CITY OF AIRDRIE

Consolidated Financial Statements

December 31, 2020

City of Airdrie
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For the Year Ended December 31, 2020

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Independent auditor's report

To the Mayor and City Council of City of Airdrie

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of City of Airdrie and its subsidiaries (together, the City) as at December 31, 2020 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited
The City's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of change in net financial assets for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
April 19, 2021

City of Airdrie
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments *(Note 5)*	**$ 45,788,009**	$ 42,583,543
Receivables		
Taxes and grants-in-place of taxes *(Note 6)*	**2,879,676**	2,671,522
Trade and other receivables	**8,684,376**	7,554,417
Developers' levies receivable	**4,390,285**	6,674,985
Loans receivable *(Note 7)*	**5,592**	13,443
Investments *(Note 8)*	**156,532,624**	158,022,784
Other financial assets	**61,445**	66,709
	218,342,007	217,587,403
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	**13,762,509**	19,273,794
Deposit liabilities	**2,233,768**	1,906,301
Deferred revenue *(Note 10)*	**63,502,741**	67,299,998
Employee benefit obligations *(Note 11)*	**2,055,455**	1,814,798
Other liabilities *(Note 12)*	**2,037,957**	3,669,461
Deferred developers' levies	**4,390,285**	6,674,985
Long-term debt *(Note 13 and 14)*	**55,810,498**	61,387,542
	143,793,213	162,026,879
NET FINANCIAL ASSETS	**$ 74,548,794**	$ 55,560,524
NON FINANCIAL ASSETS		
Tangible capital assets *(Schedule 1 and Note 9)*	**807,991,537**	786,018,694
Prepaid expenses	**89,130**	81,282
	808,080,667	786,099,976
ACCUMULATED SURPLUS *(Note 15)*	**$ 882,629,461**	$ 841,660,500

Contingent assets and contingent liabilities *(Note 20 and 21)*
Contractual rights and contractual obligations *(Note 22 and 23)*

City of Airdrie
Consolidated Statement of Operations
For the Year Ended December 31, 2020

	2020 Budget	2020	2019
REVENUE			
Net municipal property taxes *(Schedule 2)*	**$ 63,563,878**	**$ 63,558,863**	$ 61,071,710
User fees and sale of goods	**53,031,584**	**46,855,607**	47,861,431
Contributed assets	**25,900,000**	**25,883,233**	35,234,381
Government transfers *(Schedule 3)*	**75,366,590**	**21,000,774**	17,565,834
Franchise and concession contracts	**9,550,000**	**9,759,896**	8,939,180
Development levies	**7,727,737**	**6,398,058**	8,456,253
Investment income	**4,466,348**	**4,422,537**	5,399,960
Licenses and permits	**5,278,970**	**4,025,605**	4,808,457
Rental revenue	**5,152,147**	**3,660,265**	4,936,981
Other revenue	**1,119,791**	**2,702,714**	4,360,472
Fines	**1,380,360**	**860,852**	1,420,412
Sales to other governments	**572,130**	**681,708**	670,882
Penalties and costs on taxes	**890,000**	**572,211**	909,677
Gain on disposal of tangible capital assets	**-**	**85,723**	-
	253,999,535	**190,468,046**	201,635,630
EXPENSES			
Transportation services	**38,179,970**	**35,029,633**	35,321,065
Protective services	**33,581,100**	**32,208,249**	30,857,606
Environmental services	**33,087,735**	**30,756,410**	31,063,957
General government	**23,818,160**	**21,979,096**	21,682,241
Recreation and cultural	**25,627,454**	**21,498,790**	24,145,739
Planning and development	**4,913,923**	**4,816,194**	5,044,687
Public health and welfare	**2,870,867**	**2,660,731**	4,381,063
Council	**669,070**	**549,982**	626,753
Loss on disposal of tangible capital assets	**-**	**-**	107,831
	162,748,279	**149,499,085**	153,230,942
ANNUAL SURPLUS	**91,251,256**	**40,968,961**	48,404,688
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**841,660,500**	**841,660,500**	793,255,812
ACCUMULATED SURPLUS - END OF YEAR	**$ 932,911,756**	**$ 882,629,461**	$ 841,660,500

City of Airdrie
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

	2020	2019
OPERATING		
Annual surplus	**$ 40,968,961**	$ 48,404,688
Non-cash items included in annual surplus		
Amortization of tangible capital assets	**29,508,528**	29,213,201
(Gain) loss on disposal of tangible capital assets	**(85,723)**	107,831
Tangible capital assets received as contributions	**(25,883,233)**	(35,234,381)
Changes in non-cash working capital balances		
Taxes and grants-in-place of taxes	**(208,154)**	(317,098)
Trade and other receivables	**(1,129,959)**	2,069,800
Developers' levies receivable	**2,284,700**	5,389,919
Prepaid expenses	**(7,848)**	8,369
Other financial assets	**5,264**	(38,873)
Accounts payable and accrued liabilities	**(5,511,285)**	1,538,767
Deposit liabilities	**327,467**	(686,516)
Deferred revenue	**(3,797,257)**	(403,593)
Employee benefit obligations	**240,657**	118,636
Other liabilities	**(1,631,504)**	(1,135,702)
Deferred developers' levies	**(2,284,700)**	(5,389,919)
Cash provided by operating transactions	**32,795,914**	43,645,129
CAPITAL		
Acquisition of tangible capital assets	**(25,689,636)**	(33,642,200)
Proceeds on disposal of tangible capital assets	**177,221**	832,179
Cash applied to capital transactions	**(25,512,415)**	(32,810,021)
INVESTING		
Purchases of investments	**(68,218,252)**	(36,315,795)
Sales of investments	**69,708,412**	35,647,046
Cash acquired upon consolidation of subsidiary operation	**-**	1,441,659
Loan receivable repayments	**7,851**	7,249
Cash applied to investing transactions	**1,498,011**	780,159
FINANCING		
Long-term debt issued	**-**	514,070
Long-term debt repaid	**(5,577,044)**	(5,616,505)
Cash provided by financing transactions	**(5,577,044)**	(5,102,435)
CHANGE IN CASH AND TEMPORARY INVESTMENTS	**3,204,466**	6,512,832
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR *(Note 5)*	**42,583,543**	36,070,711
CASH AND TEMPORARY INVESTMENTS, END OF YEAR *(Note 5)*	**$ 45,788,009**	$ 42,583,543

