

AGENDA
COUNCIL COMMITTEE MEETING
MUNICIPAL DISTRICT OF PINCHER CREEK
April 27, 2021
via GoToMeeting
9:00am

1. Approval of Agenda
2. 9:00am to 10:00am – Atrum Coal Ltd
3. 10:00am to 11:00am – AVAIL LLP
4. 11:00am to 11:15am - Cornell Van Ryk – Coal Mining Concerns
5. Fire Response Bylaw
 - Report from Director of Finance, dated April 21, 2021
6. Closed Session
 - a) Beaver Mines Project Update – FOIP Section 17
 - b) Waste Transfer Site Update – FOIP Section 17
 - c) 2020 Year End Discussion – Restricted vs Unrestricted – FOIP Section 19
7. Adjournment

From: Shelbie Harkema <sharkema@atrumcoal.com>
Sent: April 21, 2021 2:51 PM
To: Brian Hammond <CouncilDiv4@mdpincercreek.ab.ca>
Subject: Re: Questions and Concerns of Your Community

Reeve
Municipal District of Pincher Creek
PO Box 279, AB
T0K 1W0

Dear Reeve Brian Hammond,

My name is Andy Caruso. I am CEO of Atrum Coal – the company seeking to develop the proposed Elan metallurgical coal project.

As you know, a great deal has been said about mining in Alberta in recent days. We've designed the attached document to address the major questions and concerns raised by many Albertans.

Like all natural resource projects in Alberta, a coal mine brings opportunities, challenges and, above all, the absolute requirement for strong public policy and a rigorous regulatory system to ensure responsible development.

It is unfortunate that a widespread and sometimes heated conversation has unfolded across the province before Albertans have even had a chance to learn what the opportunities and challenges may be and how well-equipped public policy and regulatory system is to manage such projects responsibly.

We'd very much like to support robust, well informed conversations among Albertans. In our view, this is the only way to develop a resource policy and regulations that will underpin responsible development to deliver the environmental protections as well as the economic and social benefits rightly sought by Albertans.

As an elected representative of your community, I would like to offer to meet with you. A discussion would allow me to hear your concerns directly, to answer your questions and those you are hearing from your community and to tell you a little about the proposed Elan project.

There is no substantive ask whatsoever. Rather, we'd like to be part of the conversation based on the facts – that is, the opportunities, challenges and benefits. We will come to the table transparent on the facts, forthright in our plans, positive in our participation and seeking win-win outcomes even if that means agreeing to disagree. At an absolute minimum, we will better understand your questions and concerns and we hope you will better understand the facts of our project.

As I write to you today, COVID-19 continues to take away the opportunity to meet in person. Given this, I'd like to ask if we can please schedule a one-hour conversation with you – and your colleagues if possible – knowing that the full time may not be required?

We're happy to schedule the meeting at a time best for you. A stand-alone conversation or joining another regularly scheduled meeting would be most welcome.

Can you – or someone from your team – please reply to me with a proposed day and time? Alternatively, we will follow up via phone in about a week.

I look forward to the opportunity to meet with you. Thank you very much.

Best Regards,



Atrum Coal Ltd.

Andy_Caruso_CEO@atrumcoal.com

Tel: +1 (403) 510 9270

www.atrumcoal.com



Answering Albertans
TOUGH QUESTIONS

➤ Atrum Coal



Q IF THE WORLD IS MOVING TO NET-ZERO OR GREEN TECHNOLOGIES WHY ARE WE STILL TALKING ABOUT EXTRACTING FOSSIL FUELS

Steel is a major component of our everyday lives. Steel is used to build homes and schools, fridges and cookware, cars and buses, sports equipment and computers, to list only a few of its many uses. Steel is also used to build renewable or net-zero products such as wind turbines, frames for solar panels, electric and low emission vehicles. Atrum plans to mine metallurgical coal for the production of steel. When steel is produced most efficiently, the process uses metallurgical coal. Other technologies cannot yet provide the quantities of steel needed by Canada and other nations each and everyday.

Q WHAT WILL BE LEFT BEHIND WHEN THE MINING IS DONE

Atrum's mining operations are conducted with the end of mine life squarely in mind. Restoring as we work across the site, the footprint we leave behind will not look out of place with the surrounding natural landscape. As a responsible mineral developer, our planning starts with the return of the proposed mine site to a natural habitat that supports sustainable, multi-generational land use.

Q ENVIRONMENTAL GROUPS, FISHERS, AND RANCHERS ARE CONCERNED THAT COAL MINING RELEASES HARMFUL SELENIUM INTO THE WATERSHED; DAMAGING THE DRINKING AND IRRIGATION WATER SUPPLY ACROSS SOUTHERN ALBERTA

Atrum takes the conservation of natural water sources very seriously. Our project design and operations prioritize maintaining selenium and nitrates at their natural levels in water sources. Atrum's plans have never called for any release of untreated water, and through the life of our proposed project we will work closely with regulators to ensure that any discharge of treated water meets the stringent parameters established by both provincial and federal authorities.

Q MINING PROJECTS ARE GOING TO DIVERT WATER AWAY FROM MUNICIPALITIES AND FARMERS

Water allocations within the Oldman River have not changed nor will they change due to mining projects. Alberta Environment and Parks has been very clear that no new water allocations are possible, and sourced water will continue to be subject to instream flow objectives set by the province. Our plans for the Elan project will carefully follow provincial guidelines, which will ensure that water flows always meet the provincial requirements to ensure availability for existing users.

Q WHY SHOULD WE TRUST A MINING COMPANY FROM AUSTRALIA

Atrum is part of Alberta and our employees live and raise families here. In all our projects we are committed to conservational stewardship and minimizing our environmental footprint. At Atrum, incorporating stakeholder and Indigenous knowledge in all phases of the mining life cycle is central to our projects. Our approach is reinforced by sustained, open and transparent communication with stakeholders and government to uphold the highest standards in our industry.

April 27, 2021

Reeve and Council
Municipal District of Pincher Creek No. 9
PO Box 279
Pincher Creek, Alberta T0K 1W0

Ladies and Gentlemen:

We have completed our audit of the financial statements of the Municipal District of Pincher Creek No. 9 for the year ended December 31, 2020. Our audit included consideration of internal control relevant to the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, our review of any given control was limited and would not disclose all weaknesses in the system or all matters which an in-depth study might indicate. As you know, the maintenance of an adequate system of internal controls is the responsibility of the Reeve and Council.

During the course of our audit for the year ended December 31, 2020, we identified no significant matters which may be of interest to the Council.

This communication is prepared solely for the information of the Council members and management of the Municipal District of Pincher Creek No. 9 and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We would like to thank Meghan, Brendan and the finance team for their assistance during our audit. Thank you for the continuing opportunity to be of service to your organization and we look forward to serving you in the future. If you have any questions or concerns regarding our audit or any other issues with which you may require our assistance, please do not hesitate to contact us.

Thank you.

Yours truly,

AVAIL LLP

Darren Adamson, CPA, CA

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

Consolidated Financial Statements

For the year ended December 31, 2020

Draft - April 12, 2021

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
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For the year ended December 31, 2020

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Draft - April 12, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Reeve and Members of Council of
the Municipal District of Pincher Creek No. 9

Opinion

We have audited the consolidated financial statements of the Municipal District of Pincher Creek No. 9 which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Pincher Creek No. 9 as at December 31, 2020, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipal District of Pincher Creek No. 9 in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 28 to the financial statements which discloses the amendments made to the prior year's figures. Our audit opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipal District of Pincher Creek No. 9's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipal District of Pincher Creek No. 9 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipal District of Pincher Creek No. 9's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, continued

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 Municipal District of Pincher Creek No. 9's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipal District of Pincher Creek No. 9's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

- **Debt Limit Regulation:**
In accordance with Alberta Regulation 255/2000, we confirm that the Municipal District of Pincher Creek No. 9 is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 18.
- **Supplementary Accounting Principles and Standards Regulation:**
In accordance with Alberta Regulation 313/2000, we confirm that the Municipal District of Pincher Creek No. 9 is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 21.

Lethbridge, Alberta

April 27, 2021

Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Municipal District of Pincher Creek No. 9.

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

The Municipal District of Pincher Creek No. 9 maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Municipal District of Pincher Creek No. 9's assets are properly accounted for and adequately safeguarded.

The elected Council of the Municipal District of Pincher Creek No. 9 is responsible for ensuring that management fulfils its responsibilities for financial statements.

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

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Municipal District of Pincher Creek No. 9. Avail LLP has full and free access to the Council.

Chief Administrative Officer

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	2020	2019 (restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 9,177,415	\$ 14,045,199
Taxes and grants in place of taxes receivable (note 3)	3,097,717	373,017
Trade and other receivables (note 4)	2,988,913	1,507,679
Investments (note 5)	9,364,032	9,093,012
Debt charges recoverable (note 6)	1,808,971	1,933,022
	26,437,048	26,951,929
Liabilities		
Accounts payable and accrued liabilities	2,498,259	1,990,906
Employee benefit obligations (note 8)	685,100	620,651
Provision for reclamation (note 9)	1,410,447	1,470,100
Deferred revenue (note 10)	7,848,690	10,905,788
Long-term debt (note 11)	3,816,421	4,178,212
	16,258,917	19,165,657
Net financial assets	10,178,131	7,786,272
Non-financial assets		
Prepaid expenses	152,020	131,677
Inventory for consumption	2,485,246	2,189,115
Tangible capital assets (schedule 2)	69,120,692	64,892,481
	71,757,958	67,213,273
Accumulated surplus (note 12 and schedule 1)	\$ 81,936,089	\$ 74,999,545

Commitment and contingency (note 19)

Approved on behalf of Council:

Councillor _____

Councillor _____

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019 (restated)
Revenue			
Net municipal property taxes (note 15)	\$ 11,852,270	\$ 11,823,917	\$ 12,073,910
User fees and sales of goods	337,170	396,137	389,643
Government transfers for operating (note 16)	340,360	440,527	470,012
Investment income	257,000	322,858	351,926
Penalties and costs of taxes	92,000	124,285	101,572
Licenses and permits	65,050	92,443	113,983
Gain on disposal of tangible capital assets	-	107,408	39,958
Rental	316,770	169,355	359,469
Other	108,390	132,452	124,642
	13,369,010	13,609,382	14,025,115
Expenses (note 17)			
Legislative	236,510	146,803	200,281
Administration	2,286,525	2,181,859	2,527,208
Police, fire, disaster, ambulance and bylaw enforcement	995,933	879,635	913,103
Roads, streets, walks and lighting	7,623,699	6,732,101	7,172,099
Airport	860,274	804,639	855,866
Storm sewers and drainage	8,600	1,169	4,140
Water supply and distribution	459,290	384,000	449,688
Wastewater treatment and disposal	-	-	174,037
Waste management	348,430	289,068	319,987
Family and community support services	134,000	133,514	133,514
Cemeteries and crematoriums	55,140	55,140	45,960
Land use planning, zoning and development	357,020	326,577	493,753
Agricultural and environmental services	563,819	474,803	533,056
Parks and recreation	382,500	389,674	396,598
Culture - libraries, museums, halls	279,830	767,018	279,608
	14,693,570	13,566,000	14,498,898
(Deficiency) excess of revenue over expenses before other	(1,324,560)	43,382	(473,783)
Other			
Government transfers for capital (note 16)	11,529,330	6,893,162	8,612,360
Excess of revenue over expenses	10,204,770	6,936,544	8,138,577
Accumulated surplus, beginning of year			
As previously stated	76,999,677	76,999,677	68,763,945
Prior period adjustment (note 28)	-	(2,000,132)	(1,902,977)
As restated	76,999,677	74,999,545	66,860,968
Accumulated surplus, end of year	\$ 87,204,447	\$ 81,936,089	\$ 74,999,545

