u>	<u>\$ 20,476,907</u>

Temporary investments were short-term deposits with original maturities of ninety days, beared interest at 1.25%.

3. TAXES AND GRANTS IN PLACE OF TAXES

	<u>2021</u>	<u>2020</u>
Current taxes and grants in place of taxes	\$ 3,457,918	\$ 3,577,961
Arrears taxes	<u>5,919,879</u>	<u>4,114,077</u>
	9,377,797	7,692,038
Less: Allowance for doubtful accounts	<u>(4,513,774)</u>	<u>(4,565,255)</u>
	<u>\$ 4,864,023</u>	<u>\$ 3,126,783</u>

A significant portion of the property taxes outstanding at December 31, 2021 relates to linear property receivable from companies in the oil and gas industry. Therefore, the Municipal District is exposed to the credit risk associated with fluctuations in that industry.

4. ACCOUNTS RECEIVABLES

	<u>2021</u>	<u>2020</u>
Trade and other accounts receivable	\$ 589,021	\$ 584,521
Goods and Services Tax recoverable	<u>48,289</u>	<u>48,384</u>
	<u>\$ 637,310</u>	<u>\$ 632,905</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. INVESTMENTS

	<u>2021</u>	<u>2020</u>
Guaranteed Investment Certificates	\$ <u>31,429,023</u>	\$ <u>12,120,973</u>
	\$ <u>31,429,023</u>	\$ <u>12,120,973</u>

Guaranteed Investment Certificates bearing interest ranging from 0.8% to 1.5%, and maturing between November 7, 2022 and February 6, 2023.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade and other	\$ 1,244,114	\$ 2,082,001
Employee benefit obligations	<u>310,537</u>	<u>343,838</u>
	\$ <u>1,554,651</u>	\$ <u>2,425,839</u>

7. DEFERRED REVENUE

Deferred revenue consists of grants received from other levels of government that have not yet been utilized. Deferred revenue is recognized as revenue in the period in which the related expenditures are incurred.

	<u>2020</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2021</u>
Operating ASB grant	\$ -	\$ 123,907	\$ (123,907)	\$ -
Pest control officer grant	-	54,000	(54,000)	-
Prepaid lease payments	35,808	-	(6,952)	28,856
Federal Gas Tax Fund	-	258,180	(258,180)	-
Municipal Sustainability Initiative	-	2,422,512	(2,422,512)	-
Municipal Stimulus Program	-	262,106	(262,106)	-
Canadian Pacific Railway Company	48,000	-	(2,000)	46,000
Alberta Transportation	<u>242,667</u>	-	<u>(17,334)</u>	<u>225,333</u>
	\$ <u>326,475</u>	\$ <u>3,120,705</u>	\$ <u>(3,146,991)</u>	\$ <u>300,189</u>

8. INVENTORY FOR CONSUMPTION

	<u>2021</u>	<u>2020</u>
Gravel	\$ 2,912,346	\$ 3,747,116
Material and supplies	<u>1,147,833</u>	<u>1,058,822</u>
	\$ <u>4,060,179</u>	\$ <u>4,805,938</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. ACCUMULATED SURPLUS

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

	<u>2021</u>	<u>2020</u> (Restated)
Unrestricted surplus	\$ 9,571,586	\$ 7,212,185
Restricted surplus:		
Operating reserves (Note 10)	10,922,829	10,796,429
Capital reserves (Note 10)	20,843,313	19,965,882
Equity in tangible capital assets	<u>149,408,391</u>	<u>146,069,256</u>
	<u>\$190,746,119</u>	<u>\$184,043,752</u>