City of Airdrie
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2020

	2020 Budget	2020	2019
ANNUAL SURPLUS	**$ 91,251,256**	**$ 40,968,961**	$ 48,404,688
Acquisition of tangible capital assets	**(60,304,695)**	**(25,689,636)**	(33,642,200)
Tangible capital assets received as contributions	**(25,900,000)**	**(25,883,233)**	(35,234,381)
Proceeds on disposal of tangible capital assets	**-**	**177,221**	832,179
Amortization of tangible capital assets	**29,434,681**	**29,508,528**	29,213,201
(Gain) loss on disposal of tangible capital assets	**-**	**(85,723)**	107,831
Subsidiary investment adjustment	**-**	**-**	(4,840,795)
	(56,770,014)	**(21,972,843)**	(43,564,165)
Acquisition of prepaid assets	**-**	**(89,130)**	(81,282)
Use of prepaid assets	**-**	**81,282**	89,651
	-	**(7,848)**	8,369
INCREASE IN NET ASSETS	**34,481,242**	**18,988,270**	4,848,892
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**55,560,524**	**55,560,524**	50,711,632
NET FINANCIAL ASSETS, END OF YEAR	**$ 90,041,766**	**$ 74,548,794**	$ 55,560,524

City of Airdrie

Schedule 1 - Consolidated Tangible Capital Assets
For the Year Ended December 31, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Assets under Construction	2020	2019
COST									
Balance, beginning of year	**$ 120,045,397**	**$ 74,002,205**	**$ 146,567,129**	**$ 638,531,743**	**$ 32,671,760**	**$ 21,049,282**	**$ 27,133,112**	**$ 1,060,000,628**	$ 989,346,911
Add: Acquisitions during the year	**12,089**	**3,117,456**	**18,523,116**	**36,249,591**	**3,481,111**	**2,410,007**	**7,525,582**	**71,318,952**	96,350,789
Add: Subsidiary assets consolidated in 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	5,618,954
Less: Disposals during the year	**-**	**30,006**	**62,780**	**146,344**	**690,044**	**905,077**	**-**	**1,834,251**	3,841,818
Other - change in Assets under Construction	**-**	**-**	**-**	**-**	**-**	**-**	**(19,746,083)**	**(19,746,083)**	(27,474,208)
Balance, end of year	**$ 120,057,486**	**$ 77,089,655**	**$ 165,027,465**	**$ 674,634,990**	**$ 35,462,827**	**$ 22,554,212**	**$ 14,912,611**	**$ 1,109,739,246**	$ 1,060,000,628
ACCUMULATED AMORTIZATION									
Balance, beginning of year	**$ -**	**$ 25,081,526**	**$ 31,742,283**	**$ 195,764,774**	**$ 12,117,072**	**$ 9,276,279**	**$ -**	**$ 273,981,934**	$ 246,892,382
Add: Amortization	**-**	**3,162,949**	**3,290,964**	**18,449,779**	**2,749,629**	**1,855,207**	**-**	**29,508,528**	29,213,201
Add: Subsidiary amortization consolidated in 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	778,159
Less: Amortization on disposals	**-**	**30,006**	**-**	**142,838**	**664,832**	**905,077**	**-**	**1,742,753**	2,901,808
Balance, end of year	**$ -**	**$ 28,214,469**	**$ 35,033,247**	**$ 214,071,715**	**$ 14,201,869**	**$ 10,226,409**	**$ -**	**$ 301,747,709**	$ 273,981,934
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**$ 120,057,486**	**$ 48,875,186**	**$ 129,994,218**	**$ 460,563,275**	**$ 21,260,958**	**$ 12,327,803**	**$ 14,912,611**	**$ 807,991,537**	$ 786,018,694

City of Airdrie
Schedule 2 - Consolidated Property Taxes Levied
For the Year Ended December 31, 2020

	2020 Budget	2020	2019
TAXATION			
Real property taxes	**$ 94,479,377**	**$ 94,474,362**	$ 91,131,103
Linear property taxes	**789,611**	**789,611**	738,116
Government grants in place of property taxes	**173,681**	**173,681**	132,344
	95,442,669	**95,437,654**	92,001,563
REQUISITIONS			
Alberta School Foundation Fund	**28,140,292**	**28,140,292**	26,881,542
Calgary Catholic Separate School Division	**3,315,137**	**3,315,137**	3,625,701
Rocky View Senior's Foundation	**417,174**	**417,174**	416,280
Designated industrial property	**6,188**	**6,188**	6,330
	31,878,791	**31,878,791**	30,929,853
NET MUNICIPAL PROPERTY TAXES	**$ 63,563,878**	**$ 63,558,863**	$ 61,071,710

