CITY OF AIRDRIE

Consolidated Financial Statements
And Independent Auditors' Report Thereon

December 31, 2021

City of Airdrie
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For the Year Ended December 31, 2021

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City of Airdrie
Management Report
For the Year Ended December 31, 2021

The City of Airdrie 2021 consolidated financial statements (hereafter referred to as the "financial statements") are the responsibility of management. The financial statements have been prepared by management in accordance with public sector accounting standards. Financial statements are not precise as they include amounts that are based on the best estimates and judgments of management. Management has determined such amounts on a reasonable basis to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial statements realistically report the City's operating and financial results.

City Council has approved the information contained in the financial statements. Council fulfils its responsibility regarding the financial statements through the Council Budget Committee. Quarterly financial reports are presented to Council Budget Committee and submitted for information to Council.

KPMG LLP have been appointed by City Council to audit the financial statements and have provided the accompanying Independent Auditors' Report outlining their professional opinion on the statements.



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the City of Airdrie

Opinion

We have audited the consolidated financial statements of the City of Airdrie (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2021;
- 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 changes in net financial assets for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated cash flows, and its consolidated changes in net financial assets 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 Financial Statements" section of our auditors' report.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

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

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

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 19, 2021.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 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 Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants

Calgary, Canada

June 20, 2022

City of Airdrie
Consolidated Statement of Financial Position
As at December 31, 2021, with comparative information for 2020

	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments (Note 4)	**$ 54,818,498**	$ 45,788,009
Receivables		
Taxes and grants-in-place of taxes (Note 5)	**2,459,059**	2,879,676
Trade and other receivables	**11,611,689**	8,684,376
Developers' levies receivable	**19,830,532**	4,390,285
Loans receivable (Note 6)	**-**	5,592
Investments (Note 7)	**196,490,980**	156,532,624
Other financial assets	**47,662**	61,445
	285,258,420	218,342,007
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	**24,229,366**	13,749,868
Deposit liabilities	**2,898,584**	2,242,324
Deferred revenue (Note 9)	**76,794,944**	63,506,826
Employee benefit obligations (Note 10)	**2,102,220**	2,055,455
Other liabilities (Note 11)	**4,971,985**	2,037,957
Deferred developers' levies	**19,830,532**	4,390,285
Long-term debt (Note 12 and 13)	**80,524,478**	55,810,498
	211,352,109	143,793,213
NET FINANCIAL ASSETS	**$ 73,906,311**	$ 74,548,794
NON FINANCIAL ASSETS		
Tangible capital assets (Schedule 1 and Note 14)	**859,035,382**	807,991,537
Prepaid expenses	**147,267**	89,130
	859,182,649	808,080,667
ACCUMULATED SURPLUS (Schedule 2 and Note 15)	**$ 933,088,960**	$ 882,629,461

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, 2021, with comparative information for 2020

	2021 Budget (Note 26)	2021	2020
REVENUE (Schedule 6)			
Net municipal property taxes (Schedule 3)	**$ 64,721,361**	**$ 64,611,058**	$ 63,558,863
User fees and sale of goods	**52,413,351**	**51,824,291**	46,855,607
Contributed assets (Note 14)	**28,100,000**	**28,019,536**	25,883,233
Government transfers (Schedule 4)	**66,589,227**	**27,722,560**	22,061,978
Franchise and concession contracts	**11,200,000**	**10,948,053**	9,759,896
Development levies	**-**	**8,077,753**	6,398,058
Licenses and permits	**4,195,210**	**6,927,101**	4,025,605
Investment income	**1,896,120**	**4,085,103**	3,185,513
Rental revenue	**4,434,677**	**3,991,572**	3,660,265
Other revenue	**1,246,704**	**1,812,819**	2,878,534
Fines	**1,146,750**	**957,889**	860,852
Penalties and costs on taxes	**915,960**	**697,468**	572,211
Sales to other governments	**68,000**	**609,410**	681,708
Gain on disposal of tangible capital assets	**-**	**12,068**	85,723
	236,927,360	**210,296,681**	190,468,046
EXPENSES (Schedule 5 and 6)			
Transportation services	**39,360,260**	**36,394,022**	35,029,633
Protective services	**34,638,765**	**35,346,378**	32,208,249
Environmental services	**33,348,681**	**34,737,723**	30,756,410
General government	**23,363,958**	**22,662,723**	21,979,096
Recreation and cultural	**24,710,108**	**22,213,247**	21,498,790
Planning and development	**4,719,442**	**5,452,121**	4,816,194
Public health and welfare	**2,829,835**	**2,437,259**	2,660,731
Council	**611,490**	**593,709**	549,982
	163,582,539	**159,837,182**	149,499,085
ANNUAL SURPLUS	**73,344,821**	**50,459,499**	40,968,961
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**882,629,461**	**882,629,461**	841,660,500
ACCUMULATED SURPLUS - END OF YEAR	**$ 955,974,282**	**$ 933,088,960**	$ 882,629,461

