

**Town of Bowden**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2020**



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## Independent Auditor's Report

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**To the Mayor and Council of the Town of Bowden**

### **Opinion**

We have audited the consolidated financial statements of the Town of Bowden and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of operations, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and its consolidated financial performance and its cash flows for the year then ended in accordance with 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 Group 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.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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## Independent Auditor's Report, continued

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants,  
Red Deer, Alberta  
April 26, 2021

**Town of Bowden**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2020**

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**Auditor's Report**

**Consolidated Financial Statements**

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**Town of Bowden**  
**Consolidated Statement of Financial Position**

| December 31                              | 2020                 | 2019                 |
|--|----------------------|----------------------|
| <b>Financial assets</b>                  |                      |                      |
| Cash and cash equivalents (Note 1)       | \$ 933,544           | \$ 347,833           |
| Short-term investments (Note 2)          | 1,728,635            | 1,997,187            |
| Taxes receivable (Note 3)                | 167,983              | 199,672              |
| Accounts receivable (Note 4)             | 220,514              | 117,235              |
|  | 3,050,676            | 2,661,927            |
| <b>Liabilities</b>                       |                      |                      |
| Accounts payable and accrued liabilities | 119,809              | 146,450              |
| Employee benefit obligation (Note 5)     | 37,807               | 32,501               |
| Deposit liabilities                      | 43,132               | 41,368               |
| Deferred revenue (Note 6)                | 463,237              | 171,874              |
| Long-term debt (Note 7)                  | 507,496              | 550,388              |
|  | 1,171,481            | 942,581              |
| <b>Net financial assets</b>              | <b>1,879,195</b>     | <b>1,719,346</b>     |
| <b>Non-financial assets</b>              |                      |                      |
| Tangible capital assets (Note 8)         | 8,697,745            | 8,951,528            |
| Prepaid expenses                         | 1,644                | 6,984                |
|  | <b>8,699,389</b>     | <b>8,958,512</b>     |
| <b>Accumulated surplus (Note 10)</b>     | <b>\$ 10,578,584</b> | <b>\$ 10,677,858</b> |
| <b>Debenture debt limits (Note 17)</b>   |                      |                      |
| <b>Contingencies (Note 18)</b>           |                      |                      |
| <b>Commitments (Note 19)</b>             |                      |                      |

**Town of Bowden**  
**Consolidated Statement of Operations**

| <b>For the year ended December 31</b>                              | <b>Budget<br/>2020</b> | <b>2020</b>          | <b>2019</b>          |
|--|------------------------|----------------------|----------------------|
| <b>Revenue</b>   |                        |                      |                      |
| Net municipal taxes (Note 12)                                      | \$ 987,423             | <b>987,382</b>       | \$ 967,229           |
| Government transfers for operating (Note 13)                       | 314,928                | <b>429,334</b>       | 305,964              |
| Sales and user fees  | 865,382                | <b>837,822</b>       | 841,948              |
| Franchises and concessions   | 165,000                | <b>165,903</b>       | 160,553              |
| Investment income  | 45,000                 | <b>27,803</b>        | 54,215               |
| Penalties and costs on taxes and utilities                         | 67,900                 | <b>53,764</b>        | 67,831               |
| Licences and permits   | 7,000                  | <b>6,125</b>         | 5,815                |
| Other  | 19,750                 | <b>20,594</b>        | 28,642               |
| Gain on disposal of assets   | -                      | -                    | 300,288              |
|  | <b>2,472,383</b>       | <b>2,528,727</b>     | <b>2,732,485</b>     |
| <b>Expenses (Note 14)</b>  |                        |                      |                      |
| Legislative  | 124,200                | <b>64,859</b>        | 116,420              |
| Administration   | 585,406                | <b>587,940</b>       | 565,171              |
| Protective services  | 51,713                 | <b>46,662</b>        | 43,276               |
| Transportation services  | 706,302                | <b>589,490</b>       | 636,113              |
| Water and wastewater   | 788,169                | <b>902,178</b>       | 771,681              |
| Waste management   | 58,950                 | <b>64,906</b>        | 55,798               |
| Planning and development   | 103,050                | <b>27,737</b>        | 30,569               |
| Recreation and parks   | 364,896                | <b>307,369</b>       | 363,425              |
| Public health and welfare  | 101,718                | <b>97,651</b>        | 97,407               |
| Loss on disposal of tangible capital assets                        | -                      | <b>12,985</b>        | -                    |
|  | <b>2,884,404</b>       | <b>2,701,777</b>     | <b>2,679,860</b>     |
| <b>Excess (deficiency) of revenue over expenses - before other</b> | <b>(412,021)</b>       | <b>(173,050)</b>     | <b>52,625</b>        |
| <b>Other</b>   |                        |                      |                      |
| Government transfers for capital (Note 13)                         | -                      | <b>73,776</b>        | 82,850               |
| <b>Excess of revenue over expenses</b>                             | <b>(412,021)</b>       | <b>(99,274)</b>      | <b>135,475</b>       |
| <b>Accumulated surplus, beginning of year</b>                      | <b>10,677,858</b>      | <b>10,677,858</b>    | <b>10,542,383</b>    |
| <b>Accumulated surplus, end of year</b>                            | <b>\$ 10,265,837</b>   | <b>\$ 10,578,584</b> | <b>\$ 10,677,858</b> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Town of Bowden**  
**Consolidated Statement of Change in Net Financial Assets**