City of Airdrie
Schedule 3 - Consolidated Government Transfers
For the Year Ended December 31, 2020

	2020 Budget	2020	2019
FEDERAL TRANSFERS			
Shared-cost agreements and grants	**$ 6,782,017**	**$ 2,839,318**	$ 2,733,736
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	**67,761,219**	**17,317,024**	13,969,783
Entitlements	**420,000**	**475,258**	430,963
	68,181,219	**17,792,282**	14,400,746
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	**403,354**	**369,174**	431,352
TOTAL GOVERNMENT TRANSFERS	**$ 75,366,590**	**$ 21,000,774**	$ 17,565,834

City of Airdrie
Schedule 4 - Consolidated Expenses by Object
For the Year Ended December 31, 2020

	2020 Budget	2020	2019
CONSOLIDATED EXPENSES			
Salaries, wages and benefits	**$ 65,590,148**	**$ 62,325,633**	$ 60,905,530
Amortization of tangible capital assets	**29,434,681**	**29,508,528**	29,213,201
Purchases from other governments	**24,985,070**	**23,112,205**	22,642,713
Contracted and general services	**26,558,872**	**20,419,948**	22,674,807
Materials, goods, supplies and utilities	**11,002,613**	**9,602,797**	10,630,466
Grants to other groups and organizations	**2,354,990**	**1,932,125**	4,363,783
Interest on long-term debt	**2,021,200**	**1,814,944**	1,999,225
Bank charges and short-term interest	**549,705**	**616,028**	555,463
Other	**251,000**	**166,877**	137,923
Loss on disposal of tangible capital assets	**-**	**-**	107,831
TOTAL CONSOLIDATED EXPENSES	**$ 162,748,279**	**$ 149,499,085**	$ 153,230,942

City of Airdrie

Schedule 5 - Consolidated Segmented Disclosure
For the Year Ended December 31, 2020

	Council	General Government	Protective Services	Transportation Services	Environmental Services	Planning and Development	Recreation and Cultural	Public Health and Welfare	2020
REVENUE									
Net municipal property taxes	$ 514,827	$ 17,726,567	$ 20,739,256	$ 10,779,583	$ -	$ 2,910,996	$ 10,588,907	$ 298,727	$ 63,558,863
User fees and sales of goods	-	456,911	214,108	1,276,632	43,070,104	3,463	1,737,485	96,904	46,855,607
Other revenues	-	10,294,874	4,691,167	6,626,095	2,034,012	2,498,535	2,305,349	297,000	28,747,032
Contributed assets	-	-	-	19,254,047	4,575,134	12,088	2,041,964	-	25,883,233
Government transfers	-	5,341,022	1,382,429	10,208,963	540,640	102,778	1,864,138	1,560,804	21,000,774
Investment income	-	2,646,318	-	1,501,596	106,339	30,254	138,030	-	4,422,537
	514,827	36,465,692	27,026,960	49,646,916	50,326,229	5,558,114	18,675,873	2,253,435	190,468,046
EXPENSES									
Salaries, wages and benefits	475,231	17,083,389	18,058,566	7,886,860	4,150,818	2,977,737	10,996,294	696,738	62,325,633
Amortization of tangible capital assets	-	1,379,512	1,319,106	16,781,698	4,131,633	233,078	5,660,949	2,552	29,508,528
Purchases from other governments	-	7,855	10,405,563	-	12,698,787	-	-	-	23,112,205
Contracted and general services	64,308	2,971,822	1,533,501	5,249,009	6,625,643	1,134,005	2,766,769	74,891	20,419,948
Materials, goods, supplies and utilities	10,443	134,170	599,947	4,494,103	2,466,128	103,181	1,783,542	11,283	9,602,797
Grants to other groups and organizations	-	-	40,000	-	-	-	20,000	1,872,125	1,932,125
Interest on long-term debt	-	-	188,436	617,963	435,751	360,983	211,811	-	1,814,944
Other expenses	-	402,348	63,130	-	247,650	7,210	59,425	3,142	782,905
	549,982	21,979,096	32,208,249	35,029,633	30,756,410	4,816,194	21,498,790	2,660,731	149,499,085
2020 ANNUAL (DEFICIT) SURPLUS	$ (35,155)	$ 14,486,596	$ (5,181,289)	$ 14,617,283	$ 19,569,819	$ 741,920	$ (2,822,917)	$ (407,296)	$ 40,968,961