10. RESERVES

	<u>2021</u>	<u>2020</u>
OPERATING RESERVES		
Recreation	\$ 4,753,549	\$ 4,753,549
Gravel pit reclamation	2,872,817	2,746,417
Roads	191,021	191,021
Administration building	2,997,491	2,997,491
Fire	19,999	19,999
Water and sewer	34,000	34,000
Other	48,500	48,500
Emergency management	5,000	5,000
Hillcrest Lodge	<u>452</u>	<u>452</u>
	<u>10,922,829</u>	<u>10,796,429</u>
CAPITAL RESERVES		
Roads	17,333,927	16,162,607
Fire	320,173	987,960
Water and sewer	945,821	815,821
Subdivision	551,768	551,768
Recreation	599,875	536,875
Administration	461,550	425,652
Agricultural services	324,383	205,883
Airport	238,579	221,579
Disaster services	30,546	30,546
Municipal planning and development	28,500	19,000
Ambulance	<u>8,191</u>	<u>8,191</u>
	<u>20,843,313</u>	<u>19,965,882</u>
Total Reserves	<u>\$ 31,766,142</u>	<u>\$ 30,762,311</u>

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11. CONTINGENCIES

The Municipal District is a member of the *Alberta Local Authorities Reciprocal Insurance Exchange* (the "Exchange"). Under the terms of membership, the Municipal District 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.

In the ordinary course of business, various claims and lawsuits are brought against the Municipal District. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

The Municipal District is a member of the MD #52 Waste Management Authority (the "Authority"). Under the terms of this membership, the Municipal District could become liable for its proportionate share of any environmental liabilities if the Authority does not have sufficient reserves.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District is required to make current service contributions to the LAPP consisting of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan ("CPP") and 13.84% (2020 - 13.84%) on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 8.39% (2020 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2020 - 12.84%) on pensionable salary above this amount.

Total current service contributions made by the Municipal District to the LAPP in 2021 were \$334,347 (2020 - \$333,134). Total current service contributions made by the employees of the Municipal District to the LAPP in 2021 were \$302,829 (2020 - \$301,917).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion (2019 - \$7.91 billion actuarial surplus).

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. 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:

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>2021</u>	<u>Total</u> <u>2020</u>
Elected Officials:				
Division 1	\$ 13,637	\$ 5,476	\$ 19,113	\$ 17,830
Division 2	15,603	3,061	18,664	15,471
Division 3	15,678	955	16,633	12,685
Division 4	17,604	479	18,083	17,526
Division 5	17,988	964	18,952	18,329
Division 6	18,666	5,765	24,431	24,975
Division 7	<u>17,462</u>	<u>4,170</u>	<u>21,632</u>	<u>20,576</u>
	<u>\$ 116,638</u>	<u>\$ 20,870</u>	<u>\$ 137,508</u>	<u>\$ 127,392</u>
Designated officers (4)	<u>\$ 375,571</u>	<u>\$ 79,048</u>	<u>\$ 454,619</u>	<u>\$ 527,561</u>
Chief Administrative Officer	<u>\$ 143,471</u>	<u>\$ 26,765</u>	<u>\$ 170,236</u>	<u>\$ 164,914</u>

Executive salaries and benefit obligations have been fully funded by the Municipal District. Salary includes regular base pay, bonuses, lump sum payments, honoraria and any other direct cash remuneration.

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 membership dues, and tuition.

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

14. 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 Municipal District be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 40,464,866	\$ 39,608,694
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 40,464,866</u>	<u>\$ 39,608,694</u>
Service on debt limit	\$ 6,744,144	\$ 6,601,449
Service on debt	<u>-</u>	<u>-</u>
Amount of service on debt limit unused	<u>\$ 6,744,144</u>	<u>\$ 6,601,449</u>

The debt limit is calculated at 1.5 times revenue of the Municipal District (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits 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 Municipal District. Rather, the financial statements must be interpreted as a whole.