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019 (restated)
Excess of revenue over expenses	\$ 10,204,770	\$ 6,936,544	\$ 8,138,577
Acquisition of tangible capital assets	(14,692,000)	(7,702,828)	(10,009,220)
Amortization of tangible capital assets	3,405,240	3,405,240	3,290,561
Gain on disposal of tangible capital assets	-	(87,097)	(39,611)
Proceeds on disposal of tangible capital assets	-	156,472	53,617
	(11,286,760)	(4,228,213)	(6,704,653)
Net change in inventory for consumption	-	(296,129)	410,932
Net change in prepaid expense	-	(20,343)	(4,051)
	-	(316,472)	406,881
Increase in net financial assets	(1,081,990)	2,391,859	1,840,805
Net financial assets, beginning of year			
As previously stated	7,786,272	9,256,369	7,848,444
Prior period adjustment (note 28)	-	(1,470,097)	(1,902,977)
As restated	7,786,272	7,786,272	5,945,467
Net financial assets, end of year	\$ 6,704,282	\$ 10,178,131	\$ 7,786,272

Draft - April 12, 2021

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2020

	2020	2019 (restated)
Operating transactions		
Excess of revenue over expenses	\$ 6,936,544	\$ 8,138,577
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(87,097)	(39,611)
Amortization of tangible capital assets	3,405,240	3,290,561
	10,254,687	11,389,527
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(2,724,700)	145,883
Trade and other receivables	(1,481,234)	(349,540)
Investments	(271,020)	(421,880)
Debt charges recoverable	124,051	120,480
Inventory for consumption	(296,129)	(85,646)
Prepaid expenses	(20,343)	(4,051)
Accounts payable and accrued liabilities	507,353	1,033,579
Employee benefit obligations	64,449	(151,026)
Deferred revenue	(3,057,098)	5,228,378
Provision for reclamation	(59,653)	63,700
	3,040,363	16,969,404
Capital transactions		
Proceeds on disposal of tangible capital assets	156,472	53,617
Acquisition of tangible capital assets	(7,702,828)	(10,009,220)
	(7,546,356)	(9,955,603)
Financing transactions		
Repayment of long-term debt	(361,791)	(563,340)
(Decrease) increase in cash and temporary investments	(4,867,784)	6,450,461
Cash and temporary investments, beginning of year	14,045,199	7,594,738
Cash and temporary investments, end of year	\$ 9,177,415	\$ 14,045,199

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies

The consolidated financial statements of the Municipal District of Pincher Creek No. 9 are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipal District of Pincher Creek No. 9 are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Municipal District and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

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

(b) Basis of accounting

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

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

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

(c) Use of estimates

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

(d) Investments

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

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies, continued

- (e) Inventories for resale
Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.
- (f) Debt charges recoverable
Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.
- (g) Gravel pit closure
Pursuant to the gravel pit contracts, the Municipal District is required to fund the reclamation work for gravel pits. Closure activities include the final clay cover landscaping, and reclamation monitoring. The requirement is being provided for over the estimated remaining life of the gravel pits based on usage.
- (h) Contaminated sites liability
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.
- (i) Tax revenue
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.
- Requisitions operate as a flow through and are excluded from municipal revenue.
- (j) Reserves for future expenses
Reserves are established at the discretion of Council to set aside funds for future operating and capital expenses. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.
- (k) 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.

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies, continued

(l) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized 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.

(m) Non-financial assets

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	20
Buildings	50
Engineered structures	20-75
Machinery and equipment	3-35
Vehicles	3-20

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

(ii) Contributions of tangible capital assets

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

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(v) Cultural and historical tangible capital assets

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

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. Cash and temporary investments

	2020	2019
Savings accounts	\$ 8,811,059	\$ 12,985,517
Operating accounts	366,356	1,059,682
	\$ 9,177,415	\$ 14,045,199

3. Taxes and grants in place of taxes receivables

	2020	2019
Taxes and grants in place of taxes receivable	\$ 2,943,039	\$ 223,289
Arrears	154,678	149,728
	\$ 3,097,717	\$ 373,017

4. Trade and other receivables

	2020	2019
Grants	\$ 2,557,245	\$ 1,067,635
Goods and Services Tax (GST)	173,105	257,808
Trade receivables	258,563	182,236
	\$ 2,988,913	\$ 1,507,679

5. Investments

	2020		2019	
	Cost	Market value	Cost	Market value
Bonds	\$ 9,310,732	\$ 9,386,855	\$ 9,039,672	\$ 9,057,458
Castle Mountain resort	50,000	50,000	50,000	50,000
Other	3,300	3,340	3,340	3,340
	\$ 9,364,032	\$ 9,440,195	\$ 9,093,012	\$ 9,110,798

The bond portfolio has interest rates in the range of 2.33% to 6.63% (2019 - 2.58% to 6.63%) with maturity dates from 2021 to 2030. The other long-term investments are not traded in an organized financial market.

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

6. Debt charges recoverable

	2020	2019
Non-current debt charges recoverable	\$ 1,681,244	\$ 1,808,971
Current debt charges recoverable	127,727	124,051
	\$ 1,808,971	\$ 1,933,022

The Municipal District has undertaken a joint landfill road development project with the Crowsnest/Pincher Creek Landfill Association. The Municipal District assumed long-term financing totaling \$3,607,273 in 2012; however, \$2,053,502 plus interest at 2.94% is recoverable from the Landfill Association with respect to this financing. Amounts are recoverable in bi-annual principal and interest payments of \$90,007 until September 1, 2032.

	Principal	Interest	Total
2021	\$ 127,727	\$ 52,288	\$ 180,015
2022	131,513	48,503	180,016
2023	135,410	44,605	180,015
2024	139,424	40,592	180,016
2025	143,556	36,459	180,015
Thereafter	1,131,341	128,761	1,260,102
	\$ 1,808,971	\$ 351,208	\$ 2,160,179

7. Authorized overdraft

The Municipal District has an authorized overdraft with the CIBC up to \$5,000,000.

8. Employee benefit obligations

	2020	2019
Vacation and time in lieu	\$ 47,308	\$ 42,917
Sick time	637,792	577,734
	\$ 685,100	\$ 620,651

Vacation and time in lieu

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

Sick Time

Sick leave credits are earned by employees on the basis of 3/4 day for each two week pay period worked, until the employee reaches the age of 65, to a maximum of 120 days. Upon termination of employment or retirement, a non-union employee shall be entitled to any unused sick leave time in the form of severance pay. Union employees shall be entitled to any unused sick time on pensionable retirement at age 55 or death.

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

9. Provision for gravel pit closure

The Municipal District is required under contract to perform post-closure costs of several gravel pits. The accrued liability portion for the gravel pits is based on an estimate of future costs. The estimated closure costs for the gravel pits are \$1,410,447, all costs have been accrued in the financial statements.

10. Deferred revenue

	2020	2019
Municipal Sustainability Initiative	\$ 6,210,471	\$ 5,850,856
Alberta Transportation - castle provincial park waterline	877,209	4,456,005
Federal Gas Tax	495,310	502,989
Municipal Operating Support Transfer	171,391	-
Municipal Stimulus Program	57,729	-
Intermunicipal grant	36,580	64,655
Prepaid property taxes	-	31,283
	<u>\$ 7,848,690</u>	<u>\$ 10,905,788</u>

11. Long-term debt

	2020	2019
Tax supported debentures	\$ 3,438,421	\$ 3,674,212
Village of Cowley	378,000	504,000
	<u>\$ 3,816,421</u>	<u>\$ 4,178,212</u>
Current portion	<u>\$ 368,779</u>	<u>\$ 361,791</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 368,779	\$ 110,506	\$ 479,285
2022	375,974	99,604	475,578
2023	383,383	88,491	471,874
2024	265,011	77,154	342,165
2025	272,864	69,300	342,164
Thereafter	2,150,410	773,932	2,924,342
	<u>\$ 3,816,421</u>	<u>\$ 1,218,987</u>	<u>\$ 5,035,408</u>

Debenture debt is repayable to the Treasury Board and Finance and bears interest at 2.94% per annum with maturity dates ranging from 2023 to 2032. Debenture debt is issued on the credit and security of the Municipal District at large.

The promissory note to the Village of Cowley is payable at \$126,000 annually plus interest at

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

11. Long-term debt, continued

2.94%.

Interest on long-term debt amounted to \$121,201 (2019 - \$137,171). The Municipal District's cash payments for interest in 2020 were \$121,201 (2019 - \$137,171).

12. Accumulated surplus

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

	2020	2019 (restated)
Unrestricted surplus	\$ 3,797,030	\$ 510,928
Internally restricted surplus (reserves) (note 13)	11,025,817	11,841,326
Equity in tangible capital assets (note 14)	67,113,242	62,647,291
	\$ 81,936,089	\$ 74,999,545

13. Reserves

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

	2020	2019
Operating		
Mill rate stabilization	\$ 1,205,292	\$ 1,091,246
Capital		
Airport	329,771	329,771
Bridge repair and replacement	2,309,872	2,139,615
Cultural facilities	200,000	200,000
Emergency management	53,091	47,622
Emergency services	50,000	-
Gravel pit stripping/reclamation	-	1,162,461
M.D. buildings	200,000	200,000
M.D. equipment	2,682,182	2,298,901
M.D. recycle equipment	89,388	89,388
Next year completions	101,552	143,599
Road construction	2,526,101	2,362,843
Town recreation facilities	195,474	562,044
Water infrastructure	704,560	843,341
Wastewater infrastructure	378,534	370,495
	9,820,525	10,750,080
	\$ 11,025,817	\$ 11,841,326

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

14. Equity in tangible capital assets

	2020	2019
Tangible capital assets (schedule 2)	\$ 229,382,721	\$ 222,241,876
Accumulated amortization (schedule 2)	(160,262,029)	(157,349,395)
Long-term debt (note 11)	(3,816,421)	(4,178,212)
Debt charges recoverable (note 6)	1,808,971	1,933,022
	<u>\$ 67,113,242</u>	<u>\$ 62,647,291</u>

