

MUNICIPAL DISTRICT OF BIGHORN NO. 8

Consolidated Financial Statements

For the year ended December 31, 2021

MUNICIPAL DISTRICT OF BIGHORN NO. 8

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Municipal District of Bighorn No. 8 which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Bighorn No. 8 as at December 31, 2021, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipal District of Bighorn No. 8 in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 15 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified 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 Bighorn No. 8's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipal District of Bighorn No. 8 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Bighorn No. 8's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipal District of Bighorn No. 8's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Municipal District of Bighorn No. 8 is in compliance with the Debt Limit Regulation. A detailed account of the Municipal District's debt limit can be found in note 10.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Municipal District of Bighorn No. 8 is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 21.

Lethbridge, Alberta

April 26, 2022



Chartered Professional Accountants

MANAGEMENT REPORT

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

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

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

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

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

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



Chief Administrative Officer

MUNICIPAL DISTRICT OF BIGHORN NO. 8
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020 (Restated)
Revenue			
Net municipal property taxes (note 12)	\$ 6,765,127	\$ 6,445,668	\$ 6,438,277
User fees and sales of goods	1,262,760	2,494,277	1,174,124
Government transfers for operating (note 13)	3,517,500	3,228,662	1,789,406
Investment income	130,000	244,221	344,760
Penalties and costs of taxes	50,000	99,376	55,991
Licenses and permits	45,000	110,858	75,491
Gain on disposal of tangible capital assets	-	-	15,200
Other	183,300	1,771,024	327,369
	11,953,687	14,394,086	10,220,618
Expenses (note 14)			
Legislative	740,933	592,313	602,786
Administration	1,338,728	1,174,008	916,771
Fire	713,856	662,595	686,690
Emergency measures and disaster services	81,601	128,232	72,140
Bylaw enforcement	250,040	235,867	232,012
Common and equipment pool	1,606,253	1,417,800	1,570,363
Roads, streets, walks and lighting	1,469,970	1,648,098	1,661,495
Water supply and distribution	680,239	656,255	2,081,491
Wastewater treatment and disposal	467,381	462,878	393,058
Waste management	368,805	340,291	354,378
Other environmental use and protection	-	4,833,171	2,592,602
Public health and welfare services	189,615	585,395	749,858
Land use planning, zoning and development	490,108	464,337	533,940
Economic and agricultural development	350,402	331,517	410,194
Parks and recreation	250,428	226,690	179,215
Culture - libraries, museums, halls	39,207	35,901	34,295
	9,037,566	13,795,348	13,071,288
Excess (deficiency) of revenue over expenses before other	2,916,121	598,738	(2,850,670)
Other			
Government transfers for capital (note 13)	77,840	937,751	635,690
Contributed assets	-	-	4,092,297
	77,840	937,751	4,727,987
Excess of revenue over expenses	2,993,961	1,536,489	1,877,317
Accumulated surplus, beginning of year			
As previously stated	90,961,286	90,961,286	89,266,727
Prior period adjustment (note 15)	-	182,758	-
As restated	90,961,286	91,144,044	89,266,727
Accumulated surplus, end of year	\$ 93,955,247	\$ 92,680,533	\$ 91,144,044

MUNICIPAL DISTRICT OF BIGHORN NO. 8
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020 (Restated)
Excess of revenue over expenses	\$ 2,993,961	\$ 1,536,489	\$ 1,877,317
Acquisition of tangible capital assets	(6,023,200)	(1,997,000)	(704,677)
Amortization of tangible capital assets	2,044,000	1,898,254	2,044,390
Contributed assets	-	-	(4,092,297)
Loss (gain) on disposal of tangible capital assets	-	5,325	(15,200)
Proceeds on disposal of tangible capital assets	-	6,409	15,200
	(3,979,200)	(87,012)	(2,752,584)
Net change in inventory for consumption	-	7,639	(338,847)
Net change in prepaid expense	-	(13,636)	5,107
	-	(5,997)	(333,740)
Increase (decrease) in net financial assets	(985,239)	1,443,480	(1,209,007)
Net financial assets, beginning of year	16,759,496	16,759,496	17,968,503
Net financial assets, end of year	\$ 15,774,257	\$ 18,202,976	\$ 16,759,496

MUNICIPAL DISTRICT OF BIGHORN NO. 8
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2021