| <b>For the year ended December 31</b>              | Budget<br>2020  | 2020         | 2019      |
|--|-----------------|--------------|-----------|
| Excess of revenue over expenses                    | \$ (412,021)\$  | (99,274) \$  | 135,475   |
| Acquisition of tangible capital assets             | -               | (248,940)    | (298,613) |
| Amortization of tangible capital assets            | 456,737         | 456,737      | 455,657   |
| Net loss (gain) on sale of tangible capital assets | -               | 12,985       | (300,288) |
| Proceeds on sale of tangible capital assets        | -               | 33,000       | 418,072   |
|  | 44,716          | 154,508      | 410,303   |
| Change in prepaid expenses                         | -               | 5,341        | (4,238)   |
| <b>Net change in net financial assets</b>          | 44,716          | 159,849      | 406,065   |
| <b>Net financial assets, beginning of year</b>     | 1,719,346       | 1,719,346    | 1,313,281 |
| <b>Net financial assets, end of year</b>           | \$ 1,764,062 \$ | 1,879,195 \$ | 1,719,346 |

**Town of Bowden**  
**Consolidated Statement of Cash Flows**

| For the year ended December 31                         | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Operating transactions</b>                          |                   |                   |
| Excess of revenue over expenses                        | \$ (99,274)       | \$ 135,475        |
| Items not involving cash                               |                   |                   |
| Amortization   | 456,737           | 455,657           |
| Net loss (gain) on disposal of tangible capital assets | 12,985            | (300,288)         |
| Changes in non-cash operating balances                 |                   |                   |
| Taxes receivable                                       | 31,690            | (2,134)           |
| Accounts receivable                                    | (103,279)         | 21,556            |
| Prepaid expenses                                       | 5,340             | (4,238)           |
| Accounts payable and accrued liabilities               | (26,641)          | (44,448)          |
| Employee benefit obligation                            | 5,306             | (4,179)           |
| Deposit liabilities                                    | 1,764             | (2,879)           |
| Deferred revenue                                       | 291,363           | (81,844)          |
|  | 575,991           | 172,678           |
| <b>Capital transactions</b>                            |                   |                   |
| Acquisition of tangible capital assets                 | (248,940)         | (298,613)         |
| Proceeds on sale of tangible capital assets            | 33,000            | 418,072           |
|  | (215,940)         | 119,459           |
| <b>Investing transactions</b>                          |                   |                   |
| Decrease (increase) in investments                     | 268,552           | (432,164)         |
| Restricted cash balances                               | (173,965)         | 81,844            |
|  | 94,587            | (350,320)         |
| <b>Financing transactions</b>                          |                   |                   |
| Repayment of long-term debt                            | (42,892)          | (41,123)          |
|  | 411,746           | (99,306)          |
| <b>Net change in cash and cash equivalents</b>         | <b>411,746</b>    | <b>(99,306)</b>   |
| <b>Cash and cash equivalents, beginning of year</b>    | <b>175,959</b>    | <b>275,265</b>    |
| <b>Cash and cash equivalents, end of year</b>          | <b>\$ 587,705</b> | <b>\$ 175,959</b> |
| <b>Cash and cash equivalents is comprised of:</b>      |                   |                   |
| Cash and cash equivalents                              | \$ 933,544        | \$ 347,833        |
| Less: restricted (Note 1)                              | (345,839)         | (171,874)         |
|  | <b>\$ 587,705</b> | <b>\$ 175,959</b> |