15. Net municipal property taxes

	Budget (Unaudited)	2020	2019
Taxation			
Real property taxes	\$ 12,612,020	\$ 12,633,959	\$ 12,761,148
Linear property taxes	2,358,110	2,301,421	2,358,106
	<u>14,970,130</u>	<u>14,935,380</u>	<u>15,119,254</u>
Requisitions			
Alberta School Foundation Fund - basic levy	2,645,860	2,661,100	2,596,271
Alberta School Foundation Fund - opted out jurisdiction	150,000	128,366	123,592
Pincher Creek Foundation	322,000	321,997	325,481
	<u>3,117,860</u>	<u>3,111,463</u>	<u>3,045,344</u>
	<u>\$ 11,852,270</u>	<u>\$ 11,823,917</u>	<u>\$ 12,073,910</u>

16. Government transfers

	Budget (Unaudited)	2020	2019
Transfers for operating:			
Provincial government	\$ 340,360	\$ 440,527	\$ 470,012
Transfers for capital:			
Provincial government	11,529,330	6,893,162	8,612,360
	<u>\$ 11,869,690</u>	<u>\$ 7,333,689</u>	<u>\$ 9,082,372</u>

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

17. Expenses by object

	Budget (Unaudited)	2020	2019 (restated)
Salaries, wages, and benefits	\$ 4,423,370	\$ 4,094,227	\$ 4,098,327
Contracted and general services	3,687,950	3,100,401	4,319,199
Materials, goods, supplies and utilities	1,941,760	1,308,585	1,471,921
Bank charges and short term interest	11,000	7,322	8,336
Interest on long term debt	186,730	121,202	137,171
Other expenditures	166,750	147,752	306,931
Transfers to organizations and others	870,770	1,381,271	866,452
Amortization of tangible capital assets	3,405,240	3,405,240	3,290,561
	<u>\$ 14,696,570</u>	<u>\$ 13,566,000</u>	<u>\$ 14,498,898</u>

18. Debt limits

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

	2020	2019
Total debt limit	\$ 20,414,073	\$ 21,037,673
Total debt	3,816,421	4,178,212
	<u>\$ 16,597,652</u>	<u>\$ 16,859,461</u>
Debt servicing limit	\$ 3,402,346	\$ 3,506,279
Debt servicing	479,285	482,992
	<u>\$ 2,923,061</u>	<u>\$ 3,023,287</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

19. Commitment and contingency

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

The Municipal District has entered into an agreement to carry out the Castle Provincial Park waterline project. The total estimated project costs are \$11,300,000 which will be funded by a grant from Alberta Transportation. Project costs to date on this project are \$10,631,000.

The Municipal District has entered into an agreement with the Town of Pincher Creek to help fund the Early Childhood Learning Centres. The Municipal District has contributed \$500,000 towards the project in 2020 and will contribute an additional \$100,000 per year through 2025.

20. Local authorities pension plan

Employees of the Municipal District of Pincher Creek No. 9 participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 274,000 people and 420 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District of Pincher Creek No. 9 is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Municipal District of Pincher Creek No. 9 are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Municipal District of Pincher Creek No. 9 to the LAPP in 2020 were \$286,854 (2019 - \$259,554). Total current service contributions by the employees of the Municipal District of Pincher Creek No. 9 to the LAPP in 2020 were \$260,365 (2019 - \$235,111).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

21. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2020	2019
Council				
Everts, Bev	\$ 20,475	\$ 2,555	\$ 23,030	\$ 28,050
Hammond, Brian	32,000	4,350	36,350	36,750
Lemire, Rick	19,100	1,827	20,927	22,100
Stevick, Quentin	21,100	3,603	24,703	34,175
Yagos, Terry	20,475	3,055	23,530	26,175
 Chief administrative officer	 149,006	 2,001	 151,007	 200,612
Designated officer	\$ 100,385	\$ -	\$ 100,385	\$ 102,319

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

(2) 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.

22. Financial instruments

The Municipal District's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest or currency risk arising from these financial instruments.

The Municipal District is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

23. Segmented disclosure

The Municipal District provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3)

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

24. Budget amounts

The 2020 budget for the Municipal District was approved by Council on October 13, 2019 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified. The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

	Budgeted surplus per financial statements	\$ 10,204,770
Less:	Capital expenditures	(14,692,000)
	Long-term debt repayments	(458,060)
	Transfers from trust accounts	(7,500)
Add:	Amortization	3,405,240
	Transfers from capital reserves	(893,806)
	Transfers from operating reserves	(46,976)
	Debt acquisition	2,488,332
Equals:	Balanced budget	\$ -

25. Contaminated sites liability

The Municipal District has adopted P36260 liability for contaminated sites. The Municipal District has not identified any financial liabilities as a result of this standard.

26. COVID-19

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

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

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

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

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

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

27. Comparative figures

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

28. Prior period adjustment

The prior year figures have been adjusted to record a gravel pit reclamation provision which was not previously recorded, and to adjust inventory for consumption to actual.

The effects of these adjustments are:

- a decrease in accumulated surplus as at January 1, 2019 of \$1,902,977,
- an increase in the provision for reclamation liability as at December 31, 2019 of \$ 1,470,100,
- a decrease in inventory for consumption as at December 31, 2019 of \$530,032,
- an increase in expenses for the year ended December 31, 2019 of \$97,155, and
- a decrease in accumulated surplus as at December 31, 2019 of \$2,000,132.

29. Approval of financial statements

These financial statements were approved by Council and Management.

Draft - April 12, 2021

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2020	2019 (restated)
Balance, beginning of year					
As previously stated	\$ 2,511,060	\$ 11,841,326	\$ 62,647,291	\$ 76,999,677	\$ 68,763,945
Prior period adjustment (note 28)	(2,000,132)	-	-	(2,000,132)	(1,902,977)
As restated	510,928	11,841,326	62,647,291	74,999,545	66,860,968
Excess of revenue over expenses	6,936,544	-	-	6,936,544	8,138,577
Unrestricted funds designated for future use	(1,308,349)	1,308,349	-	-	-
Restricted funds used for operations	1,319,990	(1,319,990)	-	-	-
Restricted funds used for tangible capital assets	-	(803,868)	803,868	-	-
Current year funds used for tangible capital assets	(6,898,960)	-	6,898,960	-	-
Disposal of tangible capital assets	69,377	-	(69,377)	-	-
Amortization of tangible capital assets	3,405,240	-	(3,405,240)	-	-
Long-term debt repaid	(361,791)	-	361,791	-	-
Debt charges recoverable	124,051	-	(124,051)	-	-
Change in accumulated surplus	3,286,102	(845,509)	4,465,951	6,936,544	8,138,577
Balance, end of year	\$ 3,797,030	\$ 11,025,817	\$ 67,113,242	\$ 81,936,089	\$ 74,999,545

Draft April 12, 2021

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

							Schedule 2		
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
Cost:									
Balance, beginning of year	\$ 2,940,594	\$ 257,976	\$ 7,808,908	\$ 192,002,458	\$ 10,308,404	\$ 2,458,859	\$ 6,464,678	\$ 222,241,876	\$ 212,463,762
Acquisitions	-	-	-	189,604	103,286	-	7,409,938	7,702,828	10,009,221
Transfers	-	68,281	-	1,419,436	-	-	(1,487,717)	-	-
Disposals	-	-	-	-	(374,800)	(187,183)	-	(561,983)	(231,107)
Balance, end of year	2,940,594	326,257	7,808,908	193,611,498	10,036,890	2,271,676	12,386,899	229,382,721	222,241,876
Accumulated amortization:									
Balance, beginning of year	-	73,414	1,705,524	147,867,037	6,143,871	1,559,549	-	157,349,395	154,275,933
Annual amortization	-	14,802	169,361	2,548,924	548,148	124,006	-	3,405,241	3,290,562
Disposals	-	-	-	-	(323,710)	(168,897)	-	(492,607)	(217,100)
Balance, end of year	-	88,216	1,874,885	150,415,961	6,368,309	1,514,658	-	160,262,029	157,349,395
Net book value	\$ 2,940,594	\$ 238,041	\$ 5,934,023	\$ 43,195,537	\$ 3,668,581	\$ 757,018	\$ 12,386,899	\$ 69,120,692	\$ 64,892,481
2019 net book value	\$ 2,940,594	\$ 184,563	\$ 6,166,384	\$ 44,135,420	\$ 4,164,532	\$ 899,310	\$ 6,464,678	\$ 64,892,481	

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 11,823,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,823,917
User fees and sales of goods	17,591	108,402	74,552	147,667	-	47,925	-	396,137
Government transfers for operating	133,842	-	38,981	-	115,722	151,982	-	440,527
Investment income	322,858	-	-	-	-	-	-	322,858
Penalties and costs of taxes	124,285	-	-	-	-	-	-	124,285
Licenses and permits	-	-	-	-	-	92,443	-	92,443
Gain on disposal of capital assets	20,311	-	87,097	-	-	-	-	107,408
Rental	18,905	-	149,071	-	-	1,379	-	169,355
Other	6,334	935	83,621	-	-	41,562	-	132,452
	12,468,043	109,337	433,322	147,667	115,722	335,291	-	13,609,382
Expenses								
Salaries, wages and benefits	1,355,700	185,643	2,147,876	-	-	405,014	-	4,094,227
Contracted and general services	450,164	590,837	2,147,970	558,209	-	240,472	12,749	3,100,401
Materials, goods, supplies and utilities	252,614	5,324	95,439	17,063	-	76,145	-	1,308,585
Bank charges and short term interest	7,322	-	-	-	-	-	-	7,322
Interest on long term debt	-	-	74,619	46,583	-	-	-	121,202
Other expenditures	3,325	91,771	450	51,213	-	1,047	-	147,752
Transfers to organizations and others	-	-	-	-	188,654	48,674	1,143,943	1,381,271
Amortization of tangible capital assets	259,535	6,113	3,109,563	-	-	30,029	-	3,405,240
	2,328,660	879,634	7,537,911	673,068	188,654	801,381	1,156,692	13,566,000
Excess (deficiency) of revenue over expenses before other	10,139,383	(770,297)	(7,104,589)	(525,401)	(72,932)	(466,090)	(1,156,692)	43,382
Other								
Government transfers for capital	-	-	1,266,519	5,626,643	-	-	-	6,893,162
Excess (deficiency) of revenue over expenses	\$ 10,139,383	\$ (770,297)	\$ (5,838,070)	\$ 5,101,242	\$ (72,932)	\$ (466,090)	\$ (1,156,692)	\$ 6,936,544



MUNICIPAL DISTRICT OF PINCHER CREEK NO.

INDICATORS OF FINANCIAL CONDITION
For the year ended December 31, 2020

Avail CHARTERED
PROFESSIONAL
ACCOUNTANTS

Introduction

A Key Performance Indicator (KPI) is a metric used to evaluate factors that are crucial to the success of an organization. The importance of each KPI may change with time depending on the goals and strategic plans of the organization.

When reviewing KPIs, it is important to not only compare to past performance and desired goals, but to consider industry standards and benchmarks.

The following information has been provided in order to provide you some insight into some important KPIs for your organization.

It is important to review the underlying information of your municipality in order to determine cause and create desired change.

The underlying data for this report was taken from the financial data publicly available found on the Alberta Municipal Affairs website.

Comparable municipalities were determined based on a range of 75% to 125% of your population.