	Council	General Government	Protective Services	Transportation Services	Environmental Services	Planning and Development	Recreation and Cultural	Public Health and Welfare	2019
REVENUE									
Net municipal property taxes	$ 537,431	$ 16,544,326	$ 19,775,021	$ 10,192,868	$ -	$ 2,583,333	$ 11,151,694	$ 287,037	$ 61,071,710
User fees and sales of goods	-	392,898	248,006	2,042,318	40,526,386	19,448	4,524,614	107,761	47,861,431
Contributed assets	-	-	-	17,396,125	10,421,742	2,981,607	4,434,907	-	35,234,381
Other revenues	-	10,519,543	6,045,190	7,565,174	2,095,360	2,544,725	3,792,500	1,939,822	34,502,314
Government transfers	-	828,479	1,972,932	10,700,219	3,563	176,288	2,323,549	1,560,804	17,565,834
Investment income	-	3,034,414	857,633	1,004,012	222,418	49,231	232,252	-	5,399,960
	537,431	31,319,660	28,898,782	48,900,716	53,269,469	8,354,632	26,459,516	3,895,424	201,635,630
EXPENSES									
Salaries, wages and benefits	479,789	15,756,036	17,113,269	7,100,887	4,517,735	2,904,743	12,289,939	743,132	60,905,530
Amortization of tangible capital assets	-	1,249,660	1,323,729	15,936,369	4,929,280	234,622	5,536,989	2,552	29,213,201
Contracted and general services	78,767	3,454,442	1,116,222	7,031,475	6,188,825	1,393,343	3,299,876	111,857	22,674,807
Purchases from other governments	-	7,392	10,491,833	-	12,143,488	-	-	-	22,642,713
Materials, goods, supplies and utilities	68,197	280,883	549,593	4,557,359	2,628,804	121,379	2,407,854	16,397	10,630,466
Grants to other groups and organizations	-	608,000	4,000	-	-	1,200	246,134	3,504,449	4,363,783
Interest on long-term debt	-	-	209,816	694,975	482,817	385,256	226,361	-	1,999,225
Other expenses	-	325,828	49,499	71,135	173,008	(28,622)	207,693	2,676	801,217
	626,753	21,682,241	30,857,961	35,392,200	31,063,957	5,011,921	24,214,846	4,381,063	153,230,942
2019 ANNUAL (DEFICIT) SURPLUS	$ (89,322)	$ 9,637,419	$ (1,959,179)	$ 13,508,516	$ 22,205,512	$ 3,342,711	$ 2,244,670	$ (485,639)	$ 48,404,688

1. NATURE OF BUSINESS

Airdrie was established as the Village of Airdrie in 1909 and was incorporated as the City of Airdrie ("the City") in 1985. The City is legislated under the Alberta Municipal Government Act and its principal activities include the provision of local government services to its citizens. These include administrative, protective, transportation, environmental, planning and development, recreational and culture and public health and welfare.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City are the representations of management and are prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements represent the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations owned or controlled by the City and are therefore accountable to the City Council for the administration of their affairs and resources. As wholly-owned subsidiaries of the City, The City of Airdrie Library Board ("Library"), Airdrie Housing Limited ("Airdrie Housing") and Airdrie Mainstreet Square Real Estate Inc. ("AMSQ") are consolidated into these financial statements.

Effective January 1, 2019 AMSQ's organizational status changed to become an Other Government Organization. Since AMSQ is a wholly owned subsidiary and is classified as an Other Government Organization it has been consolidated into the City's financial statements in the current and prior year.

The schedule of property taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measureable based upon receipt of goods or services 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 are performed or the tangible capital assets are acquired.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(…/Continued)*

Use of estimates

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

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized using the straight-line method 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.

Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectible.

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 annual surplus, provides the consolidated change in net financial assets for the year.

a) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Land improvements	10 - 75
Buildings	30 - 50
Engineered structures	
Roadway systems	5 - 60
Water systems *(Note 3)*	25 - 80
Wastewater systems *(Note 3)*	25 - 80
Storm systems *(Note 3)*	15 - 80
Fibre optics	30
Machinery and equipment	3 - 20
Vehicles	10 - 20

No amortization is charged in the year of acquisition and a full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(…/Continued)*

Non-Financial Assets *(…/Continued)*

b) Contribution of Tangible Capital Assets

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

c) 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.

d) Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed in Note 9.

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.

Deferred Developers' Levies

Deferred developers' levies are calculated using the rates established by bylaw at the time of the agreement. The levies are reduced based on payments received during the year or amortized based on the total acres developed during the year, depending on the terms of agreement.

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 are 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.

Employee Future Benefits

The City is a member of a defined contribution multi-employer pension plan covering substantially all of its employees. Pension contributions are accounted for using defined contribution accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(…/Continued)*

Liability for 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 contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The City is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

3. CHANGE IN ACCOUNTING ESTIMATE

In accordance with its policy, the City reviews the estimated useful lives of its tangible capital assets on an ongoing basis. In April 2020, a consultant's technical memo from CIMA was received, and they determined that the actual expected lives for certain assets were different than the useful lives used for amortization purposes in the financial statements. Effective January 1, 2020 the City changed its estimated useful life of water, sanitary and storm mains to better reflect current conditions. The maximum useful life of water, sanitary and storm mains, previously estimated to be 50 years, has been increased to 80 years. The effect of this change has been applied prospectively and resulted in a decrease of amortization of $1,755,816 for 2020 in comparison to the previous applied policy.

4. FUTURE ACCOUNTING POLICIES

PSAB recently announced the following accounting pronouncements:

PSAB Section 1201, Financial Statement Presentation

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

PSAB Section 2601, Foreign Currency Translation

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

PSAB Section 3280, Asset Retirement Obligations

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

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4. FUTURE ACCOUNTING POLICIES *(…/Continued)*

PSAB Section 3450, Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2022 for governments only, with early adoption encouraged. In addition, the City will be required to assess Section 3041, Portfolio Investments; Section 3050, Loans Receivable; Section 3390, Contractual Obligations; Section 3230, Long-Term Debt; Section 2500, Consolidation; and Section 3070, Investments in Government Business Enterprises.

PSAB Section 3400, Revenue

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

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

5. CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash	**$ 43,220,724**	$ 40,844,631
Temporary investments *(Note 8)*	**2,567,285**	1,738,912
	$ 45,788,009	$ 42,583,543

Temporary investments are short-term deposits with original maturities of three months or less.