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**Town of Bowden**  
**Summary of Significant Accounting Policies**

**December 31, 2020**

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**Management's  
Responsibility for the  
Financial Statements**

The consolidated financial statements of the Town are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

**Basis of Consolidation**

The consolidated financial statement reflect the assets, liabilities, revenue and change in fund balances and in financial position of the reporting entity. The entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town council for the administration of their financial affairs and resources. Included with the municipality are the following:

- Bowden Public Library

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

Interdepartmental and organizational transactions and balances are eliminated.

**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

**Investments**

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

|                                      |                |
|--------------------------------------|----------------|
| Land improvements                    | 15 to 45 years |
| Buildings                            | 25 to 50 years |
| Engineered Structures                |                |
| Water system                         | 45 to 75 years |
| Wastewater system                    | 45 to 75 years |
| Road system                          | 15 to 30 years |
| Machinery, equipment and furnishings | 5 to 20 years  |
| Vehicles                             | 10 to 25 years |

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**Town of Bowden**  
**Summary of Significant Accounting Policies**

**December 31, 2020**

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**Liability for  
Contaminated Sites**

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

**Excess Collections and  
Under-levies**

Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

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**Town of Bowden**  
**Summary of Significant Accounting Policies**

**December 31, 2020**

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|                            |   |
|----------------------------|---|
| <b>Revenue Recognition</b> | <p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p> |
| <b>Use of Estimates</b>    | <p>The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>   |

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**1. Cash and Cash Equivalents**

|                                       | 2020              | 2019       |
|---------------------------------------|-------------------|------------|
| Current chequing and savings accounts | <b>\$ 933,544</b> | \$ 347,833 |

The Town has a demand revolving loan to a maximum of \$200,000, bearing interest at prime plus 1.00% (effective rate of 3.45%). As at December 31, 2020 there was no amount drawn under this facility.

Included in the above amounts are the following amounts received from the Government of Canada and the Province of Alberta as conditional grants held exclusively for future projects.

|  | 2020              | 2019       |
|--|-------------------|------------|
| MSI Capital                                      | 287,320           | 148,809    |
| Alberta Federal Gas Tax                          | 9,815             | 9,815      |
| Municipal Stimulus Program                       | 30,000            | -          |
| Family and Community Support Services Initiative | 18,704            | 13,250     |
|  | <b>\$ 345,839</b> | \$ 171,874 |

**2. Short-term investments**

|   | 2020                | 2019         |
|---|---------------------|--------------|
| Guaranteed investment certificates with interest rates varying from 1.00% (2019 - 1.75%-1.80%) per annum, maturing within one year. | <b>\$ 1,728,635</b> | \$ 1,997,187 |

**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**3. Taxes Receivable**

|                                       | 2020       | 2019       |
|---------------------------------------|------------|------------|
| Current taxes and grants in place     | \$ 73,651  | \$ 81,935  |
| Non-current taxes and grants in place | 202,435    | 199,597    |
|                                       | 276,086    | 281,532    |
| Less: Allowance for doubtful accounts | 108,103    | 81,860     |
|                                       | \$ 167,983 | \$ 199,672 |

**4. Accounts Receivable**

|                                       | 2020       | 2019       |
|---------------------------------------|------------|------------|
| Trade receivables                     | \$ 210,662 | \$ 106,104 |
| GST receivable                        | 15,983     | 17,262     |
|                                       | 226,645    | 123,366    |
| Less: Allowance for doubtful accounts | 6,131      | 6,131      |
|                                       | \$ 220,514 | \$ 117,235 |

**5. Employee Benefit Obligation**

|  | 2020      | 2019      |
|--|-----------|-----------|
| Accrued vacation and time earned in lieu pay | \$ 19,891 | \$ 16,089 |
| Accrued sick leave benefit                   | 17,916    | 16,412    |
|  | \$ 37,807 | \$ 32,501 |

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Sick Leave Benefits

The Town provides paid sick leave at a rate of 1 day per month for employees. Sick leave can accumulate from year to year to a total of 12 work days. Sick leave is not paid out upon termination.