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

INDICATORS OF FINANCIAL CONDITION

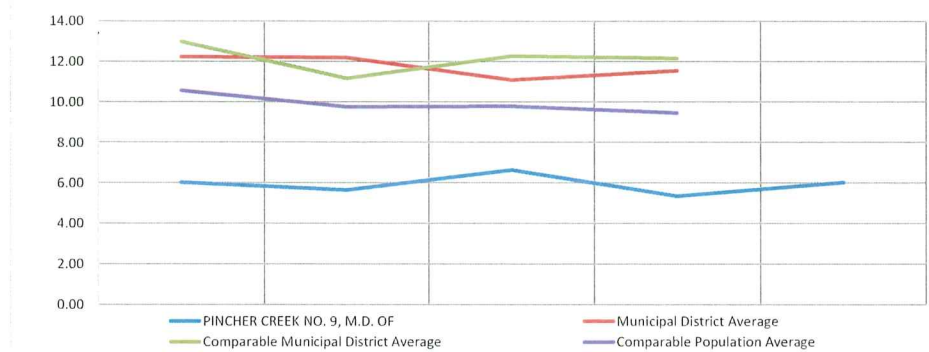
For the year ended December 31, 2020

2016 2017 2018 2019 2020

SUSTAINABILITY INDICATORS

Assets to Liabilities

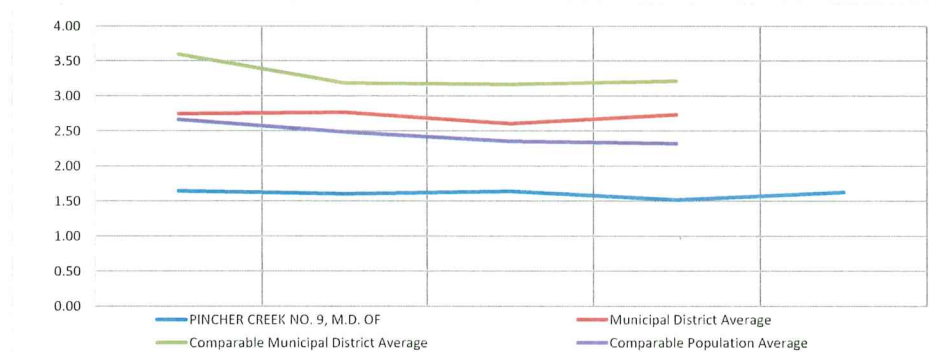
This indicator illustrates the extent a government finances its operations by issuing debt. A ratio higher than one indicates that a government has accumulated surplus and has assets greater than debt. A ratio of less than one indicates that debt is greater than assets and the government has been financing its operations by issuing debt.



Total assets	77,424,468	78,359,164	80,911,909	94,695,236	98,195,005
Total liabilities	12,842,411	13,859,777	12,147,965	17,695,560	16,258,916
Assets to liabilities	6.03	5.65	6.66	5.35	6.04
Municipal District Average	12.24	12.20	11.09	11.54	
Comparable Municipal District Average	12.98	11.17	12.27	12.16	
Comparable Population Average	10.58	9.76	9.80	9.47	

Financial assets to liabilities

This indicator illustrates the ratio of a government's financial assets to its liabilities. A result lower than one indicates a net debt position and future revenues will be required to pay for past transactions. A result higher than one indicates net financial assets and financial resources are on hand that can finance future operations. A trend showing increases in net debt or reductions in net financial assets may not be sustainable.



Total financial assets	21,216,648	22,262,587	19,996,410	26,951,929	26,437,047
Total liabilities	12,842,411	13,859,777	12,147,965	17,695,560	16,258,916
Financial assets to liabilities	1.65	1.61	1.65	1.52	1.63
Municipal District Average	2.74	2.77	2.61	2.73	
Comparable Municipal District Average	3.60	3.19	3.17	3.22	
Comparable Population Average	2.67	2.49	2.35	2.33	

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

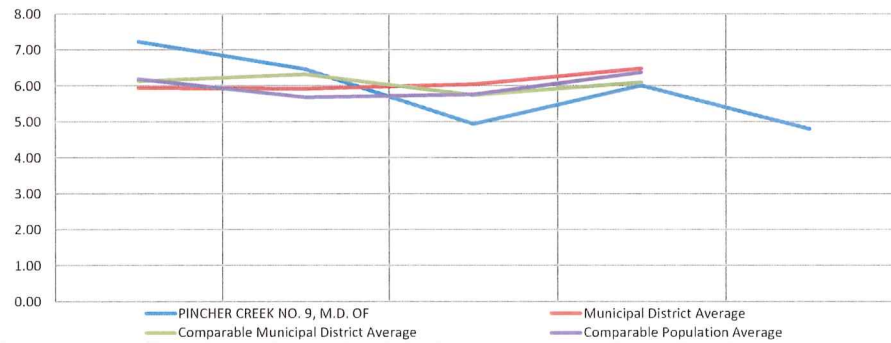
INDICATORS OF FINANCIAL CONDITION

For the year ended December 31, 2020

2016 2017 2018 2019 2020

Current Ratio

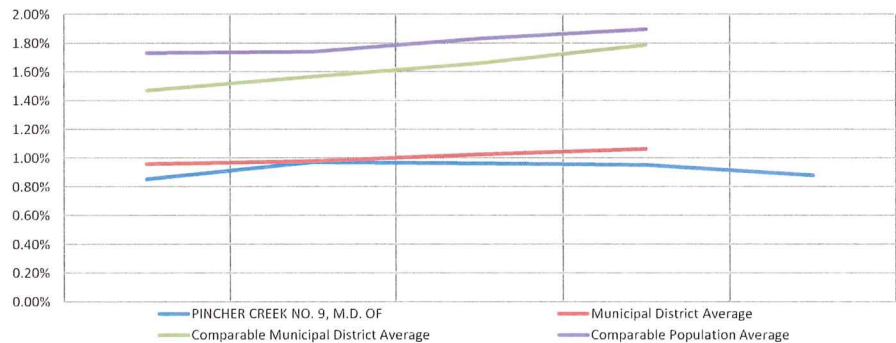
The ratio of current assets (cash, temporary investments, accounts receivable) to current liabilities (accounts payable, temporary borrowings, current repayment obligations on long-term borrowings). This ratio is an indication of the governments ability to meet short term obligations.



Current assets	12,810,932	13,772,591	11,325,278	17,858,917	17,073,015
Current liabilities	1,771,966	2,133,702	2,292,344	2,973,351	3,552,138
Assets to liabilities	7.23	6.45	4.94	6.01	4.81
Municipal District Average	5.94	5.93	6.05	6.48	
Comparable Municipal District Average	6.14	6.33	5.74	6.10	
Comparable Population Average	6.19	5.68	5.76	6.37	

Operating expenses to taxable assessment

This indicator provides the trend of government spending over time in relation to the growth in the economy. A trend that shows total expense is growing at a faster rate than the growth in the economy may not be sustainable.



Operating expenses	13,713,138	15,398,543	14,877,958	14,401,743	13,565,999
Taxable assessment	1,600,520,107	1,582,110,430	1,544,652,166	1,512,769,452	1,539,220,762
Operating expenses to taxable assessment	0.86%	0.97%	0.96%	0.95%	0.88%
Municipal District Average	0.96%	0.98%	1.03%	1.06%	
Comparable Municipal District Average	1.47%	1.57%	1.66%	1.79%	
Comparable Population Average	1.73%	1.74%	1.83%	1.90%	

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

INDICATORS OF FINANCIAL CONDITION

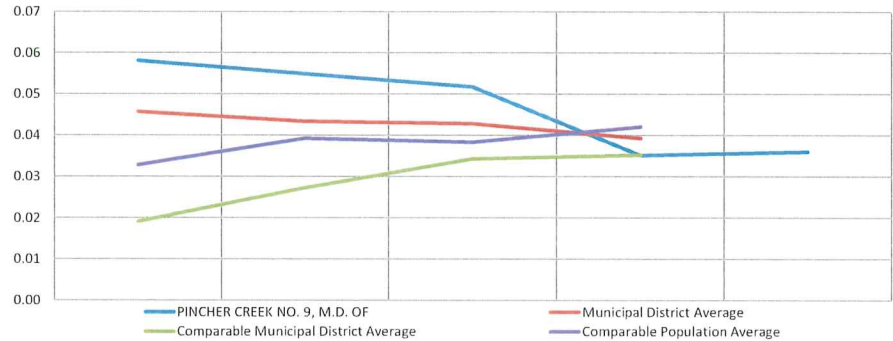
For the year ended December 31, 2020

2016 2017 2018 2019 2020

FLEXIBILITY INDICATORS

Public debt charges to revenues

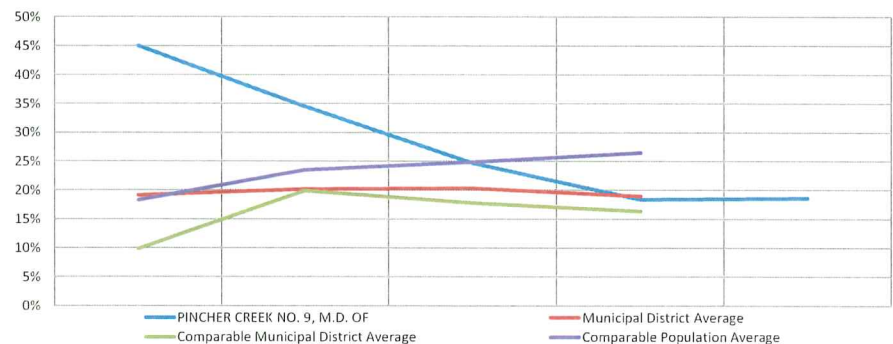
This indicator measures public debt charges as a percentage of revenues. It illustrates the extent to which past borrowing decisions present a constraint on the ability to meet financial and service commitments in the current period. Specifically, the more a government uses revenues to fund debt servicing, the less will be available for program spending.



Debt servicing	707,925	704,126	700,511	482,992	479,285
Operating revenue	12,167,765	12,795,744	13,522,710	13,716,532	13,284,576
Public debt charges to revenues	0.06	0.06	0.05	0.04	0.04
Municipal District Average	0.05	0.04	0.04	0.04	
Comparable Municipal District Average	0.02	0.03	0.03	0.04	
Comparable Population Average	0.03	0.04	0.04	0.04	

Debt to Revenue Percentage

The total amount of municipal borrowings, including long term capital leases, as a percentage of total municipal revenues. This indicator demonstrates the growth in revenue compared to changes in debt. An increasing trend would indicate the municipality is increasing its debt load faster than its revenue is growing, which may not be sustainable.