6. TAXES AND GRANTS-IN-PLACE OF TAXES

	2020	2019
Current taxes and grants in place of taxes	**$ 2,196,351**	$ 2,016,809
Arrears taxes	**683,325**	654,713
	$ 2,879,676	$ 2,671,522

7. LOANS RECEIVABLE

	2020	2019
Alberta Health Services with an interest rate of 8% compounded annually, payable in monthly installments of $720 due September, 2021.	**5,592**	13,443
	$ 5,592	$ 13,443

Principal and interest amounts due are as follows:

	Principal	Interest	**Total**
2021	5,592	169	**5,761**
	$ 5,592	$ 169	**$ 5,761**

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7. LOANS RECEIVABLE *(…/Continued)*

The City provided an improvement allowance loan to Alberta Health Services to pay for relocation costs as required by the terms of the lease agreement signed July 1, 2016. The term of the loan is five years and bears interest at a rate of 8% per annum.

8. INVESTMENTS

	2020		2019	
	Amortized Cost	**Market Value**	Amortized Cost	Market Value
Short-term notes and deposits	**$ 21,983,473**	**$ 22,183,461**	$ 22,371,700	$ 22,019,163
Government and government-guaranteed bonds	**64,100,094**	**69,296,009**	62,429,580	63,296,336
Corporate bonds	**73,016,342**	**74,928,896**	74,960,416	75,577,097
	159,099,909	**166,408,366**	159,761,696	160,892,596
Less: Temporary investments	**2,567,285**	**2,569,698**	1,738,912	1,740,705
	$ 156,532,624	**$ 163,838,668**	$ 158,022,784	$ 159,151,891

The short-term notes and deposits have effective interest rates of 0.66% to 4.45% (2019: 0.90% to 5.68%). Government and government-guaranteed bonds have effective interest rates of 1.50% to 6.95% (2019: 1.50% to 6.95%) with maturity dates from June 2, 2022 to December 1, 2044. Corporate bonds have effective interest rates of 1.00% to 7.05% (2019: 1.00% to 7.05%) with maturity dates from February 28, 2022 to June 30, 2108. Included in investments is a restricted amount of $62,938,975 (2019: $66,443,887) *(Note 10)* received from Provincial and Federal programs held exclusively for approved capital infrastructure projects and eligible operating projects.

9. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2020		
	Cost	**Accumulated Amortization**	**Net Book Value**
Land	**$ 120,057,486**	**$ -**	**$ 120,057,486**
Land improvements	**77,089,655**	**28,214,469**	**48,875,186**
Buildings	**165,027,465**	**35,033,247**	**129,994,218**
Engineered structures	**674,634,990**	**214,071,715**	**460,563,275**
Machinery and equipment	**35,462,827**	**14,201,869**	**21,260,958**
Vehicles	**22,554,212**	**10,226,409**	**12,327,803**
Assets under construction	**14,912,611**	**-**	**14,912,611**
	$ 1,109,739,246	**$ 301,747,709**	**$ 807,991,537**

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9. TANGIBLE CAPITAL ASSETS *(…/Continued)*

	2019		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 120,045,397	$ -	$ 120,045,397
Land improvements	74,002,205	25,081,526	48,920,679
Buildings	146,567,129	31,742,283	114,824,846
Engineered structures	638,531,743	195,764,774	442,766,969
Machinery and equipment	32,671,760	12,117,072	20,554,688
Vehicles	21,049,282	9,276,279	11,773,003
Assets under construction	27,133,112	-	27,133,112
	$ 1,060,000,628	$ 273,981,934	$ 786,018,694

During the year there were no write downs of tangible capital assets. Land, land improvements and engineering structures contributed to the City totaled $25,883,233 (2019: $35,234,381). These assets were capitalized at their fair market value. There were no contributed assets received by any of the City's subsidiaries (2019: $-).

The City owns various pieces of original artwork that are on permanent display at Bert Church Theatre, Genesis Place, City Hall, Nose Creek Park, Chinook Winds Fire hall and the Community of Ravenswood. These artworks were donated to the City and have significant cultural and historical value in perpetuity. These artworks are not recorded as tangible capital assets in the financial statements and are not amortized, because a reasonable estimate of future benefits associated with these properties cannot be made.

10. DEFERRED REVENUE

	2019	Externally Restricted Inflows	Revenue Earned	**2020**
Municipal Sustainability Initiative & Basic Municipal Transportation Grant	$ 50,920,720	$ 1,009,692	$ (3,052,264)	**$ 48,878,148**
Federal Gas Tax Grant	11,575,805	204,839	(2,748,381)	**$ 9,032,263**
Municipal Operating Support Transfer	-	7,374,893	(5,574,893)	**$ 1,800,000**
Affordable Housing Municipal Block Funding Program	1,642,189	47,973	-	**$ 1,690,162**
GreenTRIP	1,965,277	4,608,415	(5,369,285)	**$ 1,204,407**
Other deferred revenue	542,509	242,880	(271,353)	**$ 514,036**
Other contributions	250,000	5,000	-	**$ 255,000**
Other grants	89,896	245,104	(256,005)	**$ 78,995**
Genesis Place	313,602	1,183,059	(1,446,931)	**$ 49,730**
	$ 67,299,998	$ 14,921,855	$ (18,719,112)	**$ 63,502,741**

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

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10. DEFERRED REVENUE *(…/Continued)*

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

The use of the Municipal Operating Support Transfer is restricted to helping municipalities offset reduced revenues and funding incremental operating caused by the COVID-19 pandemic *(Note 27)* .