	2021	2020 (Restated)
Operating transactions		
Excess of revenue over expenses	\$ 1,536,489	\$ 1,877,317
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	5,325	(15,200)
Amortization of tangible capital assets	1,898,254	2,044,390
Contributed assets	-	(4,092,297)
Amortization of bond premiums (discounts)	2,159	(1,123)
	3,442,227	(186,913)
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	482,286	(446,646)
Trade and other receivables	2,877,276	(1,063,851)
Inventory for consumption	7,639	(338,847)
Prepaid expenses	(13,636)	5,107
Accounts payable and accrued liabilities	(430,479)	291,894
Employee benefit obligations	22,832	18,881
Deferred revenue	(1,448,426)	3,228,595
Provision for gravel pit reclamation	-	(2,800)
	4,939,719	1,505,420
Capital transactions		
Proceeds on disposal of tangible capital assets	6,409	15,200
Acquisition of tangible capital assets	(1,997,000)	(704,677)
	(1,990,591)	(689,477)
Investing transactions		
(Increase) decrease in investments	(139,246)	703,260
Receipts of notes receivable	98,511	98,365
	(40,735)	801,625
Financing transactions		
Repayment of long-term debt	(82,590)	(402,248)
Increase in cash and temporary investments	2,825,803	1,215,320
Cash and temporary investments, beginning of year	11,760,588	10,545,268
Cash and temporary investments, end of year	\$ 14,586,391	\$ 11,760,588
Cash and temporary investments consists of:		
Cash (note 2)	\$ 5,228,645	\$ 2,413,456
Temporary investments (note 2)	9,357,746	9,347,132
	\$ 14,586,391	\$ 11,760,588

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

1. Significant accounting policies

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

(a) Basis of accounting

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

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

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

(b) Reporting entity

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

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

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

(c) Use of estimates

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

(d) Investments

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

1. Significant accounting policies, continued

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

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

(g) Tax revenue
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Requisition over-levy and under-levy
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

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

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

1. Significant accounting policies, continued

(i) Tangible capital assets

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

	Years
Land improvements	15-75
Buildings	20-70
Engineered structures	3-99
Machinery and equipment	10-45

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

(ii) Contributions of tangible capital assets

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

(iii) Leases

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

(iv) Inventories

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

(v) Cultural and historical tangible capital assets

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

2. Cash and temporary investments

	2021	2020
Cash	\$ 5,228,645	\$ 2,413,456
Temporary investments	9,357,746	9,347,132
	\$ 14,586,391	\$ 11,760,588

Temporary investments are short-term deposits with original maturities of twelve months or less. The temporary investments are comprised of bonds and short term securities with interest rates of 1.75% to 2.70%.

The Municipal District has established a line of credit to help finance short term cash flow deficiencies, with the Royal Bank of Canada, to a maximum of \$1,830,000 which bears interest at prime less 0.5%. As at December 31, 2021, there was no balance outstanding on this line of credit.

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

3. Taxes and grants in place of taxes receivable

	2021	2020
Taxes and grants in place of taxes receivable	\$ 183,816	\$ 696,720
Arrears	122,620	92,002
	\$ 306,436	\$ 788,722

4. Trade and other receivables

	2021	2020 (Restated)
Local improvement levies	\$ 2,200,014	\$ 2,402,086
Federal Gas Tax Fund	549,514	390,149
Municipal Sustainability Initiative (MSI) - capital	431,899	653,498
Trade receivables	402,986	297,493
Flood mitigation	319,106	319,106
Goods and Service Tax (GST)	224,188	132,596
School requisition receivable	188,181	-
Utilities	42,579	32,560
Municipal Sustainability Initiative (MSI) - operating	-	108,465
Allowance for doubtful accounts	-	(208)
Alberta Community Resiliency Program	-	2,900,000
	\$ 4,358,467	\$ 7,235,745

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

5. Notes receivable

	2021	2020
Note receivable from Bow Valley Waste Management Commission is repayable at \$95,125 annually and is non-interest bearing. The note is due in 2027.	\$ 495,897	\$ 591,022
Note receivable from Bow Valley Regional Housing Repayable at \$4,808 annually including interest at 4.48%. The note is due in 2028.	28,354	31,740
	\$ 524,251	\$ 622,762

6. Investments

	2021		2020	
	Cost	Market value	Cost	Market value
Investments	\$ 5,883,916	\$ 5,971,623	\$ 5,746,827	\$ 6,026,915

Guaranteed investment certificates and government guaranteed bonds have effective interest rates of 0.25% to 3.00% (2020 - 1.75% to 3.00%) with maturity dates from 2023 to 2027.