15. BUDGET FIGURES

The Municipal District compiles a budget on a modified accrual basis. The budget expenses transfers to reserves and all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>Budget 2021</u>	<u>Actual 2021</u>	<u>Actual 2020</u>
Annual surplus	\$13,967,268	\$ 6,702,367	\$ 6,792,890
Add back:			
Amortization expense	-	8,577,872	8,145,928
Proceeds on disposal of tangible capital assets	-	179,517	91,803
Deduct:			
Transfers from (to) from reserves	(674,093)	(1,003,831)	(448,001)
Capital purchases	<u>(13,293,175)</u>	<u>(13,866,887)</u>	<u>(14,580,340)</u>
Results of Operations as Budgeted	<u>\$ -</u>	<u>\$ 589,038</u>	<u>\$ 2,280</u>

The budget figures presented in these financial statements are based on the budget that was approved by Council on May 13, 2021.

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

16. SEGMENTED DISCLOSURE

The Municipal District 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 Information (Schedule 4A and 4B).

17. GOVERNMENT PARTNERSHIPS

Waste Management Authority

The Town of Provost, the Village of Amisk, the Village of Czar, the Village of Hughenden and the Municipal District of Provost No. 52 jointly participate in the M.D. #52 Waste Management Authority ("the Authority") to maintain, control, and manage a regional landfill site and transfer stations. The proportionate share of ownership, management, and liability of the Authority held by each member is as follows:

The Town of Provost	20%
Village of Amisk	20%
Village of Czar	20%
Village of Hughenden	20%
Municipal District of Provost No. 52	20%

The parties have agreed to proportionately share costs associated with expenditures arising from the operation of the Authority. The cost sharing proportions are based on each member's population figures available from *Alberta Municipal Affairs*.

During the year, the Municipal District paid \$274,103 (2020 – \$253,575) to the Authority for annual fees. The transaction was measured at the exchange amount.

Provost Medical Centre

The Municipal District and the Town of Provost jointly developed, constructed and now operating the Provost Medical Centre. The Municipal District's initial proportionate interest in the Medical Centre is 75% (2020 – 75%).

Municipal District operates and manages the Medical Centre. The Town of Provost provides an annual contribution to support the operations of the Medical Centre. The parties have agreed to proportionately share costs associated with expenditures arising from the operation of the Medical Centre with the Municipal District's proportionate share being 50%.

During the year, the Municipal District received \$9,828 (2020 – \$NIL) from the Town for the Town's proportional share of operating costs.

MUNICIPAL DISTRICT OF PROVOST NO. 52
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021.

18. FINANCIAL INSTRUMENTS

The Municipal District's financial instruments consist of cash and temporary investments, trade receivables, and accounts payable and accrued liabilities. It is management's opinion that the Municipal District is not exposed to significant interest or currency risks arising from these financial instruments.

The Municipal District is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District 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 values of the financial instruments approximates fair value.

19. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

20. PRIOR PERIOD ADJUSTMENT

During the year, it was discovered that contributions from the Town of Provost pertaining to the Medical Centre (jointly owned by the Municipal District and the Town) was not appropriately recognized in accordance with Public Sector Accounting Standards. As a result, prior year comparative figures have been adjusted for that matter.

The 2020 financial statements were adjusted as follows:

- Decrease in government transfers for capital by \$848,000
- Decrease in contributed tangible capital asset by \$38,000
- Decrease in tangible capital assets by \$886,000
- Decrease in accumulated surplus by \$886,000

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

MISSION STATEMENT AND OBJECTIVES

The Municipal District of Provost No. 52 continually strives to provide a rural environment where residents may enjoy an excellent quality of life.

SERVICE DELIVERY OBJECTIVES

- To conserve agricultural land.
- To maintain and develop a viable Roads Transportation Network.
- To promote a diversified agricultural industry and environmentally sound natural resource development.
- To protect residents by providing effective emergency response and crime prevention services.
- To participate in regional partnerships that promote the availability of health care, education and recreation services and facilities.
- To offer resources and support voluntary efforts to provide social programs.