The use of the Affordable Housing Municipal Block Funding Program grant is restricted to projects as approved by the Province, which are scheduled for completion in the future.

Unexpended funds related to advances of restricted capital and operating grants are supported by investments of $62,938,975 (2019: $66,443,887) held exclusively for these projects *(Note 8)* .

11. EMPLOYEE BENEFIT OBLIGATION

	2020	2019
Vacation and banked overtime	**$ 2,055,455**	$ 1,814,798

The vacation and banked 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.

12. OTHER LIABILITIES

	2020	2019
Development agreement bonds	**$ 1,901,337**	$ 2,382,170
Supplier holdbacks	**136,563**	1,287,233
Prepaid lease	**57**	58
	$ 2,037,957	$ 3,669,461

13. LONG-TERM DEBT

	2020	2019
Offsite supported debentures	**$ 31,953,547**	$ 35,554,026
Tax-supported debentures	**21,943,017**	23,787,092
Solar Project loan payable	**491,018**	514,070
Airdrie Housing - Mortgage	**997,567**	1,058,516
Airdrie Housing - Term Loan	**346,139**	368,225
Airdrie Housing - Forgivable Loan	**79,210**	105,613
	$ 55,810,498	$ 61,387,542

The current portion of long-term debt amounts to $5,770,943 (2019: $6,574,613).

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13. LONG-TERM DEBT *(…/Continued)*

Principal and interest repayments are as follows:

	Principal	Interest	**Total**
2021	5,770,943	1,655,553	**$ 7,426,496**
2022	5,964,114	1,461,674	**7,425,788**
2023	5,779,087	1,263,391	**7,042,478**
2024	5,448,568	1,080,658	**6,529,226**
2025	5,433,037	22,085	**5,455,122**
Thereafter	27,414,749	104,134	**27,518,883**
	$ 55,810,498	$ 5,587,495	**$ 61,397,993**

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 2.151% to 4.614% per annum, before Provincial subsidy, and matures in periods 2022 through 2034. Debenture debt is issued on the credit and security of the City at large.

The Solar Project loan is repayable in monthly installments of $3,191 including principal and interest at 1.5% due March 1, 2035. The Solar Project loan is secured by a general assignment of property taxes receivable.

Airdrie Housing has a mortgage payable in the amount of $997,567 (2019: $1,058,516) to TD Financial Group with an interest rate of 1.99%, monthly payments of $6,769, an amortization period of 25 years and a maturity date of June 1, 2025. The mortgage is secured against real estate held by the Company and includes a covenant which requires a certified rent roll evidencing annual rental income from legal and enforceable occupancy agreements or leases to be not less than $334,740.

Airdrie Housing was funded using a variable rate term loan from TD Financial Group in the amount of $346,139 (2019: $368,225) to facilitate the purchase of affordable housing units. The loan requires monthly principal payments of $1,840 with interest paid on a monthly basis at prime plus 0.75%. Two financial covenants exist on this credit facility: one portfolio specific covenant requiring a debt service ratio of not less than 130%; and the second being a general debt service coverage of not less than 120%. The term loan has an amortization period of 25 years and a maturity date of March 16, 2037.

On December 3, 2010 Airdrie Housing was approved for a Residential Rehabilitation Assistance Program loan in the amount of $343,241 with an interest rate of 6.875%, an interest adjustment date of January 1, 2011 and a maturity date of January 1, 2024. The forgivable loan will be earned over 13 years. The current portion of this forgivable loan is $26,403, leaving a long term portion of $52,807.

Long-term debt used to facilitate the purchase of capital assets is $55,810,498 (2019: $61,387,542).

Interest on long-term debt for the fiscal year 2020 was $1,814,944 (2019: $1,999,225).

14. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the City be disclosed as follows:

	2020	2019
Total debt limit	**$ 230,130,330**	$ 230,383,535
Total debt	**55,810,498**	61,387,542
Total debt under debt limit by	**$ 174,319,832**	$ 168,995,993
Service on debt limit	**$ 38,355,055**	$ 38,397,256
Service on debt	**7,426,496**	8,405,297
Service on debt under limit by	**$ 30,928,559**	$ 29,991,959

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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

15. ACCUMULATED SURPLUS

Reserves

Operating fund reserves	2020	2019
General operations	**$ 26,869,400**	$ 23,367,575
Tax stabilization	**10,942,084**	7,000,064
Snow maintenance	**1,178,491**	934,365
Operating carryforward	**1,159,955**	1,488,310
Cemetery	**115,524**	97,234
Twinning	**77,184**	77,184
	40,342,638	32,964,732
Capital fund reserves		
General capital	**11,172,854**	8,323,692
Genesis place	**4,090,176**	4,412,178
Fleet asset management	**2,889,351**	2,668,718
Roads capital	**2,291,870**	1,841,418
General recreation	**2,111,664**	1,917,975
Building reserve	**1,896,836**	1,943,222
Technology	**1,519,193**	1,258,502
Cash-in-lieu	**1,397,924**	1,384,083
Parks	**1,122,073**	409,837
Transit	**193,282**	24,937
	28,685,223	24,184,562

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15. ACCUMULATED SURPLUS *(…/Continued)*