7. Employee benefit obligations

	2021	2020
Employee benefit obligations	\$ 120,622	\$ 97,790

Vacation and overtime

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

8. Deferred revenue

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

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

	2020 (Restated)	Received	Recognized	2021
Deferred Grant Revenue - operating	3,018,126	585,850	3,207,258	396,718
Alberta Municipal Water/Wastewater Partnership (AMWWP) - capital	1,042,657	1,014,945	50,020	2,007,582
Municipal Sustainability Initiative (MSI) - capital	634,815	872,125	817,730	689,210
Alberta Municipal Infrastructure Program (AMIP) - capital	700,699	5,255	-	705,954
Canada Community Building Fund	390,148	159,366	-	549,514
Exshaw water treatment upgrade - capital	374,490	2,809	-	377,299
Deposits	244,579	-	16,036	228,543
Bridge Grant Program - capital	221,870	1,664	-	223,534
Developer contribution and other deferred revenue	1,230	604	-	1,834
Municipal Sustainability Initiative (MSI) - operating	-	36,908	36,908	-
	<u>6,628,614</u>	<u>2,679,526</u>	<u>4,127,952</u>	<u>5,180,188</u>

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

9. Long-term debt

	2021	2020
Tax supported debentures	\$ 903,572	\$ 986,162
Current portion	\$ 119,720	\$ 82,590

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2022	\$ 85,796	\$ 33,924	\$ 119,720
2023	89,126	30,594	119,720
2024	92,586	27,134	119,720
2025	96,180	23,540	119,720
2026	99,914	19,806	119,720
Thereafter	439,970	38,905	478,875
	\$ 903,572	\$ 173,903	\$ 1,077,475

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

Interest on long-term debt amounted to \$36,652 (2020 - \$43,203).

The Municipal District of Bighorn No. 8's total cash payments for interest in 2021 were \$37,130 (2020 - \$45,874).

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

10. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipal District of Bighorn No. 8 be disclosed as follows:

	2021	2020 (Restated)
Total debt limit	\$ 21,591,129	\$ 15,330,926
Total debt	903,572	986,162
	\$ 20,687,557	\$ 14,344,764
Debt servicing limit	\$ 3,598,522	\$ 2,555,154
Debt servicing	119,720	119,720
	\$ 3,478,802	\$ 2,435,434

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

These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

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

11. Accumulated surplus

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

	2021	2020 (Restated)
Unrestricted surplus	\$ 4,036,083	\$ 4,189,150
Equity in tangible capital assets (note 16)	73,014,197	72,844,594
Internally restricted surplus (reserves) (note 17)	15,630,253	14,110,300
	\$ 92,680,533	\$ 91,144,044

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

12. Net municipal property taxes

	Budget (Unaudited)	2021	2020
Taxation			
Real property taxes	\$ 8,142,500	\$ 8,530,680	\$ 8,322,985
Linear property taxes	-	870,762	802,457
Other levies	45,000	158,506	64,091
Government grants in place of property taxes	49,290	49,382	49,289
Special assessments and local improvements	1,213,829	-	-
	9,450,619	9,609,330	9,238,822
Requisitions			
Alberta School Foundation Fund	2,459,977	2,833,595	2,641,558
Bow Valley Regional Housing Authority	158,442	259,837	158,987
Municipal Policing	67,073	70,230	-
	2,685,492	3,163,662	2,800,545
	\$ 6,765,127	\$ 6,445,668	\$ 6,438,277

13. Government transfers

	Budget (Unaudited)	2021	2020 (Restated)
Transfers for operating:			
Provincial government	\$ 3,517,500	\$ 3,228,662	\$ 1,789,406
Transfers for capital:			
Provincial government	77,840	937,751	635,690
	\$ 3,595,340	\$ 4,166,413	\$ 2,425,096