2021 TRANSFER PAYMENTS TO OTHER LOCAL GOVERNMENTS, GRANTS & REQUISITIONS FROM OPERATIONS

REQUISITION / GRANT RECIPIENT	M.D. DEPARTMENT	AMOUNT
ALBERTA SCHOOL FOUNDATION FUND	TRANSFER OF REQUISITION	4,863,986.87
BODO COMMUNITY ASSOCIATION	GRANT	2,000.00
BODO ARCHAEOLOGICAL SOCIETY	GRANT	1,396.00
ALBERTA GOVERNMENT	POLICING	195,878.00
CZAR LAKE BULLARAMA	DONATION	10,000.00
EAST CENTRAL ALBERTA CATHOLIC SEPARATE SCHOOL	TRANSFER OF REQUISITION	75,700.38
CAPT LAKE ASSOCIATION	DONATION	380.00
FAMILY & COMMUNITY SUPPORT SERVICES	TRANSFER OF REQUISITION	18,690.79
HUGHENDEN COMMUNITY HALL	DONATION	10,000.00
MD #52 LIBRARY BOARD	CULTURE	47,760.00
MD #52 WASTE MANAGEMENT AUTHORITY	WASTE MANAGEMENT	274,103.55
Natural Gas Co-op(Provost Co-op Loan)	OTHER: TRF	29,250.00
PARKLAND REGIONAL LIBRARY	CULTURE	18,852.75
PROVOST LIONS HANDI VAN SOCIETY	GRANT	6,500.00
PROVOST SENIOR CITIZENS HOME FOUNDATION	TRANSFER OF REQUISITION	542,705.80
ROSENHEIM HISTORICAL SOCIETY	RECREATION: PROVOST & DIST REC	2,500.00
SHORNCLIFFE PARK IMPROVEMENT ASSOCIATION	RECREATION: SHORNCLIFFE LAKE	5,629.50
CADOGAN AGRICULTURAL SOCIETY	GRANT	5,000.00
TOWN OF PROVOST	FIRE: EAST END	87,658.41
TOWN OF PROVOST	GRANT: CANADA DAY	1,000.00
TOWN OF PROVOST	OTHER GOVT: DOCTOR'S HOUSE	5,937.00
TOWN OF PROVOST	OTHER GOVT: INS - HEALTH FOUND.	1,510.42
TOWN OF PROVOST	RECREATION: PROVOST & DIST REC	279,322.63
TOWN OF PROVOST	WASTE MGMT (RECYCLING)	1,800.00
TOWN OF PROVOST	MEDICAL BUILDING	4,983.67
WEST RECREATION COUNCIL	RECREATION: WEST END	217,000.00
TOWN OF HARDISTY	FIRE WEST END	5,584.00

6,715,129.77

ANNUAL MILL RATE COMPARISON- M.D. of PROVOST NO. 52					
Residential					
	2018	2019	2020	2021	
ASFF	2.5799	2.5337	2.5356	2.5888	
Municipal	3.3645	3.376	3.376	3.1936	
Uncollectibles	0.0796	0.2095	0.2069	0.1935	
Fire	0.1507	0.173	0.1857	0.2050	
Recreation	0.2623	0.2726	0.282	0.2900	
Waste Management	0.0746	0.0737	0.0651	0.0745	
FCSS	0.0076	0.0075	0.0074	0.0070	
Hillcrest	0.2202	0.2176	0.2154	0.2020	
Total Residential mill rate	6.7394	6.8636	6.8741	6.7544	
Farmland					
	2018	2019	2020	2021	
ASFF	2.5799	2.5337	2.5356	2.5888	
Municipal	6.7289	6.752	6.752	6.3872	
Uncollectibles	0.0796	0.2095	0.2069	0.1935	
Fire	0.1507	0.173	0.1857	0.205	
Recreation	0.2623	0.2726	0.282	0.29	
Waste Management	0.0746	0.0737	0.0651	0.0745	
FCSS	0.0076	0.0075	0.0074	0.007	
Hillcrest	0.2202	0.2176	0.2154	0.202	
Total Farm mill rate	10.1038	10.2396	10.2501	9.9480	
DI Property Req	0.0340	0.0786	0.0760	0.0766	
Total DI Property (Farmland) mill rate	10.1378	10.3182	10.3261	10.0246	
Non Residential/Industrial					
	2018	2019	2020	2021	
ASFF	3.9477	3.7255	3.7953	3.7481	
Municipal	6.7289	6.752	6.752	6.3872	
Uncollectibles	0.0796	0.2095	0.2069	0.1935	
Fire	0.1507	0.173	0.1857	0.205	
Recreation	0.2623	0.2726	0.282	0.29	
Waste Management	0.0746	0.0737	0.0651	0.0745	
FCSS	0.0076	0.0075	0.0074	0.007	
Hillcrest	0.2202	0.2176	0.2154	0.202	
Special Industrial	2.2063	2.2063	2.2063	2.2063	
Total Non-residential mill rate	13.6779	13.6377	13.7161	13.3136	
Total Machinery & Equip mill rate	9.7302	9.4851	9.9208	9.5655	
DI Property Req	0.0340	0.0786	0.0760	0.0766	
Total DI Property (Non-Res) mill rate	13.7119	13.7163	13.7921	13.3902	
Total DI Property (M&E) mill rate	9.7642	9.5637	9.9968	9.6421	