Total long term debt principal balance	5,827,608	5,291,207	4,741,551	4,178,212	3,816,420
Total revenue	12,937,292	15,315,873	19,142,515	22,637,475	20,502,543
Debt to revenue	45%	35%	25%	18%	19%
Municipal District Average	19%	20%	20%	19%	
Comparable Municipal District Average	10%	20%	18%	16%	
Comparable Population Average	18%	24%	25%	27%	

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

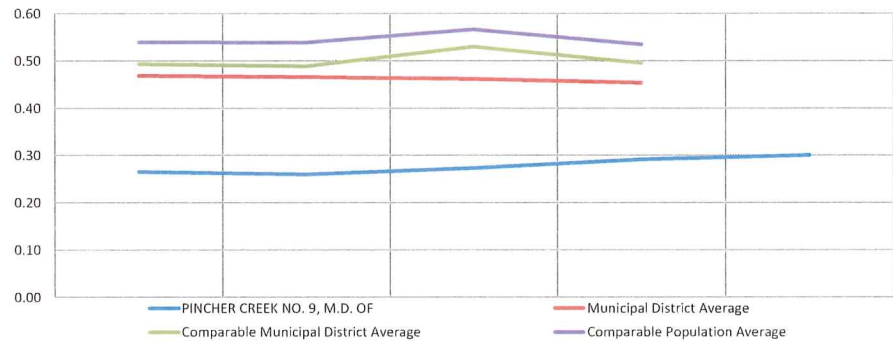
INDICATORS OF FINANCIAL CONDITION

For the year ended December 31, 2020

2016 2017 2018 2019 2020

Net book value to cost of tangible capital assets

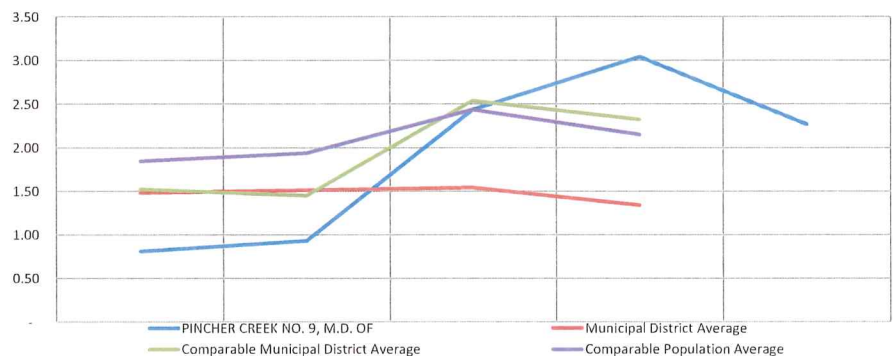
This indicator is important because it reports the extent that the estimated useful lives of tangible capital assets are available to provide its services. If a government's scale, scope and level of services remain unchanged or grow, its asset base could eventually impair flexibility because of the impending future costs of capital asset repair or replacement.



Net book value	53,850,494	53,510,762	58,187,829	64,892,483	69,120,692
Cost of tangible capital assets	202,696,549	205,606,570	212,463,762	222,241,877	229,382,721
Net book value to cost of tangible capital assets	0.27	0.26	0.27	0.29	0.30
Municipal District Average	0.47	0.47	0.46	0.45	-
Comparable Municipal District Average	0.49	0.49	0.53	0.50	-
Comparable Population Average	0.54	0.54	0.57	0.53	-

Infrastructure Investment

The total cost of annual additions (through purchases or construction) to tangible capital assets (vehicles, equipment, buildings, roads, utility infrastructure, land) relative to the annual amortization (depreciation) on all tangible capital assets - measured as a five-year average.



Tangible capital assets additions	2,590,460	3,081,157	8,049,051	10,009,220	7,729,150
Annual amortization expense	3,194,195	3,296,854	3,301,784	3,290,561	3,405,240
Additions to amortization expense	0.81	0.93	2.44	3.04	2.27
Municipal District Average	1.48	1.51	1.54	1.34	-
Comparable Municipal District Average	1.52	1.45	2.54	2.32	-
Comparable Population Average	1.85	1.94	2.44	2.15	-

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

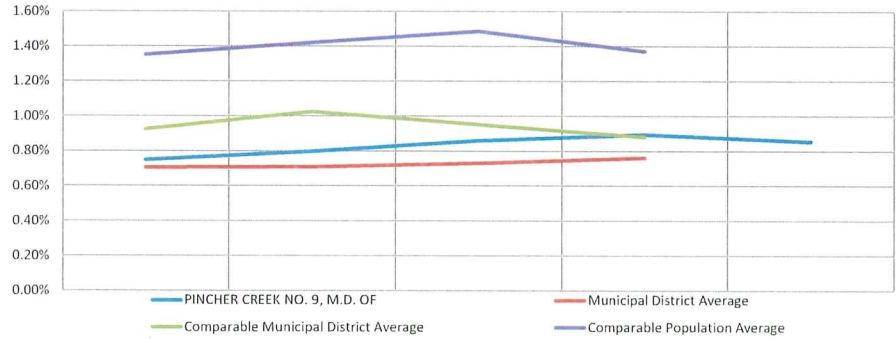
INDICATORS OF FINANCIAL CONDITION

For the year ended December 31, 2020

2016 2017 2018 2019 2020

Own source revenues to taxable assessment

This indicator is important because it shows the ratio of a local government's own source revenues to its tax base. A change in the size of a local government's taxable assessment or a change in the rate of growth in assessment in relation to changes in own source revenues could influence flexibility.

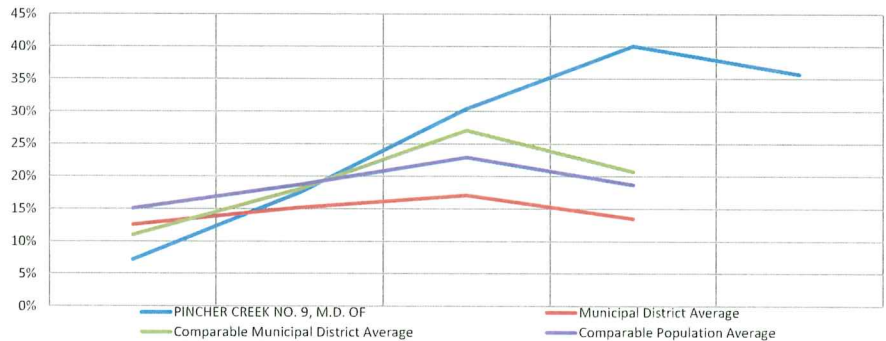


Own source revenues (net of government transfers)	12,006,709	12,633,425	13,305,921	13,555,103	13,168,854
Taxable assessment	1,600,520,107	1,582,110,430	1,544,652,166	1,512,769,452	1,539,220,762
Own source revenues to taxable assessment	0.75%	0.80%	0.86%	0.90%	0.86%
Municipal District Average	0.71%	0.71%	0.73%	0.76%	
Comparable Municipal District Average	0.93%	1.03%	0.95%	0.88%	
Comparable Population Average	1.35%	1.42%	1.49%	1.37%	

VULNERABILITY INDICATORS

Government transfers to total revenues

The purpose of this ratio is to show the proportion of revenues that provincial or local governments receive from other governments. This indicator offers a perspective on the degree of vulnerability a government faces as a result of its dependence on another level of government for revenues.



Government transfers (including capital)	930,583	2,682,448	5,836,594	9,082,372	7,333,689
Total revenues (including capital)	12,937,292	15,315,873	19,142,515	22,637,475	20,502,543
Government transfers to total revenues	7%	18%	30%	40%	36%
Municipal District Average	13%	15%	17%	14%	
Comparable Municipal District Average	11%	18%	27%	21%	
Comparable Population Average	15%	19%	23%	19%	

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

INDICATORS OF FINANCIAL CONDITION

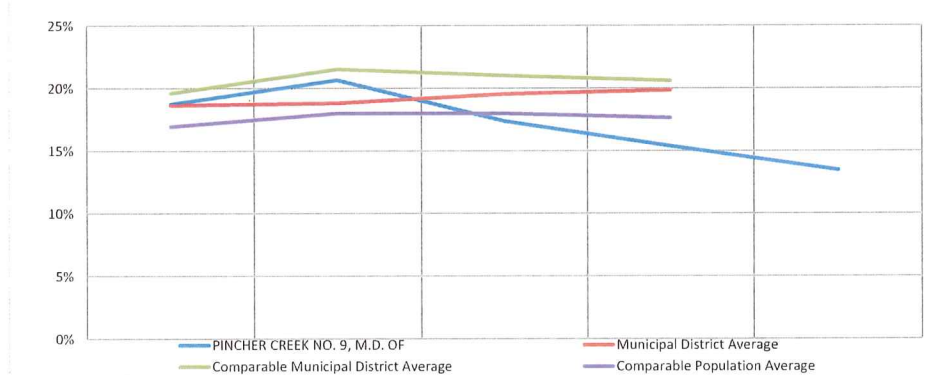
For the year ended December 31, 2020

2016 2017 2018 2019 2020

OTHER INDICATORS

Reserves to total accumulated surplus

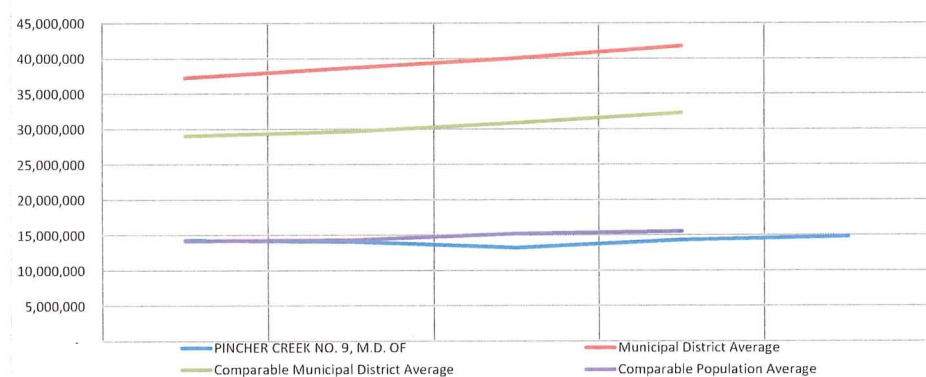
The purpose of this ratio is to show the proportion of total accumulated surplus that has been internally restricted. This indicator provides insight on the change in reserves in relation to overall accumulated surplus. A decrease would show that the government has drawn on past reserves to fund current operations.



Accumulated surplus - restricted	12,081,922	13,329,113	11,942,748	11,841,326	11,025,817
Overall accumulated surplus	64,582,057	64,499,387	68,763,944	76,999,676	81,936,089
Restricted surplus to accumulated surplus	19%	21%	17%	15%	13%
Municipal District Average	19%	19%	20%	20%	
Comparable Municipal District Average	20%	22%	21%	21%	
Comparable Population Average	17%	18%	18%	18%	

Accumulated surplus available for future use

Accumulated surplus, to the extent it has not been invested in Tangible Capital Assets, represents overall surplus that is available for future use. This consists of unrestricted surplus and reserves and shows trends in spending vs. saving. This indicator only shows total surplus; the overall size of the municipality is not taken into account.