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

14. Expenses by object

	Budget (Unaudited)	2021	2020
Salaries, wages and benefits	\$ 3,120,018	\$ 2,978,319	\$ 2,960,141
Contracted and general services	2,118,910	1,753,237	1,831,039
Materials, goods, supplies and utilities	1,020,575	1,431,412	2,605,389
Bank charges and short term interest	3,000	7,317	6,673
Interest on long term debt	37,130	36,652	43,203
Other expenditures	364,287	4,860,690	2,600,062
Transfers to organizations and others	329,646	814,007	988,577
Provision for allowances	-	10,135	(8,186)
Amortization of tangible capital assets	2,044,000	1,898,254	2,044,390
Loss on disposal of tangible capital assets	-	5,325	-
	\$ 9,037,566	\$ 13,795,348	\$ 13,071,288

15. Prior period adjustment

The prior year figures have been retroactively restated to correct an overstatement in deferred revenue and accounts receivable. The effects of these adjustments are:

- an increase in provincial grants of \$182,758 as at December 31, 2020
- a decrease in deferred revenue of \$245,244 as at December 31, 2020
- a decrease in accounts receivable of \$62,486 as at December 31, 2020

16. Equity in tangible capital assets

	2021	2020
Tangible capital assets (schedule 2)	\$ 112,698,068	\$ 110,733,068
Accumulated amortization (schedule 2)	(38,780,299)	(36,902,312)
Long-term debt (note 9)	(903,572)	(986,162)
	\$ 73,014,197	\$ 72,844,594

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

17. 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.

	2021	2020
Operating		
General operating reserves	\$ 958,263	\$ 994,841
Tax rate stabilization	484,010	479,980
Flood recovery reserves	418,679	310,244
Elections reserve	248	12,146
	1,861,200	1,797,211
Capital		
Engineering structures	2,460,621	2,400,152
Vehicles	2,561,338	2,289,155
Roads	2,507,955	2,692,462
Lot sale proceeds reserve	6,357,323	5,079,669
Jamieson Road policy	20,459	20,289
Road upgrade policy	31,547	31,284
Aggregate levy reserve	657,997	495,332
Gravel site reclamation	440,447	428,511
Exshaw water project	1,144,080	1,148,475
Community enhancement - Exshaw area	218,958	191,095
Municipal reserve	275,388	273,095
Community enhancement - Dead Man's Flats, Harvie Heights, and Lac Des Arcs area	126,242	104,377
Dead Man's Flats water and wastewater project	(3,421,543)	(3,164,226)
Harvie Heights water project	(462,803)	(414,758)
Community enhancement - Jamieson Road area	147,496	127,933
Community enhancement - Benchlands area	129,973	109,531
Flood mitigation reserve	100,460	100,460
Bridge reserve	473,115	400,253
	13,769,053	12,313,089
	\$ 15,630,253	\$ 14,110,300

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

18. Local authorities pension plan

Employees of the Municipal District of Bighorn No. 8 participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 275,800 people and 430 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District of Bighorn No. 8 is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Municipal District of Bighorn No. 8 are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Municipal District of Bighorn No. 8 to the LAPP in 2021 were \$236,205 (2020 - \$232,722). Total current service contributions by the employees of the Municipal District of Bighorn No. 8 to the LAPP in 2021 were \$214,480 (2020 - \$211,470).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion.

19. Contaminated sites liability

The Municipal District of Bighorn No. 8 has adopted PS3260 liability for contaminated sites. The Municipal District of Bighorn No. 8 did not identify any financial liabilities in 2021 (2020 - nil) as a result of this standard.

20. Financial instruments

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

The Municipal District of Bighorn No. 8 is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District of Bighorn No. 8 provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

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)	(2)	2021	2020
	Salary	Benefits & allowances		
Council				
Dene Cooper	\$ 36,585	\$ 5,926	\$ 42,511	\$ 53,258
Erik Butters	29,133	7,540	36,673	43,102
Paul Ryan	35,510	8,391	43,901	53,603
Paul Clark	41,141	7,350	48,491	44,844
Lisa Rosvold	41,115	11,112	52,227	48,690
Rick Tuza	8,176	1,838	10,014	-
Joss Elford	8,076	1,909	9,985	-
Jen Smith	7,651	1,654	9,305	-
Chief Administrative Officer	169,500	27,516	197,016	192,467
Designated Officers (5 positions)	\$ 516,421	\$ 88,012	\$ 604,433	\$ 611,565

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

22. Commitments and contingencies

The Municipal District of Bighorn No. 8 is committed to reclaim two locations that are used for the purpose of gravel extraction and storage. The Municipal District has established a reserve related to the future restoration of these sites of \$440,447 (2020 - \$428,511).