M.D. OF PROVOST NO. 52 NEWSLETTER 2022

FIRE SAFETY REMINDER

All ratepayers are reminded that fire safety starts with you – and that all burning within the M.D. must be conducted responsibly and in accordance with the M.D.'s fire control bylaw. Ratepayers are reminded that incinerators, fire pits and barbecue pits must:

- have a spark arrestor mesh screen of 13 mm or less to contain sparks over the fire at all times.
- be supervised at all times by a responsible adult person until such time that fire has been extinguished. A fire shall be deemed to include hot ashes and smoldering embers resulting from the fire.
- burn only Class "A" materials (clean wood, paper, twigs and garden chippings and garden debris) charcoal briquettes, propane or natural gas fuels.
- have a flame height which does not exceed 90 cm (3.38 feet) above the incinerator, barbecue or fire pit.

A fire permit is required for ALL outdoor fires, not classed as "small open fires" by Bylaw #2268, structure fires or the discharge of fireworks. For more information or to obtain a fire permit ratepayers are advised to visit our website at mdprovost.ca.

PENALTIES ON TAXES

November 1, 2022 – 10% on current
February 1, 2023 – 15% on arrears

GENERAL ASSESSMENT

The 2022 Assessment and Tax Notices will be sent together around mid-June, 2022. Assessments are now updated annually based on changes to market conditions, etc. within the municipality.

TAX NOTICES

Tax Notices are sent to the owner of the land that is stated on the registered title at the time the notice is prepared. A tax notice is deemed to have been received 7 days after it is sent. If your mailing address has changed, it is up to you to notify the MD office. **If you do not receive a tax notice for your property, it is your responsibility to contact the MD office.** Nonpayment of taxes will result in penalties added and eventually sale of land under the Municipal Government Act.

BUILDING, ELECTRICAL, GAS AND PLUMBING PERMITS

The MD of Provost No. 52 administers the Safety Codes Act of Alberta in the disciplines of Building, Electrical, Gas and Plumbing. Superior Safety Codes Inc., an accredited agency, has been contracted to provide permit issuance and inspections pursuant to the Act. Permits may be obtained from Superior Safety Codes Inc. at 1-888-358-5545.

DEVELOPMENT PERMIT APPLICATION

Control of Development

No development shall be undertaken within the municipality, other than that designated in Section 7 of the MD's Land Use Bylaw, **unless an application for it has been approved and a development permit has been issued.** For the designations in Section 7 please contact the MD office.