City of Airdrie
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021, with comparative information for 2020

	2021	2020
OPERATING		
Annual surplus	**$ 50,459,499**	$ 40,968,961
Non-cash items included in annual surplus		
Amortization of tangible capital assets	**31,317,901**	29,508,528
Gain on disposal of tangible capital assets	**(12,068)**	(85,723)
Tangible capital assets received as contributions	**(28,019,536)**	(25,883,233)
Changes in non-cash working capital balances		
Taxes and grants-in-place of taxes	**420,617**	(208,154)
Trade and other receivables	**(2,927,313)**	(1,129,959)
Developers' levies receivable	**(15,440,247)**	2,284,700
Prepaid expenses	**(58,137)**	(7,848)
Other financial assets	**13,783**	5,264
Accounts payable and accrued liabilities	**10,479,498**	(5,523,926)
Deposit liabilities	**656,260**	336,023
Deferred revenue	**13,288,118**	(3,793,172)
Employee benefit obligations	**46,765**	240,657
Other liabilities	**2,934,028**	(1,631,504)
Deferred developers' levies	**15,440,247**	(2,284,700)
Cash provided by operating transactions	**78,599,415**	32,795,914
CAPITAL		
Acquisition of tangible capital assets	**(54,510,874)**	(25,689,636)
Proceeds on disposal of tangible capital assets	**180,732**	177,221
Cash applied to capital transactions	**(54,330,142)**	(25,512,415)
INVESTING		
Purchases of investments	**(91,010,962)**	(68,218,252)
Sales of investments	**51,052,606**	69,708,412
Loan receivable repayments	**5,592**	7,851
Cash applied to investing transactions	**(39,952,764)**	1,498,011
FINANCING		
Long-term debt issued	**30,485,000**	-
Long-term debt repaid	**(5,771,020)**	(5,577,044)
Cash provided by financing transactions	**24,713,980**	(5,577,044)
CHANGE IN CASH AND TEMPORARY INVESTMENTS	**9,030,489**	3,204,466
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR (Note 4)	**45,788,009**	42,583,543
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 4)	**$ 54,818,498**	$ 45,788,009

City of Airdrie

Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 26)	2021	2020
ANNUAL SURPLUS	**$ 73,344,821**	**$ 50,459,499**	$ 40,968,961
Acquisition of tangible capital assets	**(124,142,935)**	**(54,510,874)**	(25,689,636)
Tangible capital assets received as contributions	**(28,100,000)**	**(28,019,536)**	(25,883,233)
Proceeds on disposal of tangible capital assets	**-**	**180,732**	177,221
Amortization of tangible capital assets	**31,239,061**	**31,317,901**	29,508,528
Gain on disposal of tangible capital assets	**-**	**(12,068)**	(85,723)
	(121,003,874)	**(51,043,845)**	(21,972,843)
Acquisition of prepaid assets	**-**	**(128,202)**	(89,130)
Use of prepaid assets	**-**	**70,065**	81,282
	-	**(58,137)**	(7,848)
(DECREASE) INCREASE IN NET ASSETS	**(47,659,053)**	**(642,483)**	18,988,270
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**74,548,794**	**74,548,794**	55,560,524
NET FINANCIAL ASSETS, END OF YEAR	**$ 26,889,741**	**$ 73,906,311**	$ 74,548,794

City of Airdrie

Schedule 1 - Consolidated Tangible Capital Assets
For the Year Ended December 31, 2021, with comparative information for 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Assets under Construction	2021	2020
COST									
Balance, beginning 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
Add: Acquisitions during the year	**12,917,690**	**3,814,506**	**426,552**	**34,035,816**	**2,790,823**	**3,870,057**	**30,177,995**	**88,033,439**	71,318,952
Less: Disposals during the year	**-**	**21,618**	**-**	**211,796**	**726,890**	**295,442**	**-**	**1,255,746**	1,834,251
Other - change in Assets under Construction	**-**	**-**	**-**	**-**	**-**	**-**	**(5,502,949)**	**(5,502,949)**	(19,746,083)
Balance, end of year	**$ 132,975,176**	**$ 80,882,543**	**$ 165,454,017**	**$ 708,459,010**	**$ 37,526,760**	**$ 26,128,827**	**$ 39,587,657**	**$ 1,191,013,990**	$ 1,109,739,246
ACCUMULATED AMORTIZATION									
Balance, beginning of year	**$ -**	**$ 28,214,469**	**$ 35,033,247**	**$ 214,071,715**	**$ 14,201,869**	**$ 10,226,409**	**$ -**	**$ 301,747,709**	$ 273,981,934
Add: Amortization	**-**	**3,224,498**	**3,675,482**	**19,483,984**	**2,883,785**	**2,050,152**	**-**	**31,317,901**	29,508,528
Less: Amortization on disposals	**-**	**21,618**	**-**	**173,700**	**697,622**	**194,062**	**-**	**1,087,002**	1,742,753
Balance, end of year	**$ -**	**$ 31,417,349**	**$ 38,708,729**	**$ 233,381,999**	**$ 16,388,032**	**$ 12,082,499**	**$ -**	**$ 331,978,608**	$ 301,747,709
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**$ 132,975,176**	**$ 49,465,194**	**$ 126,745,288**	**$ 475,077,011**	**$ 21,138,728**	**$ 14,046,328**	**$ 39,587,657**	**$ 859,035,382**	$ 807,991,537