Offer to Exchange

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

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

Payments over the next five years are as follows:

2022	\$	338,759
2023		320,147
2024		326,890
2025		334,103
2026		92,552
		<hr/>
	\$	1,412,451

23. Budget amounts

The 2021 budget for the Municipal District of Bighorn No. 8 was approved by Council on November 10, 2020 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	\$	2,993,961
Less: Capital expenditures		(6,023,200)
Long-term debt repayments		(82,590)
Transfers to reserves		(1,455,592)
Add: Amortization		2,044,000
Transfers from reserves		2,523,421
		<hr/>
Equals: Balanced budget	\$	-

MUNICIPAL DISTRICT OF BIGHORN NO. 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

24. Segmented disclosure

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

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

25. COVID-19

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

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

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

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

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

26. Approval of financial statements

These financial statements were approved by Council and Management.

27. Comparative figures

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

MUNICIPAL DISTRICT OF BIGHORN NO. 8
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2021	2020 (Restated)
Balance, beginning of year					
As previously stated	\$ 4,006,392	\$ 14,110,300	\$ 72,844,594	\$ 90,961,286	\$ 89,266,727
Prior period adjustment (note 15)	182,758	-	-	182,758	-
As restated	4,189,150	14,110,300	72,844,594	91,144,044	89,266,727
Excess of revenue over expenses	1,536,489	-	-	1,536,489	1,877,317
Unrestricted funds designated for future use	(2,873,562)	2,873,562	-	-	-
Restricted funds used for operations	442,033	(442,033)	-	-	-
Restricted funds used for tangible capital assets	-	(911,576)	911,576	-	-
Current year funds used for tangible capital assets	(1,085,424)	-	1,085,424	-	-
Disposal of tangible capital assets	11,733	-	(11,733)	-	-
Amortization of tangible capital assets	1,898,254	-	(1,898,254)	-	-
Long-term debt repaid	(82,590)	-	82,590	-	-
Change in accumulated surplus	(153,067)	1,519,953	169,603	1,536,489	1,877,317
Balance, end of year	\$ 4,036,083	\$ 15,630,253	\$ 73,014,197	\$ 92,680,533	\$ 91,144,044

MUNICIPAL DISTRICT OF BIGHORN NO. 8
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

	Schedule 2								
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2021	2020
Schedule of tangible capital assets									
Cost:									
Balance, beginning of year	\$ 17,406,317	\$ 2,462,060	\$ 2,558,521	\$ 80,302,258	\$ 3,495,023	\$ 3,075,813	\$ 1,433,076	\$ 110,733,067	\$ 105,968,934
Acquisitions	-	24,089	-	159,080	220,183	46,712	1,546,937	1,997,001	4,796,974
Transfers	-	-	57,011	-	20,064	-	(77,075)	-	-
Disposals	-	-	-	-	-	(32,000)	-	(32,000)	(32,840)
Balance, end of year	17,406,317	2,486,149	2,615,532	80,461,338	3,735,270	3,090,525	2,902,938	112,698,068	110,733,068
Accumulated amortization:									
Balance, beginning of year	-	1,689,320	1,243,455	30,391,999	1,851,730	1,725,808	-	36,902,312	34,890,762
Annual amortization	-	40,518	60,048	1,449,307	167,022	181,359	-	1,898,254	2,044,390
Disposals	-	-	-	-	-	(20,267)	-	(20,267)	(32,840)
Balance, end of year	-	1,729,838	1,303,503	31,841,306	2,018,752	1,886,900	-	38,780,299	36,902,312
Net book value	\$ 17,406,317	\$ 756,311	\$ 1,312,029	\$ 48,620,032	\$ 1,716,518	\$ 1,203,625	\$ 2,902,938	\$ 73,917,769	\$ 73,830,756
2020 net book value	\$ 17,406,317	\$ 772,739	\$ 1,315,066	\$ 49,910,259	\$ 1,643,293	\$ 1,350,005	\$ 1,433,076	\$ 73,830,756	