Application for a Development Permit

An application for development permit shall be made to the Development Officer in writing, and shall be accompanied by:

- (a) a site plan showing the legal description and the front, rear and side yards if any, and any provision for off-street vehicle parking, and entry and exit points to and from the site;
- (b) floor plans and elevations and sections of any proposed buildings;
- (c) any other reasonable information that the Development Officer/Municipal Planning Commission deems is necessary to render a decision on the application;
- (d) a development permit fee as established by resolution of Council.

UNAUTHORIZED USE OF ROAD ALLOWANCES

The M.D. of Provost No. 52 would like to remind its residents that the title to all road allowances within the M.D., **whether presently in use as a roadway or not**, is vested in the Crown in Right of Alberta and that the M.D. has the direction, control and management of all roadways within the M.D. except provincial highways. Any unauthorized use presently being made of road allowances within the M.D. by anyone does not give the user any right to continued use or to compensation in the event that a decision is made to develop the road allowance as a roadway.

SNOWPLOW POLICY

Please remember if you wish to have your lane snowplowed this winter pick up a "Custom Work" agreement at the M.D. office or from your grader operator as soon as possible. The agreements are valid for 3 years. **For those renting, both yourself and the owner are required to sign the agreement.**

If you plow your own lane, please do not leave any ridges or piles on the M.D. road as it creates a hazard to the travelling public.

The MD has the right to refuse the snowplowing and lane maintenance agreement if so deemed unfeasible after inspection of the site.

ROAD SIGNS

Traffic signs are erected to maintain safety on our roads. Please notify the M.D. office immediately if you see any signs down, missing or in need of repair. We need your help to assist us in keeping an accurate record of the signs and keep them in good condition. It is illegal to erect signs of any kind on the road allowance without receiving consent from the Municipal District.

DON'T LITTER

Dumping of garbage on road allowances, in road ditches and along unused road allowances is prohibited. This includes ROCKS. Help keep our M.D. clean. All loads to transfer sites and the landfill are to be tarped and secure.

PROVOST NEWS CIRCULATION

It is the policy of the M.D. of Provost No. 52, under Bylaw 764, to circulate the Provost News in which the M.D. reports to all **ratepayers** who do not already subscribe.

Those wishing to receive the Provost News must contact the M.D. office. It is not necessary to contact the M.D. office if you already receive a regular subscription.

DUGOUTS

Dugouts are considered as development and therefore must comply with setback regulations. As stated in the Land Use Bylaw, there is to be no development within 40 metres of the center line of any municipal road allowance. Any excavation or stockpiles within the 40 metre setback are considered non-conforming and are not permitted.

Please contact the MD office if unsure as to policy regarding development.

MOVING CATTLE

Cattle Moving Signs are available at both the Provost and Hughenden Shops. The Peace Officer may also be available to help notify traffic that a move is in process. He can be reached at 753-1981.

A SLOW DOWN REMINDER - 30 Km/hr.

School Zone Times (School Days Only)

8:00 am – 9:30 am

11:30 am – 1:30 pm

3:00 pm – 4:30 pm

Playground Zones (Everyday)

8:30 am to 1 hour after sunset

In rural and urban areas:

Red flashing lights on a school bus means **STOP** (this means traffic from both directions)

Amber flashing lights on a school bus means **SLOW DOWN AND BE PREPARED TO STOP**

Failure to follow this legislation can result in a fine plus demerits

The bus driver may take the license plate number and the registered owner can be charged

FOR MORE INFO. CHECK OUT THE MD OF PROVOST'S WEBSITE AT
www.mdprovost.ca

M.D. OF PROVOST NO. 52
BOX 300
PROVOST, AB
T0B 3S0
2021-2022 COUNCILLORS FULL NAMES & ADDRESSES (October 28, 2021)