**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**6. Deferred Revenue**

|                  | Opening balance   | Contributions<br>received or<br>receivable | Revenue<br>recognized | Ending balance    |
|------------------|-------------------|--|-----------------------|-------------------|
| MOST             | -                 | 130,561                                    | (130,561)             | -                 |
| MSP              | -                 | 147,398                                    | -                     | 147,398           |
| Library          | -                 | 31,097                                     | (31,097)              | -                 |
| MSI Capital      | 148,809           | 212,287                                    | (73,776)              | 287,320           |
| STEP Grant       | -                 | 12,600                                     | (12,600)              | -                 |
| Recreation Grant | -                 | 110,390                                    | (110,390)             | -                 |
| FCSS Grant       | 13,250            | 70,599                                     | (65,145)              | 18,704            |
| MSI Operating    | -                 | 79,541                                     | (79,541)              | -                 |
| AB Fed Gas Tax   | 9,815             | -  | -                     | 9,815             |
|                  | <b>\$ 171,874</b> | <b>794,473</b>                             | <b>(503,110)</b>      | <b>\$ 463,237</b> |

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Town is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenses under the specific grant agreement have been incurred.

**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**7. Long-Term Debt**

Long-term debt reported on the statement of financial position is comprised of the following:

|   | 2020    | 2019    |
|---|---------|---------|
| Alberta Capital Finance Authority Debentures,<br>interest at 3.84% to 4.59% per year,<br>due 2029 through 2030. | 507,496 | 550,388 |

Principal and interest payments relating to net long term debt of \$507,496 outstanding are due as follows:

|            | Principal<br>Repayments | Interest<br>Payments | Total      |
|------------|-------------------------|----------------------|------------|
| 2021       | \$ 44,738               | \$ 21,052            | \$ 65,790  |
| 2022       | 46,663                  | 19,127               | 65,790     |
| 2023       | 48,673                  | 17,117               | 65,790     |
| 2024       | 50,769                  | 15,021               | 65,790     |
| 2025       | 52,956                  | 12,834               | 65,790     |
| Thereafter | 263,697                 | 28,310               | 292,007    |
|            | \$ 507,496              | \$ 113,461           | \$ 620,957 |

Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2020

8. Tangible Capital Assets

|   | 2020       |                   |              |                       |                         |            |               |
|---|------------|-------------------|--------------|-----------------------|-------------------------|------------|---------------|
|   | Land       | Land Improvements | Buildings    | Engineered Structures | Machinery and Equipment | Vehicles   | Total         |
| Cost, beginning of year                     | \$ 216,476 | \$ 706,421        | \$ 1,347,301 | \$ 12,586,473         | \$ 1,243,098            | \$ 285,849 | \$ 16,385,618 |
| Additions                                   |            | -                 | -            | 85,169                | 163,771                 | -          | 248,940       |
| Disposals                                   | -          | -                 | -            | -                     | (83,610)                | -          | (83,610)      |
| Cost, end of year                           | \$ 216,476 | \$ 706,421        | \$ 1,347,301 | \$ 12,671,642         | \$ 1,323,259            | \$ 285,849 | \$ 16,550,948 |
| Accumulated amortization, beginning of year | \$ -       | \$ 293,042        | \$ 756,805   | \$ 5,471,218          | \$ 727,716              | \$ 185,309 | \$ 7,434,090  |
| Amortization                                | -          | 20,035            | 26,376       | 343,086               | 48,839                  | 18,401     | 456,737       |
| Disposals                                   | -          | -                 | -            | -                     | (37,624)                | -          | (37,624)      |
| Accumulated amortization, end of year       | \$ -       | \$ 313,077        | \$ 783,181   | \$ 5,814,304          | \$ 738,931              | \$ 203,710 | \$ 7,853,203  |
| Net carrying amount, end of year            | \$ 216,476 | \$ 393,344        | \$ 564,120   | \$ 6,857,338          | \$ 584,328              | \$ 82,139  | \$ 8,697,745  |



Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2020

8. Tangible Capital Assets (continued)

|   |                           |                   |                     |                          |                               |                   | 2019                 |
|---|---------------------------|-------------------|---------------------|--------------------------|-------------------------------|-------------------|----------------------|
|   | Land<br>Land Improvements | Land              | Buildings           | Engineered<br>Structures | Machinery<br>and<br>Equipment | Vehicles          | Total                |
| Cost, beginning of year                     | \$ 216,476                | \$ 679,239        | \$ 1,431,798        | \$ 12,471,208            | \$ 1,240,344                  | \$ 244,335        | \$ 16,283,400        |
| Additions                                   |                           | 33,345            | -                   | 221,000                  | 2,754                         | 41,514            | 298,613              |
| Disposals                                   | -                         | (6,163)           | (84,497)            | (105,735)                | -                             | -                 | (196,395)            |
| Cost, end of year                           | <u>\$ 216,476</u>         | <u>\$ 706,421</u> | <u>\$ 1,347,301</u> | <u>\$ 12,586,473</u>     | <u>\$ 1,243,098</u>           | <u>\$ 285,849</u> | <u>\$ 16,385,618</u> |
| Accumulated amortization, beginning of year | -                         | \$ 279,169        | \$ 790,261          | \$ 5,140,216             | \$ 680,491                    | \$ 166,908        | \$ 7,057,045         |
| Amortization                                |                           | 20,036            | 28,419              | 341,576                  | 47,225                        | 18,401            | 455,657              |
| Disposals                                   |                           | (6,163)           | (61,875)            | (10,574)                 | -                             | -                 | (78,612)             |
| Accumulated amortization, end of year       | <u>-</u>                  | <u>\$ 293,042</u> | <u>\$ 756,805</u>   | <u>\$ 5,471,218</u>      | <u>\$ 727,716</u>             | <u>\$ 185,309</u> | <u>\$ 7,434,090</u>  |
| Net carrying amount, end of year            | <u>\$ 216,476</u>         | <u>\$ 413,379</u> | <u>\$ 590,496</u>   | <u>\$ 7,115,255</u>      | <u>\$ 515,382</u>             | <u>\$ 100,540</u> | <u>\$ 8,951,528</u>  |

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**9. Equity in Tangible Capital Assets**

|                          | 2020          | 2019          |
|--------------------------|---------------|---------------|
| Tangible capital assets  | \$ 16,550,948 | \$ 16,385,618 |
| Accumulated amortization | (7,853,203)   | (7,434,090)   |
| Debenture debt           | (507,496)     | (550,388)     |
|                          | \$ 8,190,249  | \$ 8,401,140  |

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**10. Accumulated Surplus**

|                                   | 2020          | 2019          |
|-----------------------------------|---------------|---------------|
| Equity in tangible capital assets | \$ 8,190,249  | \$ 8,401,140  |
| Unrestricted surplus              | 1,102,489     | 887,679       |
|                                   | 9,292,738     | 9,288,819     |
| Restricted surplus                |               |               |
| Administration                    | 300,515       | 300,515       |
| Community, parks and culture      | 53,741        | 68,741        |
| Protective services               | 1,028         | 1,028         |
| Land development                  | 547,233       | 547,233       |
| Public works                      | 383,329       | 471,522       |
|                                   | 1,285,846     | 1,389,039     |
|                                   | \$ 10,578,584 | \$ 10,677,858 |

The equity in tangible capital assets represents amounts already spent and invested in infrastructure. Restricted surplus represents funds set aside by bylaw or council resolution for specific purposes.