Offsite levied fund reserves		
Roads offsite	**25,664,069**	24,916,133
Water offsite	**7,880,801**	7,803,094
Developer contribution recreation offsite	**7,705,287**	7,188,659
Wastewater offsite	**2,637,650**	3,406,649
Enhanced landscaping offsite	**929,835**	873,245
Land offsite	**284,620**	261,718
	45,102,262	44,449,498
Utility fund reserves		
Utility waste management	**7,448,946**	7,045,519
Utility rate stabilization	**3,149,865**	2,421,845
Utility water	**1,486,594**	1,518,759
Utility carryforward	**633,665**	738,970
Utility general	**451,667**	4,448
Utility wastewater	**416,143**	1,296,960
	13,586,880	13,026,501
Total reserves	**$ 127,717,003**	$ 114,625,293
AMSQ	**962,578**	915,985
Library	**1,105,068**	895,511
Airdrie Housing	**663,773**	592,559
Equity in tangible capital assets	**752,181,039**	724,631,152
Accumulated surplus	**$ 882,629,461**	$ 841,660,500

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets *(Schedule 1)*	**$ 807,991,537**	$ 786,018,694
Long-term debt *(Note 13)*	**(55,810,498)**	(61,387,542)
Equity in tangible capital assets	**$ 752,181,039**	$ 724,631,152

17. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and as required by Alberta Regulation 313/2000 is as follows:

	No. of Persons	Salary	Benefits & Allowances	2020	2019
Municipal Officials					
Mayor P. Brown	1	**$ 117,262**	**$ 8,918**	**$ 126,180**	$ 125,668
Alderman D. Belyk	1	**52,780**	**8,610**	**61,390**	60,951
Alderman R. Chapman	1	**52,780**	**8,610**	**61,390**	60,951
Alderman K. Hegg	1	**52,780**	**8,610**	**61,390**	60,951
Alderman C. Kolson	1	**52,780**	**8,610**	**61,390**	60,951
Alderman A Jones	1	**52,780**	**8,610**	**61,390**	60,951
Alderman T. Petrow	1	**52,780**	**8,610**	**61,390**	60,951
	7	**$ 433,942**	**$ 60,578**	**$ 494,520**	$ 491,374
Chief Administrative Officer	1	**$ 311,891**	**$ 52,843**	**$ 364,734**	$ 335,459
Designated Officers	2	**$ 338,114**	**$ 70,913**	**$ 409,027**	$ 393,258

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

Employer's share of all employee benefits and contributions or payments made on behalf of employees include pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, savings plan payments, 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.

18. LOCAL AUTHORITIES PENSION PLAN

The City participates in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pensions Plan Act. LAPP serves 274,151 people and 420 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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

The City is required to make current service contributions to LAPP of 9.39% of pensionable earnings up to the Canada Pension Plan Year’s Maximum Pensionable Earnings and 13.84% on pensionable salary above this amount.

Total current and past service contributions by the City to LAPP in 2020 were $4,763,454 (2019: $4,611,361). Total current and past service contributions by the employees of the City to LAPP in 2020 were $4,340,533 (2019: $4,208,415).

At December 31, 2019, LAPP disclosed an actuarial surplus of $7.91 billion (2018: surplus of $3.47 billion).

19. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the LAPP.

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

Total current service contributions by the City to APEX were 858,268 (2019: $791,351). Total current service contributions by the employees of the City were $581,841 (2019: $592,264).

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

20. CONTINGENT ASSETS

The City is a plaintiff in several legal proceedings arising in the normal course of business in which the outcome may result in an asset in the future. While the outcome of these legal proceedings cannot be reasonably estimated at this time, the City believes that any settlements will not have a material effect on the financial position or the results of operations of the City. These contingent assets are not recognized in the consolidated financial statements.

21. CONTINGENT LIABILITIES

No provisions have been made for various claims of litigation in which the City is engaged because the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time and management believes that the City has minimal exposure as at December 31, 2020. The amount of any future settlement related to these claims will be accounted for as a current transaction in the year of settlement.

22. CONTRACTUAL RIGHTS

Contractual rights are rights of the City to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating leases	Other Contracts	**Total**
2021	$ 1,405,500	$ -	**$ 1,405,500**
2022	934,026	10,500	**944,526**
2023	881,981	10,500	**892,481**
2024	670,753	-	**670,753**
2025	493,369	-	**493,369**
Thereafter	3,649,234	-	**3,649,234**
December 31, 2020	**$ 8,034,863**	**$ 21,000**	**$ 8,055,863**
December 31, 2019	$ 8,918,470	$ 36,220	$ 8,954,690

23. CONTRACTUAL OBLIGATIONS

The City has contractual obligations that will result in liabilities in the future when the terms of the contracts are met.

The following are the City's significant capital contractual obligations:

Fleet Purchases Contract

In 2018, the City entered into an agreement to purchase a number of diesel buses . The agreement has three years remaining with a total estimated cost of $3,499,237 (2019: $-).

The following are the City's significant operating contractual obligations:

RCMP Contract

The City pays 90% of the operating costs for RCMP services through to March 31, 2032. The total estimated contract costs for the next three years is $37,183,762 (2019: $36,912,500).

ENMAX Contract

In 2018, the City entered into an agreement with ENMAX Energy Corporation to supply electricity to the City. The agreement has three years remaining with a total estimated cost of $11,040,508 (2019: $15,540,057).

Access Gas Contract

In 2019, the City entered into an agreement with Access Gas Services Inc. to supply natural gas to the City. The agreement has four years remaining with a total estimated cost of $2,808,384 (2019: $3,000,041).

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23. CONTRACTUAL OBLIGATIONS *(…/Continued)*

City of Calgary Contract

In 2019, the City entered into an agreement with the City of Calgary to supply potable water and provide wastewater servicing to the City. The agreement has two years remaining with a total estimated cost of $28,663,833 (2019: $42,427,417).