City of Airdrie

Schedule 2 - Consolidated Schedule of Change in Accumulated Surplus
For the Year Ended December 31, 2021, with comparative information for 2020

	Unrestricted Surplus and capital to be financed	Reserves	Equity in Tangible Capital Assets	2021	2020
Balance, beginning of year	**$ 962,578**	**$ 129,485,844**	**$ 752,181,039**	**$ 882,629,461**	$ 841,660,500
Annual Surplus	**50,459,499**	**-**	**-**	**50,459,499**	40,968,961
Unrestricted funds designated for future use	**(48,542,724)**	**48,542,724**	**-**	**-**	-
Restricted funds used for operations	**7,772,393**	**(7,772,393)**	**-**	**-**	-
Restricted funds used for tangible capital assets	**-**	**(12,950,788)**	**12,950,788**	**-**	-
Current year funds used for tangible capital assets	**(41,560,086)**	**-**	**41,560,086**	**-**	-
Contributed tangible capital assets	**(28,019,536)**	**-**	**28,019,536**	**-**	-
Disposal of tangible capital assets	**168,664**	**-**	**(168,664)**	**-**	-
Amortization of tangible capital assets	**31,317,901**	**-**	**(31,317,901)**	**-**	-
Long term debt related to tangible capital assets issued	**30,081,904**	**-**	**(30,081,904)**	**-**	-
Long term debt related to tangible capital assets repaid	**(1,895,318)**	**(3,875,702)**	**5,771,020**	**-**	-
Change in accumulated surplus	**(217,303)**	**23,943,841**	**26,732,961**	**50,459,499**	40,968,961
Balance, end of year	**$ 745,275**	**$ 153,429,685**	**$ 778,914,000**	**$ 933,088,960**	$ 882,629,461

City of Airdrie

Schedule 3 - Consolidated Property Taxes Levied

For the Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 26)	2021	2020
TAXATION			
Real property taxes	**$ 95,689,015**	**$ 95,710,218**	$ 94,474,362
Linear property taxes	**814,710**	**814,716**	789,611
Government grants in place of property taxes	**176,744**	**45,230**	173,681
	96,680,469	**96,570,164**	95,437,654
REQUISITIONS			
Alberta School Foundation Fund	**28,107,302**	**28,107,302**	28,140,292
Calgary Catholic Separate School Division	**3,225,072**	**3,225,072**	3,315,137
Rocky View Senior's Foundation	**620,238**	**620,238**	417,174
Designated industrial property	**6,496**	**6,494**	6,188
	31,959,108	**31,959,106**	31,878,791
NET MUNICIPAL PROPERTY TAXES	**$ 64,721,361**	**$ 64,611,058**	$ 63,558,863

City of Airdrie

Schedule 4 - Consolidated Government Transfers

For the Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 26)	2021	2020
FEDERAL TRANSFERS			
Shared-cost agreements and grants	**$ 5,864,301**	**$ 1,816,465**	$ 3,044,157
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	**60,060,052**	**25,223,254**	18,349,209
Entitlements	**471,520**	**489,487**	475,258
	60,531,572	**25,712,741**	18,824,467
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	**193,354**	**193,354**	193,354
TOTAL GOVERNMENT TRANSFERS	**$ 66,589,227**	**$ 27,722,560**	$ 22,061,978

City of Airdrie

Schedule 5 - Consolidated Expenses by Object

For the Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 26)	2021	2020
CONSOLIDATED EXPENSES			
Salaries, wages and benefits	**$ 66,000,739**	**$ 63,496,766**	$ 62,325,633
Amortization of tangible capital assets	**31,239,061**	**31,317,901**	29,508,528
Purchases from other governments	**25,853,140**	**26,873,630**	23,112,205
Contracted and general services	**25,297,953**	**23,721,461**	20,419,948
Materials, goods, supplies and utilities	**10,898,223**	**10,247,605**	9,602,797
Grants to other groups and organizations	**1,660,365**	**1,573,790**	1,932,125
Interest on long-term debt	**1,663,720**	**1,671,600**	1,814,944
Bank charges and short-term interest	**679,240**	**830,601**	616,028
Other	**290,098**	**103,828**	166,877
TOTAL CONSOLIDATED EXPENSES	**$ 163,582,539**	**$ 159,837,182**	$ 149,499,085