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

December 31, 2020

**11. Change in Accumulated Surplus**

|   | Unrestricted surplus |           | Restricted surplus |           | Equity in tangible capital assets |           | 2020 |                   | 2019 |            |
|---|----------------------|-----------|--------------------|-----------|-----------------------------------|-----------|------|-------------------|------|------------|
| Balance, beginning of year                | \$                   | 887,679   | \$                 | 1,389,039 | \$                                | 8,401,140 | \$   | 10,677,858        | \$   | 10,542,383 |
| Excess of revenue over expenses           |                      | (99,274)  |                    | -         |                                   | -         |      | (99,274)          |      | 135,475    |
| Debenture principal payments              |                      | (42,892)  |                    | -         |                                   | 42,892    |      | -                 |      | -          |
| Capital transfers from restricted surplus |                      | 103,193   |                    | (103,193) |                                   | -         |      | -                 |      | -          |
| Acquisition of capital                    |                      | (248,940) |                    | -         |                                   | 248,940   |      | -                 |      | -          |
| Disposals and write-down of assets        |                      | 45,986    |                    | -         |                                   | (45,986)  |      | -                 |      | -          |
| Amortization                              |                      | 456,737   |                    | -         |                                   | (456,737) |      | -                 |      | -          |
| Change in accumulated surplus             | \$                   | 214,810   | \$                 | (103,193) | \$                                | (210,891) | \$   | <b>10,578,584</b> | \$   | 10,677,858 |
| Balance, end of year                      | \$                   | 1,102,489 | \$                 | 1,285,846 | \$                                | 8,190,249 | \$   | <b>10,578,584</b> | \$   | 10,677,858 |

**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**12. Taxation - Net**

|  | Budget<br>2020 | 2020                | 2019         |
|--|----------------|---------------------|--------------|
| Real property                            | \$ 1,274,885   | <b>\$ 1,273,705</b> | \$ 1,259,029 |
| Requisitions                             |                |                     |              |
| Alberta School Foundation Fund           | 270,652        | <b>269,649</b>      | 270,652      |
| Red Deer Catholic School                 | 16,810         | <b>16,674</b>       | 21,148       |
|  | 287,462        | <b>286,323</b>      | 291,800      |
| Available for general municipal purposes | \$ 987,423     | <b>\$ 987,382</b>   | \$ 967,229   |

**13. Government Transfers**

|                            | Budget<br>2020 | 2020              | 2019       |
|----------------------------|----------------|-------------------|------------|
| Operating                  |                |                   |            |
| Provincial government      | 145,368        | <b>253,799</b>    | 136,404    |
| Other local government     | 169,560        | <b>175,535</b>    | 169,560    |
|                            | \$ 314,928     | <b>\$ 429,334</b> | \$ 305,964 |
| Capital                    |                |                   |            |
| Provincial government      | \$ -           | <b>\$ 73,776</b>  | \$ 82,850  |
| Total government transfers | \$ 314,928     | <b>\$ 503,110</b> | \$ 388,814 |

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**14. Expenses by Object**

|   | <b>Budget</b>       |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | <b>2020</b>         | <b>2020</b>         | <b>2019</b>         |
| Salaries and wages                        | \$ 760,149          | \$ 715,591          | \$ 669,639          |
| Contracted and general services           | 1,298,368           | 1,195,549           | 1,164,288           |
| Purchases from other governments          | 750                 | -                   | -                   |
| Materials, goods and utilities            | 306,714             | 243,009             | 299,425             |
| Transfer to individuals and organizations | 38,088              | 27,647              | 37,836              |
| Bank charges and short term interest      | -                   | 726                 | 686                 |
| Interest on long-term debt                | 22,898              | 22,898              | 24,666              |
| Amortization                              | 456,737             | 456,737             | 455,657             |
| Loss on sale of tangible capital assets   | -                   | 12,985              | -                   |
| Bad debt expense                          | 700                 | 26,635              | 27,663              |
|   | <b>\$ 2,884,404</b> | <b>\$ 2,701,777</b> | <b>\$ 2,679,860</b> |

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**15. Municipal Employees Pension Plans**

Local Authorities Pension Plan

Certain employees of the Town are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 275,000 people and over 420 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Town contributes to the Plan at a rate of 8.39% pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 12.84% for the excess. Employees contribute to the Plan at a rate of 9.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 13.84% for the excess.

Contributions for the year were:

|                        | <u>2020</u>      |    | <u>2019</u>   |
|------------------------|------------------|----|---------------|
| Employer contributions | \$ 50,986        | \$ | 43,366        |
| Employee contributions | 46,694           |    | 38,957        |
|                        | <u>\$ 97,680</u> | \$ | <u>82,323</u> |

As this is a multi-employer pension plan, these contributions are the Town's pension benefit expense. No pension liability for this type of plan is included in the Town's financial statements. The most recent valuation as at December 31, 2019 indicates a surplus of \$7.9 billion (2018 - surplus \$3.4 million) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