Recycling Collection and Disposal Contracts

In 2017,the City entered into several agreements to provide recycling collection and disposal services to the City and its residents. The agreements have two years remaining with a total estimated cost of $1,766,255 (2019: $3,089,912).

Waste Collection and Disposal Contracts

In 2018, the City entered into several agreements to provide waste collection and disposal services to the City and its residents. The agreements have three years remaining with a total estimated cost of $3,700,566 (2019: $5,181,545).

Organics Collection and Disposal Contracts

In 2018, the City entered into several agreements to provide organics collection and disposal services to the City and its residents. The agreements have three years remaining with a total estimated cost of $2,724,295 (2019: $3,682,317).

Transit Contracts

In 2017, the City entered into an agreement to provide transit services to the City and its residents. The agreement has seven months remaining with a total estimated cost of $1,660,579 (2019: $1,515,753).

24. FINANCIAL INSTRUMENTS

The City's financial instruments recognized in the statement of financial position are cash and temporary investments, receivables, loans receivable, investments, other financial assets, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, other liabilities and long-term debt. It is management's opinion that the City is not exposed to significant interest rate risk arising from these financial instruments.

The City is subject to credit risk with respect to taxes and grants-in-place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. Under the Municipal Government Act the municipality has the authority to offer the parcel for sale at a public auction to recover taxes. If the parcel is not sold at the public auction, the municipality may become the owner. Therefore, there is very little risk in this area.

25. SEGMENTED DISCLOSURE

The City is a diversified municipal government that provides a wide range of services to its citizens, including Police, Fire, Transit, Water and Waste Management.

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

Council

This category includes City Council.

General Government

General government is comprised of City Manager, Corporate Communications, Information Technology, Budget and Financial Planning, Accounting Services, Taxation, Utility Administration Procurement and Corporate Material Management, Payroll, Property Assessment, Human Resources, Learning and Engagement, Legislative Services, Information Governance and Management, Insurance and Risk Management, Corporate Strategy, Health and Safety, Security and Treasury.

Protective Services

Protective services include RCMP Administration and Operations, Fire, Emergency Management, Bylaw Enforcement, Business Licenses, Animal Control and Building Inspections.

Transportation Services

Transportation services include Engineering Services, Roads, Public Transit, Fleet, Storm Water, Capital Projects, Asset Management, Building Operations and Transportation Training.

Environmental Services

Environmental services include Water Supply and Distribution, Wastewater Treatment and Disposal and Waste and Recycling.

Planning and Development

Planning and development includes Economic Development, Municipal Planning, Corporate Properties, Corporate Leasing and Airdrie Housing.

Recreation and Culture

Recreation and cultural includes Parks Operations, Arenas, the Recreation and Wellness Centre (Genesis Place), the Bert Church Theatre, Community Development, Town and Country Centre and the Library.

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25. SEGMENTED DISCLOSURE *(…/Continued)*

Public Health and Welfare

Public health and welfare includes Family and Community Support Services (FCSS), Cemeteries and Social Planning.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information see the Consolidated Schedule of Segmented Disclosure *(Schedule 5)* .

26. BUDGETED ANNUAL SURPLUS

The reported budget information has been derived from the budget that was approved by Council on December 2, 2019. This note reconciles the budgeted annual surplus to the reported budgeted annual surplus presented in the consolidated financial statements.

Annual surplus as per council approved budget	**$ -**
Add back:	
Contributed assets	25,900,000
Capital Government Transfers	70,853,284
Transfer to reserves	16,243,980
Developer Levies	7,727,737
Debt principal repayments	5,674,160
Internal charges	4,151,800
Grant to Library	2,167,180
Capital Investment income	1,988,565
Expenses to AMSQ	742,920
Subsidiary budget - AMSQ	317,963
Grant to Housing	175,000
Contributed to capital	3,100
Remove:	
Amortization of tangible capital assets	(29,200,000)
Transfer from reserves	(8,450,620)
Internal Recoveries	(4,151,800)
Subsidiary Budget - Library	(1,931,685)
Revenues from AMSQ	(866,826)
Revenues from Housing	(63,002)
Subsidiary Budget - Housing	(30,500)
Consolidated Statement of Operations Annual Surplus	**$ 91,251,256**

27. CORONAVIRUS PANDEMIC (COVID-19)

In March 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include restrictions on events and gatherings, the implementation of travel bans, quarantine periods and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have introduced significant monetary and fiscal relief programs designed to stabilize economic conditions. Public health orders and the current economic environment have and may continue to have significant adverse impacts on the Organization.

Management has assessed the financial impact of COVID 19 at December 31, 2020, including its impact on the collectability of receivables and valuation of investments. The current economic challenges have resulted in reduced revenues related to user fees and sales of goods, licenses and permits, rental revenue and fines. COVID-19 may have the following impacts on future operations of the City, which include continued reduced revenues and potential issues with collectability. To mitigate any potential operational constraints associated with cash flow, management has temporarily reduced staffing and service levels where possible.

In response to the pandemic, the Government of Alberta in partnership with the Government of Canada provided operating grant funding support to municipalities through the Municipal Operating Support Transfer (MOST) *(Note 10)* . This program is a one-time relief funding for incremental costs and reduced revenues for the period of April 2020 to March 2021, associated with the pandemic and actions taken in response to it.

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

28. COMPARATIVE FIGURES

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