City of Airdrie
Schedule 6 - Consolidated Segmented Disclosure
For the Year Ended December 31, 2021, with comparative information for 2020

	Council	General Government	Protective Services	Transportation Services	Environmental Services	Planning and Development	Recreation and Cultural	Public Health and Welfare	2021
REVENUE									
Net municipal property taxes	$ 456,041	$ 16,867,864	$ 21,598,780	$ 10,797,185	$ -	$ 2,950,194	$ 11,614,346	$ 326,648	$ 64,611,058
User fees and sales of goods	-	643,649	304,799	1,025,529	47,221,757	7,491	2,395,685	225,381	51,824,291
Contributed assets	-	-	-	11,564,163	10,556,646	2,425,000	3,473,727	-	28,019,536
Government transfers	-	2,379,846	1,329,024	20,245,156	-	522,975	1,684,755	1,560,804	27,722,560
Franchise and concession contracts	-	10,948,053	-	-	-	-	-	-	10,948,053
Development levies	-	-	-	6,007,784	1,432,289	-	637,680	-	8,077,753
Other revenues	3,500	857,826	1,201,369	587,736	1,049,387	2,143,820	2,237,588	-	8,081,226
Licenses and permits	-	-	5,784,848	-	-	1,142,253	-	-	6,927,101
Investment income	-	3,525,659	-	276,481	101,646	18,027	163,290	-	4,085,103
	459,541	35,222,897	30,218,820	50,504,034	60,361,725	9,209,760	22,207,071	2,112,833	210,296,681
EXPENSES									
Salaries, wages and benefits	507,454	17,194,205	18,185,897	8,019,446	4,272,098	3,429,488	11,145,160	743,018	63,496,766
Amortization of tangible capital assets	-	1,592,587	1,554,765	17,739,688	4,377,676	237,712	5,812,921	2,552	31,317,901
Purchases from other governments	-	7,334	13,172,102	-	13,694,194	-	-	-	26,873,630
Contracted and general services	43,997	3,402,486	1,569,905	5,470,353	8,999,699	1,298,973	2,828,908	107,140	23,721,461
Materials, goods, supplies and utilities	42,258	96,880	614,683	4,531,744	2,692,884	134,105	2,131,328	3,723	10,247,605
Grants to other groups and organizations	-	-	-	-	-	-	(2,500)	1,576,290	1,573,790
Interest on long-term debt	-	-	166,211	564,205	386,932	343,096	211,156	-	1,671,600
Other expenses	-	369,231	82,815	68,586	314,240	8,747	86,274	4,536	934,429
	593,709	22,662,723	35,346,378	36,394,022	34,737,723	5,452,121	22,213,247	2,437,259	159,837,182
2021 ANNUAL (DEFICIT) SURPLUS	$ (134,168)	$ 12,560,174	$ (5,127,558)	$ 14,110,012	$ 25,624,002	$ 3,757,639	$ (6,176)	$ (324,426)	$ 50,459,499

Comparative information for 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
Contributed assets	-	-	-	19,254,047	4,575,134	12,088	2,041,964	-	25,883,233
Government transfers	-	5,341,022	1,382,429	11,445,987	540,640	102,778	1,688,318	1,560,804	22,061,978
Franchise and concession contracts	-	9,759,896	-	-	-	-	-	-	9,759,896
Other revenues	-	534,978	1,227,304	1,984,364	826,085	1,936,793	1,932,769	297,000	8,739,293
Development levies	-	-	-	4,641,731	1,207,927	-	548,400	-	6,398,058
Licenses and permits	-	-	3,463,863	-	-	561,742	-	-	4,025,605
Investment income	-	2,646,318	-	264,572	106,339	30,254	138,030	-	3,185,513
	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

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 (hereafter referred to as the "financial statements") 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 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.

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 measurable based upon receipt of goods or services or the legal obligation to pay.

The City follows the PSAS Section 1201 "Financial Statement Presentation", which includes a statement of re-measurement gains and losses. This statement reports amounts reclassified to the statement of operations upon de-recognition or settlement and other comprehensive income reported when an entity includes the results of its government business enterprises and government business partnerships in the summary of financial statements. There were no amounts to report on the statement of re-measurement gains and losses, and as a result this statement has not been included.

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.

Cash and temporary investments

Cash and temporary investments are comprised of deposits and short-term investments with original maturity dates of 90 days or less held with Canadian chartered banking institutions.

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 14.

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.

(Continued on next page…/)

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. 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, when sections PS 1201 and PS 3450 are adopted and establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements.

PSAB Section 3280, Asset Retirement Obligations

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

PSAB Section 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.