Accumulated surplus - restricted	12,081,922	13,329,113	11,942,748	11,841,326	11,025,817
Accumulated surplus - unrestricted	2,193,091	776,934	1,321,417	2,511,057	3,797,030
Total accumulated surplus	14,275,013	14,106,047	13,264,165	14,352,383	14,822,847
Municipal District Average	37,262,248	38,687,784	40,066,871	41,780,940	
Comparable Municipal District Average	29,068,309	29,682,369	30,885,677	32,326,368	
Comparable Population Average	14,195,335	14,356,087	15,243,936	15,600,091	

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

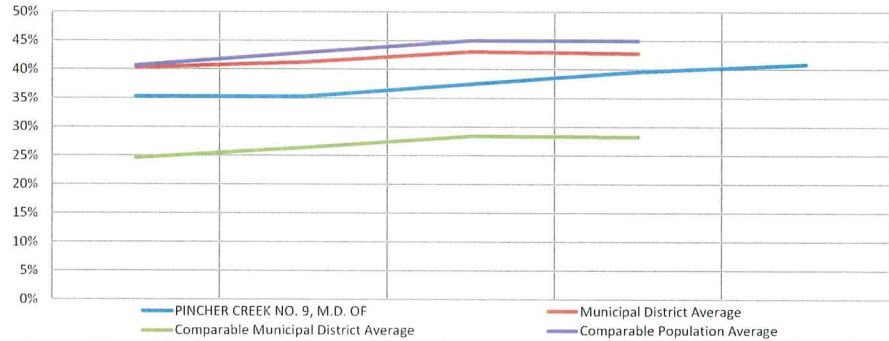
INDICATORS OF FINANCIAL CONDITION

For the year ended December 31, 2020

2016 2017 2018 2019 2020

Tax Base Ratio

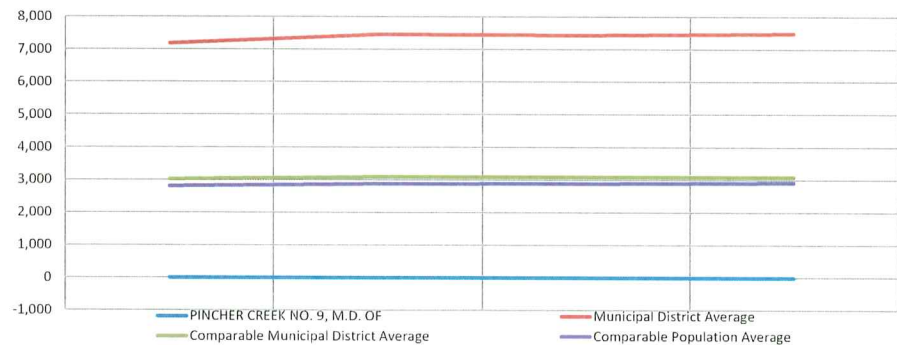
This ratio reports the proportion of the total municipal tax revenue generated by residential and farmland tax base, regardless of whether it is municipal property taxes, special taxes, or local improvement taxes.



Residential & farmland assessed value	565,636,565	558,898,958	578,406,548	599,882,162	630,008,136
Total assessed value	1,600,520,107	1,582,110,430	1,544,652,166	1,512,769,452	1,539,220,762
Residential & farmland assessment percentage	35%	35%	37%	40%	41%
Municipal District Average	40%	41%	43%	43%	
Comparable Municipal District Average	25%	26%	28%	28%	
Comparable Population Average	41%	43%	45%	45%	

Population Change

The change in population of the municipality over the past four years based on the Municipal Affairs Population List.



Population	3,158	2,965	2,965	2,965
Prior year population	3,158	3,158	2,965	2,965
Population change	0.00%	-6.11%	0.00%	0.00%
Population (Municipal District Average)	7,184	7,454	7,433	7,490
Municipal District Average	-0.75%	3.75%	-0.28%	0.77%
Population (Comparable Municipal District Average)	3,027	3,089	3,089	3,090
Comparable Municipal District Average	-1.70%	2.05%	0.00%	0.02%
Population (population average)	2,808	2,876	2,887	2,918
Comparable Population Average	-0.64%	2.41%	0.38%	1.08%

Comparable Listing

Comparables were determined on a range of 75% to 125% of your population

Total Municipal District Count: 62

Comparables - Same Type (11)

Municipal District list with a comparable population

CLEAR HILLS COUNTY
FORTY MILE NO. 8, COUNTY OF
LESSER SLAVE RIVER NO. 124, M.D. OF
MINBURN NO. 27, COUNTY OF
NORTHERN LIGHTS, COUNTY OF
OPPORTUNITY NO. 17, M.D. OF
PINCHER CREEK NO. 9, M.D. OF
SADDLE HILLS COUNTY
SMOKY LAKE COUNTY
THORHILD COUNTY
TWO HILLS NO. 21, COUNTY OF

Comparables - Any Type (32)

List used for comparable populations

ATHABASCA
BEAVERLODGE
BLACK DIAMOND
CALMAR
CLEAR HILLS COUNTY
COALHURST
CROSSFIELD
FAIRVIEW
FORT MACLEOD
FORTY MILE NO. 8, COUNTY OF
FOX CREEK
GIBBONS
GRIMSHAW
HANNA
HIGH PRAIRIE
LESSER SLAVE RIVER NO. 124, M.D. OF
MAGRATH
MINBURN NO. 27, COUNTY OF
NORTHERN LIGHTS, COUNTY OF
OPPORTUNITY NO. 17, M.D. OF
PENHOLD
PINCHER CREEK
PINCHER CREEK NO. 9, M.D. OF
RIMBEY
SADDLE HILLS COUNTY
SEXSMITH
SMOKY LAKE COUNTY
SUNDRE
THORHILD COUNTY
THREE HILLS
TURNER VALLEY
TWO HILLS NO. 21, COUNTY OF

April 27, 2021

Reeve and Council
Municipal District of Pincher Creek No. 9
PO Box 279
Pincher Creek, Alberta T0K 1W0

Ladies and Gentlemen:

RE: 2020 ANNUAL AUDIT OF MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

We are pleased to provide the following report relating to our audit of the financial statements of Municipal District of Pincher Creek No. 9 for the year ending December 31, 2020.

During the course of our audit we identified matters which may be of interest to the Council. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to the Council in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The matters identified are included in this report which has been prepared solely for the information of the Council and is not intended for any other purpose. As such, we accept no responsibility to a third party who uses this report. Should any member of the audit committee or equivalent wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Our report is intended to assist the Council in fulfilling its obligation with respect to the 2020 financial statements. We have also attached a separate communication regarding the role of the Council and our recommendations for the Council of the Municipal District of Pincher Creek No. 9.

We would be pleased to further discuss any of the issues addressed in the report or any other issue which may be of interest or concern to the Council.

Yours truly,

AVAIL LLP

Darren Adamson, CPA, CA
Enclosure

I. Purpose and Scope of Examination

We refer you to our communication dated February 23, 2021, which outlines the purpose and scope of our examination.

II. Results of Examination

As a result of our examination, we report that, in our opinion, the financial statements as at December 31, 2020 present fairly, in all material respects, the financial position of the Municipal District of Pincher Creek No. 9 in accordance with Canadian public sector accounting standards.

Throughout the course of our examination, we received full co-operation from Municipal District of Pincher Creek No. 9 officials and employees. No restrictions were imposed on the method or extent of our examination. We were given access to all records, documents and other supporting data and were furnished all information and explanations we required. In addition, we had the opportunity to discuss accounting matters with Municipal District of Pincher Creek No. 9 officials.

III. Communication with Council

In accordance with the auditing standard "communications with those having oversight responsibility for the financial reporting process", the following matters are recommended to be communicated to the Council.

Matters to be Communicated	Reference/Comment
1. Significant Deficiencies in Internal Controls	During our audit, we did not encounter any significant deficiencies in internal controls.
2. Illegal Acts and Fraud	An audit conducted in accordance with generally accepted auditing standards does not provide assurance about an entity's compliance with the laws and regulations that may affect it. These standards include, however, a requirement that the nature, extent and timing of the auditors' procedures should be designed so that, in the auditors' professional judgment, the risk of not detecting a material misstatement in the financial statements is reduced to an appropriately low level. However, due to the nature of illegal acts, an auditor conducting an audit in accordance with generally accepted auditing standards may not detect an illegal act, or recognize an act as being illegal, even if the effect of its consequences on the financial statements is material. Based on the results of our testing, we did not identify any illegal, improper or questionable payments or acts nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of financial information.

3. Significant Accounting Principles and Policies	We refer you to note 2 to the financial statements for a summary of significant accounting policies adopted by the Municipal District of Pincher Creek No. 9.
4. Management's Judgments and Accounting Estimates	<p>There were no disagreements between management and ourselves regarding management's judgments and accounting estimates.</p> <p>Going Concern Assumption - It is now a requirement that management make an assessment each year regarding the Municipal District of Pincher Creek No. 9's ability to continue as a going concern. This assessment requires management to make certain judgments about the Municipal District of Pincher Creek No. 9's ability to meet its obligations in the foreseeable future.</p> <p>Management has advised that they are aware of no events or conditions that cast doubt upon the Municipal District of Pincher Creek No. 9's ability to continue as a going concern in the foreseeable future, and there is no intention to liquidate the Municipal District of Pincher Creek No. 9's assets or otherwise cease operations.</p>
5. Written Representation from Management	As requested, management has provided us written representations that it has fulfilled its responsibility for the preparation of the financial statements and that it has provided us with the required information for us to complete our audit.
6. Other Information in Documents Containing Audited Financial Statements	Should the Municipal District of Pincher Creek No. 9 issue any report during the year that includes the audited financial statements, we will be required to read the unaudited information in the report prior to its release to ensure consistency with the information presented in the financial statements.
7. Disagreements with Management	There were no disagreements between management and ourselves with respect to the Municipal District of Pincher Creek No. 9's accounting policies or presentation and disclosure in the financial statements.
8. Difficulties Encountered in Performing the Audit	The full co-operation of management and other personnel was received during our examination.
9. Financial Statement Disclosure	There were no contentious financial statement disclosure issues.
10. Other Matters	No other matters were noted.
11. Emerging Issues	<p><u>FUTURE ACCOUNTING CHANGES</u></p> <p>The Public Sector Accounting Board has issued the following accounting standards:</p>

	<p><u>PS 1000 Financial Statement Concepts</u> (effective fiscal years beginning April 1, 2022) This section has been amended to allow recognition of purchased intangibles as assets. This amendment is supported by new public sector guideline PSG-8 "Purchased Intangibles". Earlier adoption is permitted.</p> <p><u>PS 3450 Financial Instruments</u> (effective fiscal years beginning April 1, 2022) Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3401 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.</p> <p><u>PS 3280 Asset Retirement Obligations</u> (effective fiscal years beginning April 1, 2022) This standard provides guidance on how to account for and report a liability for retirement of tangible capital assets. Early adoption of this section may be mandated by the Government of Alberta, pending recommendations from the ARO working group.</p> <p><u>PS 3400 Revenue</u> (effective fiscal years beginning April 1, 2022) This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange and non-exchange (unilateral) transactions.</p> <p><u>OTHER PROPOSED CHANGES</u> The Public Sector Accounting Board has issued an exposure draft that has not yet been finalized:</p> <p><u>PS 1202 – Financial Statement Presentation</u> (proposed implementation date of April 1, 2024) A new standard has been proposed to replace PS 1201 Financial Statement Presentation and is intended to provide an improved financial reporting framework.</p> <p>Some of the key proposed changes are:</p> <ul style="list-style-type: none"> • liabilities will be separated into two categories: financial and non-financial • the Statement of Financial Position will be restructured to present total assets followed by total liabilities to arrive at net assets • the net debt indicator will be removed from the Statement of Financial Position and will be shown on a separate statement "Statement of Net Financial Assets or Net Financial Liabilities"
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	<ul style="list-style-type: none">• the requirement to present a Statement of Changes in Net Financial Assets (Debt) will be removed• other minor changes are proposed to the Statement of Cash Flows and budgeted information
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Municipal District of Pincher Creek No. 9
 Unadjusted Financial Statement Misstatements
 For the year ended December 31, 2020

Unadjusted Financial Statement Misstatements	Proposed Adjustments Dr (Cr)				
			Balance Sheet		
	Opening Equity	Income Statement	Assets	Liabilities	Closing Equity
Current year					
Grant expenses denied.	\$ -	\$ -	\$ (20,730)	\$ 20,730	\$ -
Subtotal	-	-	(20,730)	20,730	-
Income taxes	-	-	-	-	-
Total	\$ -	\$ -	\$ (20,730)	\$ 20,730	\$ -

To MD of Pincher Creek Council

Firstly, thank you for allowing me to participate in the Council Committee meeting on April 13, 2021. I also appreciate the opportunity to pose some of my concerns regarding the mines proposed in the Crowsnest Pass directly to the Riversdale presenters.