MUNICIPAL DISTRICT OF BIGHORN NO. 8
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021

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	\$ 6,445,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,445,668
User fees and sales of goods	1,253,429	357,415	20,455	814,344	-	42,146	6,488	2,494,277
Government transfers for operating	78,939	1,000	118,863	2,796,194	39,912	182,340	11,414	3,228,662
Investment income	244,221	-	-	-	-	-	-	244,221
Penalties and costs of taxes	99,376	-	-	-	-	-	-	99,376
Licenses and permits	-	-	-	-	-	110,858	-	110,858
Other	52,139	1,154,864	-	-	532,359	31,662	-	1,771,024
	8,173,772	1,513,279	139,318	3,610,538	572,271	367,006	17,902	14,394,086
Expenses								
Salaries, wages and benefits	663,623	553,326	534,041	444,483	114,577	613,453	54,816	2,978,319
Contracted and general services	528,475	161,472	660,560	284,746	3,985	77,705	36,294	1,753,237
Materials, goods, supplies and utilities	490,706	115,564	427,758	329,945	2,098	52,126	13,215	1,431,412
Bank charges and short term interest	7,317	-	-	-	-	-	-	7,317
Interest on long term debt	-	-	-	36,652	-	-	-	36,652
Other expenditures	-	65,961	8,512	4,785,987	-	230	-	4,860,690
Transfers to organizations and others	10,829	120,237	-	7,600	464,735	52,340	158,266	814,007
Provision for allowances	-	10,135	-	-	-	-	-	10,135
Amortization of tangible capital assets	60,048	-	1,435,025	403,181	-	-	-	1,898,254
Loss on disposal of tangible capital assets	5,325	-	-	-	-	-	-	5,325
	1,766,323	1,026,695	3,065,896	6,292,594	585,395	795,854	262,591	13,795,348
Excess (deficiency) of revenue over expenses before other	6,407,449	486,584	(2,926,578)	(2,682,056)	(13,124)	(428,848)	(244,689)	598,738
Other								
Government transfers for capital	-	220,434	521,807	148,798	-	46,712	-	937,751
Excess (deficiency) of revenue over expenses	\$ 6,407,449	\$ 707,018	\$ (2,404,771)	\$ (2,533,258)	\$ (13,124)	\$ (382,136)	\$ (244,689)	\$ 1,536,489



Information Return for Corporations Filing Electronically

- **Do not send this form to the Canada Revenue Agency (CRA) unless we ask for it. We will not keep or return this form.**
- Complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed with the CRA on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the federal Income Tax Act, you have to keep all records used to prepare your T2 Corporation Income Tax Return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your T2 Corporation Income Tax Return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted your return.

Part 1 – Identification

Corporation's name Municipal District Of Bighorn No. 8						Business number * * * * * 3 6 0 5 R C 0 0 0 1					
Tax year start	Year	Month	Day	Tax year-end	Year	Month	Day	Is this an amended return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
2	0	2	1	2	0	2	1				
					1	2	3				

Get your CRA mail electronically delivered in My Business Account at canada.ca/my-cra-business-account (optional)

Email address: _____

I understand that by providing an email address, I am **registering** the corporation to receive email notifications from the CRA. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent. For more information, see canada.ca/cra-business-email-notifications.

Part 2 – Declaration

Enter the following amounts, if applicable, from the T2 return for the tax year noted above:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	3,434,742
Part I tax payable (line 700)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

I, Ellis Robert Chief Administrative Officer,
 Last name First name Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined the T2 Corporation Income Tax Return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the T2 Corporation Income Tax Return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

2022/04/07  (403) 673-3611
 Date (yyyy/mm/dd) Signature of an authorized signing officer of the corporation Telephone number

The CRA will accept an electronic signature if it is applied in accordance with the guidance specified by the CRA.

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Avail CPA LLP D1444
 Name of person or firm Electronic filer number

Privacy notice

Personal information is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties, or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 and CRA PPU 211 on Info Source at canada.ca/cra-info-source.

MUNICIPAL DISTRICT OF BIGHORN NO. 8
PO Box 310
2 Heart Mountain Drive
Exshaw, AB T0L 2C0

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of the Municipal District of Bighorn No. 8 for the year ended December 31, 2021 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

1. Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 31, 2021 for:

- a) Preparing and fairly presenting the financial statements in accordance with Canadian public sector accounting standards;
- b) Providing you with:
 - i) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees),
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii) Additional information that you have requested from us for the purpose of the audit; and
 - iii) Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d) Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

2. Fraud and Non-Compliance

We acknowledge our responsibility for the design, implementation and maintenance of

internal control to prevent and detect fraud.