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

PSAB Section PSG-8, Purchased Intangibles

This section is effective for fiscal years beginning on or after April 1, 2023 and provides guidance on how to account for non-monetary economic resources without physical substance acquired through an arm's length exchange transactions between knowledgeable, willing parties who are under no compulsion to act.

PSAB Section 3160, Public private partnerships

This section is effective for fiscal years beginning on or after April 1, 2023 and establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

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

4. CASH AND TEMPORARY INVESTMENTS

	2021	2020
Cash	**$ 54,643,049**	$ 43,220,724
Temporary investments *(Note 7)*	**201,153**	2,567,285
	$ 54,844,202	$ 45,788,009

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

Included in cash is a restricted amount of $1,501,874 (2020: $nil) received from Provincial programs and held exclusively for approved capital infrastructure projects. This amount is presented as a current asset at December 31, 2021 as it is expected to be used in 2022.

The City has an operating line of credit for $1,304,625 with a Canadian Chartered Bank bearing interest at the bank's prime rate. The amount of the operating line outstanding at December 31, 2021 was $nil (2020 - $nil).

5. TAXES AND GRANTS-IN-PLACE OF TAXES

	2021	2020
Current taxes and grants in place of taxes	**$ 1,809,232**	$ 2,196,351
Arrears taxes	**649,827**	683,325
	$ 2,459,059	$ 2,879,676

6. LOANS RECEIVABLE

	2021	2020
Alberta Health Services with an interest rate of 8% compounded annually, payable in monthly installments of $720 and was paid in full in August 2021.	**$ -**	$ 5,592

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 was five years and did bear interest at a rate of 8% per annum.

7. INVESTMENTS

	2021		2020	
	Amortized Cost	**Market Value**	Amortized Cost	Market Value
Short-term notes and deposits	**$ 13,924,781**	**$ 13,994,519**	$ 21,983,473	$ 22,183,461
Government and government-guaranteed bonds	**64,889,031**	**67,447,023**	64,100,094	69,296,009
Corporate bonds	**117,878,321**	**116,933,687**	73,016,342	74,928,896
	196,692,133	**198,375,229**	159,099,909	166,408,366
Less: Temporary investments	**201,153**	**202,126**	2,567,285	2,569,698
	$ 196,490,980	**$ 198,173,103**	$ 156,532,624	$ 163,838,668

The short-term notes and deposits have effective interest rates of 1.82% to 3.51% (2020: 0.66% to 4.45%). Government and government-guaranteed bonds have effective interest rates of 1.05% to 5.60% (2020: 1.50% to 6.95%) with maturity dates from January 27, 2023 to December 1, 2044. Corporate bonds have effective interest rates of 1.00% to 7.05% (2020: 1.00% to 7.05%) with maturity dates from January 12, 2023 to August 9, 2046. Included in investments is a restricted amount of $74,095,628 (2020: $62,608,805) received from Provincial and Federal programs held exclusively for approved capital infrastructure projects and eligible operating projects.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade accounts payable	**$ 13,005,184**	$ 9,342,073
Accrued liabilities	**5,290,166**	1,217,467
Payroll and remittances	**3,587,517**	2,982,513
Contaminated site liability [(1)]	**2,177,871**	-
Other government	**168,628**	207,815
	$ 24,229,366	$ 13,749,868

[(1)] Contaminated site liability

Included in accounts payable and accrued liabilities is the estimated total reclamation and post reclamation costs required for the old City landfill site. The estimated liability for these expenses is based on the sum of discounted future cash flows for reclamation and post-reclamation costs using a discount rate of 2.834% and annual inflation of 2.1%. The reported liability is based on estimates and assumptions with respect to events using the best information available to management. Future events, such as changes in regulatory requirements, may result in significant changes to the estimated total expenses and will be recognized prospectively as a change in estimate when applicable.

In 2021 testing samples at the old City landfill site were found to exceed environmental standards and have confirmed contamination at this site is being caused by the old City landfill. It has been concluded that the old land fill requires additional reclamation work to close the site. It is estimated that post reclamation activities will be required for a minimum of 25 years from the date the reclamation work is completed.

9. DEFERRED REVENUE

	2021	2020
Deferred Government Transfers [1]	**$ 75,597,502**	$ 62,646,390
Deferred revenue	**1,197,442**	860,436
	$ 76,794,944	$ 63,506,826

[1] Deferred government transfers consist of the following:

	2020	Grants received including interest earned	Government Transfer Revenue	2021
Municipal Sustainability Initiative & Basic Municipal Transportation Grant	$ 48,878,148	$ 20,462,341	$ (4,329,275)	**$ 65,011,214**
Federal Gas Tax Grant	9,032,263	119,316	(1,649,509)	**7,502,070**
Affordable Housing Municipal Block Funding Program	1,690,162	23,589	(211,877)	**1,501,874**
GreenTRIP	1,204,407	2,789,856	(2,897,303)	**1,096,960**
Other Grants	41,410	17,278,570	(16,834,596)	**485,384**
Municipal Operating Support Transfer	1,800,000	-	(1,800,000)	**-**
	$ 62,646,390	$ 40,673,672	$ (27,722,560)	**$ 75,597,502**

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.