DIVISION 1 DEPUTY REEVE	LONNIE KOZLINSKI BOX 1317 PROVOST, AB T0B 3S0	753-6576 HOME 753-1556 CELL lkozlinski@mdprovost.ca
DIVISION 2 REEVE	ALLAN MURRAY BOX 24 HAYTER, AB T0B 1X0	753-1494 CELL 753-6531 HOME & FAX amurray@mdprovost.ca
DIVISION 3	MEL ANGELTVEDT BOX 945 PROVOST, AB T0B 3S0	753-0391 CELL 753-6184 HOME mangeltvedt@mdprovost.ca
DIVISION 4	BRYCE OLSON BOX 114 PROVOST, AB T0B 3S0	753-7862 CELL bolson@mdprovost.ca
DIVISION 5	LYANNE ALMBERG BOX 6 CZAR, AB T0B 0Z0	753-8608 CELL 780-857-2450 HOME lalmberg@mdprovost.ca
DIVISION 6	DARRYL MOTLEY R.R.#1 CZAR, AB T0B 0Z0	209-4413 CELL 857-2131 HOME 857-0007 FAX dmotley@mdprovost.ca
DIVISION 7	GINA VETTER BOX 174 HUGHENDEN, AB T0B 2E0	856-3855 HOME 587-281-4462 CELL gvetter@mdprovost.ca
Office Hours are 8:30 a.m. – 4:30 p.m. Telephone: 780-753-2434 or 780-857-2434 Fax: 780-753-6432 MD of Provost E-mail: mdprovost@mdprovost.ca MD of Provost Website: www.mdprovost.ca		
TYLER LAWRASON, ADMINISTRATOR – email: tlawrason@mdprovost.ca		OFFICE 753-2434 CELL: 753-0176 HOME: 857-0003
LAUREN GROSKEY-FORD, DIRECTOR OF LEGISLATIVE SERVICES – email: lgrosky@mdprovost.ca		OFFICE: 753-2434
WENDY TRENNERY, FINANCE OFFICER email: wtrenerry@mdprovost.ca		OFFICE 753-2434
VANESSA HAHN, TAX & PAYROLL CLERK email: vhahn@mdprovost.ca		OFFICE: 753-2434
CAITLIN WOLF, AG. FIELDMAN email: cwolf@mdprovost.ca		OFFICE 753-2168 CELL 753-4359
BRIAN CARTER, RECLAMATION MANAGER email: bcarter@mdprovost.ca		OFFICE 753-2168 CELL 753-4035
MYRON SCHERGER, PEST CONTROL OFFICER email: mscherger@mdprovost.ca		CELL 209-1710
JOHN DEGENSTIEN, DEVELOPMENT OFFICER email: jdegenstien@mdprovost.ca		OFFICE 753-2434 CELL 753-0509
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LEO TOBIAS, UTILITIES OFFICER email: ltobias@mdprovost.ca		OFFICE 753-2434 CELL 691-0629
MARILYN REINHART, ACCOUNTS COORDINATOR email: mreinhardt@mdprovost.ca		OFFICE: 753-2434
JULIANNA LAKEVOLD, EXECUTIVE ASSISTANT TO THE CAO email: jlakevold@mdprovost.ca		OFFICE: 753-2434

DANA LAYE, INVENTORY PROCUREMENT OFFICER email: dlaye@mdprovost.ca	OFFICE: 753-2434
JULIE JAMIESON, INVENTORY PROCUREMENT OFFICER email: jjamieson@mdprovost.ca	OFFICE 753-2168 FAX 753-2199
PUBLIC WORKS PROVOST SHOP	SHOP 753-2168 FAX 753-2199
PUBLIC WORKS HUGHENDEN SHOP	SHOP 856-3654
LEN FOSSEN, OPERATIONS MANAGER email: lfossen@mdprovost.ca	CELL 753-4423
MARTY BIRO, OPERATIONS MANAGER email: mbiro@mdprovost.ca	CELL 306-873-7831
IAN GREEN, PEACE OFFICER email: igreen@mdprovost.ca	CELL 753-1981
ANDRE GUILBAULT, ASSESSOR email: wag-andy@telus.net WAINWRIGHT ASSESSMENT GROUP	OFFICE 753-2434 WAINWRIGHT 842-5002 CELL 806-1134