Unfortunately, I did not anticipate the opportunity to ask questions and was not as prepared as I would have liked. The Riversdale presentation was very well done but provided only one side of the debate and the proposed mine is not as innocuous as they would have us believe.

Yes, they may be able to remove almost all of the selenium from the water they treat BUT the problem is that they won't capture all the water they impact. Untreated water will be released to the watershed. To put the challenge in perspective, during the life of the mine they will move overburden rock the equivalent to about 8 times the amount of rock that is Frank Slide. We are expected to believe that in all conditions (remember the deluge in 1995) they will handle the water on the site. It works well in the lab, we are told.

Riversdale made the point several times in their presentation that they would not be taking water from the creeks BUT when you remove surface runoff and groundwater before it gets to the creek you are effectively taking water away from the creek. They stated that the only water that is actually consumed (taken out of the watershed) is the water that leaves with the coal product BUT there was no mention of the evaporation from the storage ponds and the water sprayed for dust control.

I could go on, but you get the picture. In my view, the presentation was full of half truths and spin.

I will continue to voice my concerns to Riversdale directly but there are 2 things I suggest Council acts on:

- 1. Engage an independent 3rd party consultant to design a water quality monitoring program for the intake at the Regional Water Treatment Facility.** There should be a

baseline study taken at all flow conditions and seasons to get a clear understanding of the current quality and then a monitoring program in place for when the mine begins operation. Relying on the potential polluter or on Alberta Environment for this monitoring would not be wise, in my opinion.




- 2. Engage an independent 3rd party consultant to design a coal dust monitoring program for the MD.** I believe we should have any required equipment and a monitoring program in place on day one of mine operation.

Riversdale should be expected to pay for the consultants hired, any monitoring equipment and any costs associated with the ongoing monitoring.

From an environmental perspective, what is proposed in the Crowsnest Pass is not good news for the MD of Pincher Creek. One only has to look at what is going on in the Elk Valley to grow very concerned and the Crowsnest situation has the potential to be a lot worse. We are dealing with multiple corporations, historical contamination and corporations that do not have the technical or financial resources of a Teck. The potential jobs and economic activity generated by these mines is a good thing, but these are relatively short term and not worth the long term impact of these projects.

Cornell Van Ryk

Recommendation to Council

TITLE: Fire Response Bylaw			
PREPARED BY: Meghan Dobie		DATE: April 19, 2021	
DEPARTMENT: Finance			
		ATTACHMENTS:	
Department Supervisor	Date	<ol style="list-style-type: none"> 1. Proposed - Bylaw 1323-21 2. Marked up changes 3. PCESC Bylaw 6 (2020) 	
APPROVALS:			
	April 19, 2021		19 Apr. 2021
Department Director	Date	CAO	Date

RECOMMENDATION:
That Council rescind Fire Services Bylaw No. 1201-10 and replace with Fire Response Bylaw 1323-21.

BACKGROUND:

- Council made the following resolution at the Council meeting held on April 13, 2021:
 - “That as per the current agreement, the MD pay invoices MD-50-20 and MD-50-21 to the Pincher Creek Emergency Services Commission,
 - AND THAT in an effort to ensure insurance coverage windows are not missed, Council direct Administration to bill landowners for fire response as incurred;
 - AND THAT Council direct Administration to work with landowners to submit claims to insurance providers;
 - AND THAT Council direct Administration to advise landowners, that should they require an adjustment to the amount owed for fire response, to write a letter to MD Council and attach proof of denied insurance coverage;
 - AND FURTHER THAT Council, in an effort to bridge the gap until changes are made at PCESC, direct Administration to refresh Bylaw 1201-10 to adjust for the above said changes and other proposed changes deemed necessary.”
- Per MD Bylaw 1201-10, it has been past practice for the MD to act as the “middle-man” by paying the bill to PCESC and then issuing a bill directly to the landowner for the full amount.
- It has come to Councils attention that fire response charges from PCESC needs to be revisited. However, this process at PCESC is on-going. Until changes are made at PCESC, the MD will continue to receive fire response invoices. Thus a refreshed bylaw is required until such time changes are made at PCESC.

FINANCIAL IMPLICATIONS:
TBD

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

BYLAW NO. 1323-21

A Bylaw of the Municipal District of Pincher Creek No. 9 in the Province of Alberta, to impose fees and charges for services and activities provided by the Pincher Creek Emergency Services Commission of the Municipal District of Pincher Creek No. 9.

WHEREAS the *Municipal Government Act*, being Chapter M-26 Revised Statutes of Alberta 2000, and as amended from time to time, provides that a Council of a municipality may pass bylaws for services provided by or on behalf of the municipality,

AND WHEREAS the *Municipal Government Act* R.S.A. 2000 Chapter M-26, and as amended from time to time, provides that a municipality may, pursuant to a bylaw, collect the costs and expenses incurred by the municipality for fire suppression services;

AND WHEREAS the *Forest and Prairie Protection Act* R.S.A. 2000, c. F-19, and as amended from time to time, provides that the Municipal District of Pincher Creek No. 9 is responsible for fighting and controlling all fires within the boundaries of the MD, other than areas contained in a forest protection area;

AND WHEREAS the Council for the Municipal District of Pincher Creek has established the Pincher Creek Emergency Services Commission with the Town of Pincher Creek;

NOW THEREFORE the Council of the Municipal District of Pincher Creek No. 9, duly assembled ENACTS AS FOLLOWS:

1.0 This Bylaw may be cited as "Fire Response Bylaw No. 1323-21".

2.0 **Definitions**

In this bylaw:

“Council” means the Municipal District of Pincher Creek No. 9 Council.

“Equipment” means any tools, contrivances, devices and materials used by the Pincher Creek Emergency Services Commission, to combat an incident or other emergency.

“Fire” means the burning of any flammable or combustible material or any combustible material in a state of combustion.

“Fire Protection Charges” means those fees and charges, as established by the PCESC from time to time, for Fire Protection Services as outlined in PCESC Bylaw 6.

“Incident” means a fire or a situation where a fire or an explosion is imminent or any other situation where there is a fire, a danger or a possible danger to life or property.

“MD” means the Municipal District of Pincher Creek No. 9 and the area within its boundaries.

“Pincher Creek Emergency Services Commission“ (PCESC) means the Pincher Creek Emergency Services Commission, established by the Membership Agreement on August 27, 2013, between the Town of Pincher Creek and the Municipal District of Pincher Creek No. 9, for the purpose of providing fire and emergency services in the MD and the Town of Pincher Creek.

“Property” means any real or personal property, including land, equipment, products, vehicles and structures.

“Town” means the Town of Pincher Creek.

3.0 **Fire Response Charges**

- a. The PCESC will advise the appropriate municipality to charge Fire Response Charges in accordance with fees outlined in PCESC Bylaw 6, as amended from time to time by the PCESC.
- b. Where the PCESC has taken any action whatsoever for the purpose of extinguishing a fire or responding to an incident within or outside of the MD, the MD shall, in respect of the costs incurred by the MD in taking such action, including the cost of securing a building, structure or thing, or securing privately owned equipment necessary to bring the fire or incident under control, and charge those costs to:
 - (1) The person causing or contributing to the fire; or
 - (2) The owner or occupant of the property which is the subject for the requirement of fire protection services.

All individuals charged are jointly and severally responsible for payment of the fire protection charges to the MD.

- c. The PCESC shall forward all information to the MD necessary to bill the appropriate person or persons within thirty (30) of the incident.
- d. A fire protection charge shall be paid within thirty (30) days of being levied.
- e. The owner of a parcel to which fire protection is provided is liable for fire protection charges incurred.
- f. Collection of unpaid fire protection charges may be undertaken by civil action in a court of competent jurisdiction, and any civil action does not invalidate any lien which the MD is entitled to place on the property in respect of which the indebtedness is incurred.
- g. Where the fire protection charges are not paid upon demand by the MD, fire protection charges relating to the extinguishing of fire on the land and interest charges accrued may be added to the tax roll of the land.
- h. All owners of the real property to whose tax roll the fees for service or charges or any or all of them were added pursuant to Section 3.0 h. shall be liable jointly and severally for paying such fee and charges, and such fee and charges shall be collected in a like manner as municipal taxes.
- i. If the landowner wishes to request an adjustment to the balance of their fire response invoice, the landowner must provide proof of denied coverage or justification for their request.

4.0 **General**

- a. Should any section or part of this bylaw be found to be improperly enacted, or outside the MD's jurisdiction, for any reason, then such section or part will be regarded as being severed and the remaining sections will remain effective and enforceable.

Bylaw 1323-21
Fire Response Bylaw

5.0 This bylaw shall come into force and effect upon passing thereof.

READ a first time this _____ day of _____, 2021

READ a second time this _____ day of _____, 2021

READ a third time and finally passed this _____ day of _____, 2021

REEVE

CHIEF ADMINISTRATIVE OFFICER

MUNICIPAL DISTRICT OF PINCHER CREEK NO. 9

BYLAW NO. 4201-10-1323-21

A Bylaw of the Municipal District of Pincher Creek No. 9 in the Province of Alberta, to impose fees and charges for services and activities provided by the Pincher Creek Emergency Services **Commission** of the Municipal District of Pincher Creek No. 9.