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 and capital costs 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 cash of $1,501,874 (2020: $nil) and investments of $74,095,628 (2020: $62,608,805) and held exclusively for these projects (Note 4 & Note 7).

10. EMPLOYEE BENEFIT OBLIGATION

	2021	2020
Vacation and banked overtime	**$ 2,102,220**	$ 2,055,455

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.

11. OTHER LIABILITIES

	2021	2020
Development agreement bonds	**$ 2,617,889**	$ 1,901,337
Supplier holdbacks	**2,354,040**	136,563
Prepaid lease	**56**	57
	$ 4,971,985	$ 2,037,957

12. LONG-TERM DEBT

	2021	2020
Tax-supported debentures	**$ 42,394,167**	$ 21,943,016
Offsite supported debentures	**36,358,032**	31,953,547
Airdrie Housing - Mortgage	**935,542**	997,567
Solar Project loan payable	**459,878**	491,019
Airdrie Housing - Term Loan	**324,052**	346,139
Airdrie Housing - Forgivable Loan	**52,807**	79,210
	$ 80,524,478	$ 55,810,498

The current portion of long-term debt amounts to $7,030,688 (2020: $5,770,943). This figure assumes that the bank will not demand repayment of the Airdrie Housing term loan in advance of scheduled payments as a result of the covenant breach described in the associated paragraph below.

Principal and interest repayments are as follows:

	Principal	Interest	**Total**
2022	$ 7,030,688	$ 2,453,889	**$ 9,484,577**
2023	6,880,930	2,220,339	**9,101,269**
2024	6,586,846	2,001,170	**8,588,016**
2025	6,608,954	1,791,065	**8,400,019**
2026	5,684,858	1,590,197	**7,275,055**
Thereafter	47,732,202	9,151,817	**56,884,019**
	$ 80,524,478	$ 19,208,477	**$ 99,732,955**

Debenture debt is repayable to Province of Alberta and bears interest at rates ranging from 2.151% to 4.614% per annum, before Provincial subsidy, and matures in periods 2022 through 2046. Debenture debt is issued on the credit and security of the City at large.

Airdrie Housing has a mortgage payable in the amount of $935,542 (2020: $997,567) 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 Airdrie Housing.

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.

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12. LONG-TERM DEBT *(…/Continued)*

Airdrie Housing was funded using a variable rate term loan from TD Financial Group in the amount of $324,052 (2020: $346,139) 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 debt service ratio covenant was not met as at December 31, 2021. It is not known at this time what action, if any, the bank will take as a result of this breach. The term loan has an amortization period of 25 years and a maturity date of March 16, 2037. The term loan is secured against real estate held by Airdrie Housing.

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 $26,404.

Long-term debt used to facilitate the purchase of capital assets is $80,121,382 (2020: $55,810,498).

Interest on long-term debt for the fiscal year 2021 was $1,671,600 (2020: $1,814,944).

13. 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 City be disclosed as follows:

	2021	2020
Total debt limit	**$ 240,793,124**	$ 228,274,794
Total debt	**80,524,478**	54,387,582
Total debt under debt limit by	**$ 160,268,646**	$ 173,887,212

	2021	2020
Service on debt limit	**$ 40,132,187**	$ 38,045,799
Service on debt	**9,484,577**	7,286,021
Service on debt under limit by	**$ 30,647,610**	$ 30,759,778

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Pursuant to section 6(1) of the Regulation, The City has elected to include revenue, total debt and debt service costs of controlled agencies in its debt limit and debt service limit calculations. The controlled agencies that have been included are Airdrie Public Library, Airdrie Housing Limited and Airdrie Mainstreet Square.

14. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	2021		
	Cost	**Accumulated Amortization**	**Net Book Value**
Land	**$ 132,975,176**	**$ -**	**$ 132,975,176**
Land improvements	**80,882,543**	**31,417,349**	**49,465,194**
Buildings	**165,454,017**	**38,708,729**	**126,745,288**
Engineered structures	**708,459,010**	**233,381,999**	**475,077,011**
Machinery and equipment	**37,526,760**	**16,388,032**	**21,138,728**
Vehicles	**26,128,827**	**12,082,499**	**14,046,328**
Assets under construction	**39,587,657**	**-**	**39,587,657**
	$ 1,191,013,990	**$ 331,978,608**	**$ 859,035,382**

	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

During the year there were no write downs of tangible capital assets. Land, land improvements and engineering structures contributed to the City during the year totaled $28,019,536 (2020: $25,883,233). These assets were capitalized at their fair market value.