**16. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials and designated officers as required by Alberta Regulation 313/2000 is as follows:

|                              | <b>Salary</b> | <b>Benefits &amp; Allowances</b> | <b>Total 2020</b> | <b>Total 2019</b> |
|------------------------------|---------------|----------------------------------|-------------------|-------------------|
| Mayor Stuart                 | \$ 14,122     | \$ 50                            | \$ 14,172         | \$ 17,320         |
| Councilor Gamble             | 7,780         | 25                               | 7,805             | 9,518             |
| Councilor Milaney            | 6,310         | 25                               | 6,335             | 7,590             |
| Councilor Webb               | 6,965         | 50                               | 7,015             | 10,060            |
| Councilor Pion               | 8,035         | 50                               | 8,085             | 9,770             |
| Councilor Brown              | 6,605         | 50                               | 6,655             | 7,870             |
| Councilor Kelm               | 6,590         | 50                               | 6,640             | 8,410             |
| Chief Administrative Officer | 121,706       | 1,629                            | 123,335           | 82,943            |
| Designated Officers (2)      | 45,575        | -                                | 45,575            | -                 |

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

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, dental coverage, and vision coverage.

**17. Debt Limits**

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

|                                      | <b>2020</b>         | <b>2019</b>  |
|--------------------------------------|---------------------|--------------|
| Total debt limit                     | <b>\$ 3,793,091</b> | \$ 3,648,296 |
| Total debt                           | <b>507,496</b>      | 550,388      |
| Total debt limit available           | <b>3,285,595</b>    | 3,097,908    |
| Debt servicing limit                 | <b>632,182</b>      | 683,121      |
| Debt servicing                       | <b>65,790</b>       | 65,790       |
| Total debt servicing limit available | <b>566,392</b>      | 617,331      |

The debt limit is calculated at 1.5 times revenue of the Town (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.

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**18. Contingencies**

The Town is a member of the Alberta Local Municipal Insurance Exchange (Munix). Under the terms of membership, the Town 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.

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**19. Commitments**

The Town has entered into an agreement for assessment services for a five year term commencing April 1, 2021 to March 31, 2026. The cost of these services annually is based on a fixed fee of \$16,775 plus GST for 2021 to 2023, and then on a per parcel amount of \$25.50 plus GST per parcel for 2024 and 2025.

The Town has entered into an agreement for bylaw enforcement services commencing February 27, 2019. The agreement provides the Town with 20 hours of service per week with a minimum of five patrols per week; the Town pays a fee of \$2,400, not including any fees for emergency callouts. The agreement is to expire on February 27, 2021 and revert to a month to by month contract.

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**20. Budget**

The budget adopted by Council on February 10, 2020 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to a deficit of \$Nil. In addition the budget does not include the non cash effect of amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by Council, with adjustments as follows:

|  | <u>2020</u>         |
|--|---------------------|
| Budgeted deficit for the year                      | \$ -                |
| Add:   |                     |
| Library budget included in statement of operations | 17                  |
| Budgeted transfers to reserves                     | (26,000)            |
| Debenture principal payments                       | 42,892              |
| Less:  |                     |
| Budgeted transfers from reserves                   | 27,807              |
| Budgeted amortization                              | <u>(456,737)</u>    |
| Budgeted deficit per statement of operations       | <u>\$ (412,021)</u> |

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**December 31, 2020**

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## **21. Segmented Information**

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

### **Protective Services**

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

### **Transportation Services**

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

### **Water and Wastewater Services**

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater through regional commissions. The Town processes and cleans sewage and ensures the water system meets all Provincial standards.

### **Waste Management Services**

Waste management provides collection disposal and recycling programs.

### **Planning and Development**

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

### **Recreation and Parks**

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

### **Public Health and Welfare**

This service area provides and administers community support programs.