We have disclosed to you the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you:

- a) All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - i) Management;
 - ii) Employees who have significant roles in internal control; or
 - iii) Others where the fraud could have a material effect on the financial statements;
- b) All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c) All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d) All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e) The results of our risk assessments regarding possible fraud or error in the financial statements.

3. Related Parties

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.

4. Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian public sector accounting standards. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the methods, significant assumptions and the data used by us in making accounting estimates and related financial statement disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with Canadian public sector accounting standards.

5. Subsequent Events

All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards requires adjustment or disclosure have been adjusted or disclosed.

6. Going Concern

We confirm that the use of the going-concern basis of accounting in preparing the financial statements remains appropriate.

7. Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

8. **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

9. **Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter.

10. **Comparative Information**

We confirm that the comparative financial statements have been appropriately restated in accordance with the applicable financial reporting framework to reflect the material misstatement described in the notes to the financial statements that occurred in prior period financial statements.

11. **Other Representations**

Accounting Policies

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

Future Plans

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements

Contractual compliance

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

Fair values

We confirm that the significant assumptions, methods and data used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

Inventories

The inventories recorded were the property of our entity and were determined by actual count, weight or measurement. They do not include any items billed to customers but not shipped, any items returned by customers for which credits have not been recorded, any items on consignment, or other arrangements either owned by us or by our suppliers. Inventories were measured on the same basis and were determined in the same manner as inventories at the end of the preceding period.

Material measurement uncertainties

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Capital assets

Capital assets are recorded at cost. We have good and valid title to all capital assets reflected in the accounts relating thereto, and there are no liens or encumbrances on our assets. No material amounts relating to additions or improvements of capital assets were charged to expense during the year. The provision for amortization is based on the cost and expected economic useful lives of the property.

Receivables

The accounts receivable reflected in the accounts constitute valid claims against customers or other debtors. Receivables known to be uncollectible have been written off, and adequate provision has been made for anticipated adjustments or losses in connection with the collection of receivables.

Regulatory compliance

We are up to date with all corporate filings and annual returns. This includes all Canada Revenue Agency and HST/GST/PST returns.

Revenue recognition

We have recorded all revenue that met the following criteria:
a) Persuasive evidence of an arrangement exists;
b) Delivery has occurred, or services have been rendered;
c) Price is fixed or determinable; and
d) Collectability is reasonably assured.

Compliance with funding and grant agreements

We have disclosed to you all known instances of non-compliance or suspected non-compliance with our funding and grant agreements.

Yours truly,

Municipal District of Bighorn No. 8

Per:  Title: C . A . O . Date: April 26, 2022

Per:  Title: Director of Finance Date: April 26, 2022

Municipal District of Bighorn No. 8
 Unadjusted Financial Statement Misstatements
 For the year ended December 31, 2021

Unadjusted Financial Statement Misstatements	Proposed Adjustments Dr (Cr)				
			Balance Sheet		
	Opening Equity	Income Statement	Assets	Liabilities	Closing Equity
Carryforwards					
DIP requisition	\$ 39,952	\$ (39,952)	\$ -	\$ -	\$ -
Current year					
Credit balances taxes receivable	\$ -	\$ -	\$ (18,316)	\$ 18,316	\$ -
Subtotal	39,952	(39,952)	(18,316)	18,316	-
Income taxes	-	-	-	-	-
Total	\$ 39,952	\$ (39,952)	\$ (18,316)	\$ 18,316	\$ -

Per:  Title: Director of Finance Date: April 26, 2022

Municipal District of Bighorn No. 8

PO Box 310
2 Heart Mountain Drive
Exshaw, AB T0L 2C0

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

I, being the manager of Municipal District of Bighorn No. 8, have reviewed the adjusting journal entries and reclassification entries prepared by Avail LLP for the year ended December 31, 2021 and I approve the entries prepared and accept responsibility for them.

Yours truly,

Municipal District of Bighorn No. 8

Per:  Title: Director of Finance Date: April 26, 2022