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 Firehall 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.

15. ACCUMULATED SURPLUS

	2021	2020
Reserves		
Operating fund reserves		
General operations	**$ 28,764,234**	$ 26,869,400
Tax stabilization	**16,471,766**	10,942,084
Snow maintenance	**1,358,290**	1,178,491
Operating carryforward	**724,500**	1,159,955
Cemetery	**146,624**	115,524
Insurance and risk management	**100,000**	-
Twinning	**77,184**	77,184
	47,642,598	40,342,638
Capital fund reserves		
General capital	**21,413,194**	11,172,854
Fleet asset management	**3,823,543**	2,889,351
Genesis place	**3,807,197**	4,090,176
General recreation	**2,815,443**	2,111,664
Building reserve	**2,476,565**	1,896,836
Roads capital	**2,040,608**	2,291,870
Parks	**1,940,122**	1,122,073
Technology	**1,421,739**	1,519,193
Cash-in-lieu	**1,411,903**	1,397,924
Transit	**499,447**	193,282
	41,649,761	28,685,223
Offsite levied fund reserves		
Roads offsite	**26,999,738**	25,664,069
Developer contribution recreation offsite	**8,376,342**	7,705,287
Water offsite	**8,062,346**	7,880,801
Wastewater offsite	**1,976,843**	2,637,650
Enhanced landscaping offsite	**1,165,157**	929,835
Land offsite	**310,294**	284,620
	46,890,720	45,102,262
Utility fund reserves		
Utility waste management	**6,477,658**	7,448,946
Utility rate stabilization	**4,091,197**	3,149,867
Utility water	**2,975,835**	1,486,594
Utility general	**1,071,491**	451,665
Utility wastewater	**677,402**	416,143
Utility carryforward	**96,409**	633,665
	15,389,992	13,586,880
Library	**1,176,561**	1,105,068
Airdrie Housing	**680,053**	663,773
Total reserves	**$ 153,429,685**	$ 129,485,844
AMSQ	**745,275**	962,578
Equity in tangible capital assets	**778,914,000**	752,181,039
Accumulated surplus	**$ 933,088,960**	$ 882,629,461

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 1)	**$ 859,035,382**	$ 807,991,537
Long-term debt related to tangible capital assets (Note 12)	**(80,121,382)**	(55,810,498)
Equity in tangible capital assets	**$ 778,914,000**	$ 752,181,039

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	2021	2020
Municipal Officials					
Mayor P. Brown	1	**$ 112,462**	**$ 14,456**	**$ 126,918**	$ 126,180
Alderman D. Belyk	1	**52,780**	**9,178**	**61,958**	61,390
Alderman R. Chapman	1	**52,780**	**9,178**	**61,958**	61,390
Alderman C. Kolson	1	**52,780**	**9,178**	**61,958**	61,390
Alderman A Jones	1	**52,780**	**9,178**	**61,958**	61,390
Alderman T. Petrow	1	**52,780**	**9,178**	**61,958**	61,390
Alderman K. Hegg	1	**43,500**	**7,589**	**51,089**	61,390
Alderman H. Spearman	1	**9,280**	**1,582**	**10,862**	-
	8	**$ 429,142**	**$ 69,517**	**$ 498,659**	$ 494,520
Chief Administrative Officer	1	**$ 300,339**	**$ 51,289**	**$ 351,628**	$ 364,734
Designated Officers	3	**$ 318,475**	**$ 72,746**	**$ 391,221**	$ 409,027

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 275,863 people and 433 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 (YMPE) and 13.84% on pensionable salary above this amount. Employees of The City are required to make current service contributions of 8.39% up to the YMPE and 12.84% above this amount.

Total current and past service contributions by the City to LAPP in 2021 were $4,733,256 (2020: $4,763,454). Total current and past service contributions by the employees of the City to LAPP in 2021 were $4,295,869 (2020: $4,340,533).

At December 31, 2020, which is the most recent actuarial assessment, LAPP disclosed an actuarial surplus of $4.96 billion (2019: surplus of $7.91 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 $162,278 (2020: $154,611).

Total current service contributions by the City to APEX were $916,484 (2020: $858,268). Total current service contributions by the employees of the City were $621,303 (2020: $581,841).

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, 2021. The amount of any future settlement related to these claims will be accounted for as a current transaction in the year of settlement.

The City is currently in contract negotiations with The Airdrie Professional Firefighters Association (IAFF) in regards to compensation and other considerations. The outcome and liability of these proceedings cannot be reasonably estimated at this time as the negotiations are in the early stages of completion.

From time to time, the Library is subject to claims and other lawsuits that arise in the ordinary course of operations, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it can be estimated. At the time of the financial statement preparation, there has been no resolution or indication that the settlement of these actions will result in any material liabilities.