WHEREAS the *Municipal Government Act*, being Chapter M-26 Revised Statutes of Alberta 2000, and as amended from time to time, provides that a Council of a municipality may pass bylaws for services provided by or on behalf of the municipality,

AND WHEREAS the *Municipal Government Act* R.S.A. 2000 Chapter M-26, and as amended from time to time, provides that a municipality may, pursuant to a bylaw, collect the costs and expenses incurred by the municipality for fire suppression services;

AND WHEREAS the *Forest and Prairie Protection Act* R.S.A. 2000, c. F-19, and as amended from time to time, provides that the Municipal District of Pincher Creek No. 9 is responsible for fighting and controlling all fires within the boundaries of the MD, other than areas contained in a forest protection area;

AND WHEREAS the Council for the Municipal District of Pincher Creek has ~~entered into an Emergency Services Agreement~~ established the Pincher Creek Emergency Services Commission with the Town of Pincher Creek;

NOW THEREFORE the Council of the Municipal District of Pincher Creek No. 9, duly assembled ENACTS AS FOLLOWS:

1.0 This Bylaw may be cited as "Fire Services Response Bylaw No. 4201-10-1323-21".

2.0 **Definitions**

In this bylaw:

“Council” means the Municipal District of Pincher Creek No. 9 Council.

“Equipment” means any tools, contrivances, devices and materials used by the Pincher Creek Emergency Services **Commission**, to combat an incident or other emergency.

“Fire” means the burning of any flammable or combustible material or any combustible material in a state of combustion.

“Fire Protection Charges” means those fees and charges, ~~as established by Council from time to time, for Fire Protection Services as set out in Schedule “A” attached to this bylaw.~~ as established by the PCESC from time to time, for Fire Protection Services as outlined in PCESC Bylaw 6.

“Incident” means a fire or a situation where a fire or an explosion is imminent or any other situation where there is a fire, a danger or a possible danger to life or property.

“MD” means the Municipal District of Pincher Creek No. 9 and the area within its boundaries.

“Pincher Creek Emergency Services **Commission**” (PCESC) means the Pincher Creek Emergency Services **Commission**, established by the ~~Emergency Services Membership Agreement~~ on August 27, 2013, between the Town of Pincher Creek and the Municipal District of Pincher Creek No. 9 for the purpose of providing fire and emergency services in the MD and the Town of Pincher Creek.

“Property” means any real or personal property, including land, equipment, products, vehicles and structures.

“Town” means the Town of Pincher Creek².

3.0 **Fire Protection Response Charges**

- a. ~~The PCES may advise the appropriate municipality to charge Fire Protection Charges in accordance with Schedule “A”, as amended from time to time by Council.~~ The PCESC will advise the appropriate municipality to charge Fire Response Charges in accordance with fees outlined in PCESC Bylaw 6, as amended from time to time by the PCESC.
- b. Where the PCESC has taken any action whatsoever for the purpose of extinguishing a fire or responding to an incident within or outside of the MD, the MD shall, in respect of the costs incurred by the MD in taking such action, including the cost of securing a building, structure or thing, or securing privately owned equipment necessary to bring the fire or incident under control, and charge those costs to:
 - (1) The person causing or contributing to the fire; or
 - (2) The owner or occupant of the property which is the subject for the requirement of fire protection services.

All individuals charged are jointly and severally responsible for payment of the fire protection charges to the MD.
- c. The PCESC shall forward all information to the MD necessary to bill the appropriate person or persons **within thirty (30) of the incident.**
- d. A fire protection charge shall be paid within thirty (30) days of being levied.
- e. The owner of a parcel to which fire protection is provided is liable for fire protection charges incurred.
- f. Collection of unpaid fire protection charges may be undertaken by civil action in a court of competent jurisdiction, and any civil action does not invalidate any lien which the MD is entitled to place on the property in respect of which the indebtedness is incurred.
- g. Where the fire protection charges are not paid upon demand by the MD, fire protection charges relating to the extinguishing of fire on the land and interest charges accrued may be added to the tax roll of the land.
- h. All owners of the real property to whose tax roll the fees for service or charges or any or all of them were added pursuant to Section 3.0 h. shall be liable jointly and severally for paying such fee and charges, and such fee and charges shall be collected in a like manner as municipal taxes.
- i. **If the landowner wishes to request an adjustment to the balance of their fire response invoice, the landowner must provide proof of denied coverage or justification for their request.**

4.0 **General**

- a. Should any section or part of this bylaw be found to be improperly enacted, or outside the MD’s jurisdiction, for any reason, then such section or part will be regarded as being severed and the remaining sections will remain effective and enforceable.

Bylaw 1201-10 1323-21
Fire Services Response Bylaw

b. ~~This bylaw will function in conjunction with the Quality Management Plan, Standard Operating Procedures, and the MD's Occupational Health and Safety program.~~

5.0 This bylaw shall come into force and effect upon passing thereof.

READ a first time this _____ day of _____, 201021

READ a second time this _____ day of _____, 201021

READ a third time and finally passed this _____ day of _____, 201021

REEVE

CHIEF ADMINISTRATIVE OFFICER



**Pincher Creek Emergency Services Commission
Fees Schedule of the Commission**

1st NOV 28 2019
2nd NOV 28 2019
3rd NOV 28 2019

BYLAW NO. 6 – 2020

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Pincher Creek Emergency Services Commission Fees Schedule of the Commission

BYLAW NO. 6 – 2020

A BYLAW OF THE PINCHER CREEK EMERGENCY SERVICES COMMISSION, IN THE PROVINCE OF ALBERTA, FOR THE PURPOSE OF ESTABLISHING THE FEES SCHEDULE OF THE COMMISSION

WHEREAS pursuant to the provisions of the Municipal Government Act, Pincher Creek Emergency Services Commission is required to establish a schedule of fees;

NOW THEREFORE the Board enacts the following:

ARTICLE 1 – TITLE

1.01 This bylaw shall be sited as the Pincher Creek Emergency Services Commission Fees Schedule Bylaw.

ARTICLE 2 – INTERPRETATION

2.01 Definitions and Interpretations

In this Bylaw, unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and the following words shall have the following meanings unless the context otherwise requires:

- a) "**Act**" means the *Municipal Government Act*, R.S.A. 2000, c. M-26 and all regulations thereto, as replaced or amended from time to time;
- b) "**Board**" means Board of Directors of the Commission established pursuant to Bylaw 1;
- c) "**Chair**" means the chairperson of the Board;
- d) "**Chief of Emergency Services**" means the person appointed by the Board as Chief of Emergency Services;
- e) "**Commission**" means the Pincher Creek Emergency Services Commission;
- f) "**Director**" means the director(s) of the Commission appointed to the Board in accordance with Bylaw 1;
- g) "**Emergency Services**" means the provision of emergency services within the



Pincher Creek Emergency Services Commission Fees Schedule of the Commission

boundaries of each Member, including without restriction, fire suppression, fire permitting, fire prevention, rescue, and emergency medical response services;

- h) **"Members"** means both the Town of Pincher Creek, the Municipal District of Pincher Creek No. 9 and any other parties that may become members from time to time and "Member" means any one of them;
- i) **"Minister"** means the Minister of Municipal Affairs;

All other words in this Bylaw are as defined or used in the Act or the Regulation.

ARTICLE 3– ENACTMENT

NOW THEREFORE the Board of the Pincher Creek Emergency Services Commission rescinds Bylaw 6- 2018 and enacts and adopts the Schedule of Fees, attached to and forming Schedule "A" of this Bylaw.

ARTICLE 4 – SEVERANCE

4.01 Severance of Bylaw Clauses

Should any article, section or part of this Bylaw be found to be improperly enacted or *ultra vires*, for any reason, then such article, section or part shall be regarded as being severable from the Bylaw and the Bylaw remaining after such severance shall be effective and enforceable.

ARTICLE 5 – COMING INTO FORCE

This Bylaw shall become effective January 1, 2020 when it has received third and final reading and has been signed by the Chief of Emergency Services and Chair.

READ A FIRST TIME this 28 day of November, 2019.

READ A SECOND TIME this 28 day of November, 2019.

READ A THIRD TIME this 28 day of November, 2019.



CHIEF OF EMERGENCY SERVICES, David Cox



CHAIR, Scott Korbett



Pincher Creek Emergency Services Commission Fees Schedule of the Commission

SCHEDULE "A"

Notation: GST will be charged where applicable

1. Fees for Emergency Services responding to any emergency call **other** than a Motor Vehicle Accident or other event on a Provincial Highway or a Provincial Highway Right of Way
 - a. A rate of \$400.00 per hour for an engine, tender, or rescue not including manpower excepting Engine 71.
 - b. A rate of \$100.00 per hour for Engine 71 not including manpower.
 - c. A rate of \$200.00 per hour for a command unit including manpower.
 - d. A rate of \$400.00 per day for the structure protection unit that is deployed but not utilized, not including manpower.
 - e. A rate of \$700.00 per day for the structure protection unit that has part or all of its equipment deployed, not including manpower.
 - f. A rate of \$300.00 per day or \$0.60 per Kilometer if the mileage traveled in a day is greater than 500 kilometers, which ever is greater, for a tow vehicle for the structure protection unit if not towed by a type of unit identified in 1. a.
 - g. A Manpower rate of \$50.00 per hour per person other than a supervisor in a command unit.
 - h. The unit rate including the manpower assigned to that unit will be billed to the event if it arrived at the event and fulfilled a role in mitigating the event.
 - i. Billing time will commence with time the unit was attached to the event shown on the dispatch sheet and cease when the unit has returned to service shown on the incident report.
 - j. Hours of billing will include all full hours and any portion of an hour as determined by 1. i.
 - k. Cause and/or origin of a fire incident will determine the jurisdiction, business, or individual to be invoiced referencing Bylaw 3- 2016- Funding Bylaw or revisions thereto.



Pincher Creek Emergency Services Commission Fees Schedule of the Commission

2. Fees for Emergency Services responding to any Emergency call including a Motor Vehicle Accident or other event on a Provincial Highway or a Provincial Highway Right of Way
 - a. Fees will match those set by the current rates established by Alberta Transportation.
 - b. A unit will be billed to the event if it arrived at the event and fulfilled a role in mitigating the event.
 - c. Billing time will commence with time the unit was attached to the event shown on the dispatch sheet and cease when the unit has returned to service shown on the incident report.
 - d. Hours of billing will include all full hours and any portion of an hour as determined by 2.c.
 - e. Alberta Transportation is to be invoiced referencing Bylaw 3- 2016- Funding Bylaw or revisions thereto.
3. Fees for Emergency Services responding to a call for Mutual Aid
 - a. Fees for units responding for mutual aid will be invoiced as per the fees defined in the pertinent Mutual Aid Agreement or,
 - b. using the rates shown in part 1. of this schedule if the pertinent Mutual Aid Agreement does not have fees defined,
4. Fees for Emergency Services responding to Ambulance Calls
 - a. Fees for Ambulance will be invoiced as per the fees defined in the Contract with Alberta Health Services.
5. Fees for Emergency Services responding to Extra Ordinary Events
 - a. In cases where an emergency response is requested and fees schedule do not exist in this Bylaw, a Mutual Aid Agreement, or an existing contract, a fees schedule may be established by short term contract.
 - b. In cases where an emergency response is requested under a state of local emergency and the fees schedule does not identify a rate for the resources provided, provincial rates will apply.