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
2022	$ 1,514,388
2023	1,153,348
2024	908,301
2025	699,968
2026	679,680
Thereafter	4,181,826
December 31, 2021	**$ 9,137,511**

The City has entered into a number of property development agreements which require the developers to contribute various infrastructure assets to the City, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets received at time of contribution, which cannot be determined with certainty at this time.

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:

	Committed Amount 2021
Interchange to highway 2	$ 41,574,290
Library and multi-use facility	4,361,211
	$ 45,935,501

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 are $41,356,585 (2020: $37,183,762).

ENMAX Contract

In 2018, the City entered into an agreement with ENMAX Energy Corporation to supply electricity to the City. The agreement has two years remaining with a total estimated cost of $6,683,615 (2020: $11,040,508).

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 three years remaining with a total estimated cost of $2,185,162 (2020: $2,808,384).

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 one year remaining with a total estimated cost of $14,918,042 (2020: $28,663,833).

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 $1,234,847 (2020: $1,766,255).

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 two years remaining with a total estimated cost of $2,113,486 (2020: $3,700,566).

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23. CONTRACTUAL OBLIGATIONS *(…/Continued)*

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 two years remaining with a total estimated cost of $1,935,217 (2020: $2,724,295).

Transit Contracts

In 2021, the City entered into an agreement to provide transit services to the City and its residents. The agreement has three years remaining with a total estimated cost of $8,978,307 (2020: $1,660,579).

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, 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, Intergovernmental Services, Information Governance and Management, Insurance and Risk Management, Corporate Strategy, Health and Safety, Security and Treasury.

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25. SEGMENTED DISCLOSURE *(…/Continued)*

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 and 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, Community Growth Administration, Corporate Properties, Corporate Leasing and Airdrie Housing.

Recreation and Culture

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

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 6).

26. BUDGETED ANNUAL SURPLUS

The reported budget information has been derived from the budget that was approved by Council on December 7, 2020. 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:	
Capital Government Transfers	60,687,829
Contributed assets	28,100,000
Transfer to reserves	18,281,260
Debt principal repayments	5,660,510
Internal charges	5,488,340
Grant to Library	2,146,993
Expenses to AMSQ	774,160
Subsidiary budget - AMSQ	322,140
Grant to Housing	175,000
Contributed to capital	134,872
Remove:	
Amortization of tangible capital assets	(31,000,000)
Transfer from reserves	(8,997,900)
Internal Recoveries	(5,488,260)
Subsidiary Budget - Library	(1,820,378)
Revenues from AMSQ	(875,708)
Subsidiary Budget - Housing	(152,737)
Revenues from Housing	(91,300)
Consolidated Statement of Operations Annual Surplus	**$ 73,344,821**

27. CORONAVIRUS PANDEMIC (COVID-19)

In March 2020, the World Health Organization declared the Novel Coronavirus ("COVID-19") outbreak a worldwide pandemic. The City is following health advisories and mandatory requirements from local, provincial, and national health and government organizations. Market conditions have improved over the course of 2021 as nations began re-opening their economies.

While COVID-19 continues to present a challenging economic environment, there is no significant adverse financial impact to the City to date. The current economic challenges have resulted in reduced revenues related to user fees and sales of goods, licenses and permits, rental revenue and fines. To mitigate any potential operational constraints associated with cash flow, management has temporarily reduced staffing and service levels where possible. As at the reporting date, the City continues to meet its contractual obligations within normal payments terms, use the assets as intended and the City's exposure to credit and liquidity risk remains largely unchanged.

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27. CORONAVIRUS PANDEMIC (COVID-19) *(…/Continued)*

In response to the pandemic the City has received several additional grants to assist in mitigating the impact of COVID-19 and assisting with economic recovery:

The Government of Alberta in partnership with the Government of Canada provided operating grant funding support to the City through the Municipal Operating Support Transfer (MOST) in the amount of $7,374,893. 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 Government of Alberta in partnership with the Government of Canada has approved capital funding to the City through the COVID-19 Resilience Grant administered through Investing in Canada Infrastructure Program (ICIP) in the amount of $2,072,388. This program is for shovel ready capital maintenance and renewal projects to improve health and seniors care facilities, and other publicly owned infrastructure.

The Government of Alberta provided capital funding to the City through the Municipal Stimulus Program (MSP) in the amount of $8,387,879. This program is for eligible capital projects where construction began in 2020 or 2021. It is intended for capital projects that would not have gone forward in the absence of the MSP funding and considered additional capital infrastructure funding to support economic recovery and jobs.

While the disruption caused by COVID-19 is currently expected to be temporary, there is considerable uncertainty around its duration and magnitude. 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. These reclassifications did not impact the City's annual surplus or accumulated surplus.