### **General Government**

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

**December 31, 2020**

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**21. Segmented Information** continued

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

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**Town of Bowden**  
**Notes to Consolidated Financial Statements**

December 31, 2020

**21. Segmented Information** (continued)

| <b>For the year ended<br/>December 31, 2020</b> | Protective<br>Services | Transportation<br>Services | Water and<br>Wastewater | Waste<br>Management | Planning and<br>Development | Recreation<br>and Parks | Public Health<br>and Welfare | General<br>Government | <b>2020<br/>Total</b> |
|---|------------------------|----------------------------|-------------------------|---------------------|-----------------------------|-------------------------|------------------------------|-----------------------|-----------------------|
| <b>Revenue</b>                                  |                        |                            |                         |                     |                             |                         |                              |                       |                       |
| Taxation  | \$ -                   | \$ -                       | \$ -                    | \$ -                | \$ -                        | \$ -                    | \$ -                         | 987,382               | \$ 987,382            |
| Government transfers for<br>operating           | -                      | -                          | -                       | -                   | -                           | 33,750                  | 75,145                       | 320,439               | 429,334               |
| Government transfers for<br>capital             | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 73,776                | 73,776                |
| Sales and user fees                             | 345                    | -                          | 583,779                 | 161,455             | 23,900                      | 58,409                  | 2,516                        | 7,418                 | 837,822               |
| Franchises and concessions                      | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 165,903               | 165,903               |
| Investment income                               | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 27,803                | 27,803                |
| Penalties and costs on taxes                    | -                      | -                          | 9,684                   | -                   | -                           | -                       | -                            | 44,080                | 53,764                |
| Licences and permits                            | 3,125                  | -                          | -                       | -                   | -                           | -                       | -                            | 3,000                 | 6,125                 |
| Other   | 570                    | 6,213                      | 55                      | -                   | 2,176                       | 6,319                   | 895                          | 4,366                 | 20,594                |
|   | <u>4,040</u>           | <u>6,213</u>               | <u>593,518</u>          | <u>161,455</u>      | <u>26,076</u>               | <u>98,478</u>           | <u>78,556</u>                | <u>1,634,167</u>      | <u>2,602,503</u>      |
| <b>Expenses</b>                                 |                        |                            |                         |                     |                             |                         |                              |                       |                       |
| Salaries and wages                              | -                      | 195,039                    | -                       | -                   | -                           | 131,441                 | 43,103                       | 346,008               | 715,591               |
| Contracted and general<br>services              | 40,919                 | 88,720                     | 723,912                 | 64,906              | 27,737                      | 70,410                  | 28,794                       | 150,151               | 1,195,549             |
| Materials, goods and<br>utilities               | 5,743                  | 98,041                     | 26,693                  | -                   | -                           | 70,002                  | 8,109                        | 34,421                | 243,009               |
| Transfers to individuals and<br>organizations   | -                      | -                          | -                       | -                   | -                           | 10,000                  | 17,647                       | -                     | 27,647                |
| Bank charges and short-<br>term interests       | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 726                   | 726                   |
| Interest on long-term debt                      | -                      | -                          | 22,898                  | -                   | -                           | -                       | -                            | -                     | 22,898                |
| Amortization                                    | -                      | 207,689                    | 128,283                 | -                   | -                           | 25,515                  | -                            | 95,250                | 456,737               |
| Loss on sale of capital<br>assets               | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 12,985                | 12,985                |
| Bad debt expense                                | -                      | -                          | 392                     | -                   | -                           | -                       | -                            | 26,243                | 26,635                |
|   | <u>46,662</u>          | <u>589,489</u>             | <u>902,178</u>          | <u>64,906</u>       | <u>27,737</u>               | <u>307,368</u>          | <u>97,653</u>                | <u>665,784</u>        | <u>2,701,777</u>      |
| <b>Net surplus (deficit)</b>                    | <b>\$ (42,622)</b>     | <b>\$ (583,276)</b>        | <b>\$ (308,660)</b>     | <b>\$ 96,549</b>    | <b>\$ (1,661)</b>           | <b>\$ (208,890)</b>     | <b>\$ (19,097)</b>           | <b>\$ 968,383</b>     | <b>\$ (99,274)</b>    |

**Town of Bowden**  
**Notes to Consolidated Financial Statements**

December 31, 2020

**21. Segmented Information (continued)**

| <b>For the year ended<br/>December 31, 2019</b> | Protective<br>Services | Transportation<br>Services | Water and<br>Wastewater | Waste<br>Management | Planning and<br>Development | Recreation<br>and Parks | Public Health<br>and Welfare | General<br>Government | <b>2019<br/>Total</b> |
|---|------------------------|----------------------------|-------------------------|---------------------|-----------------------------|-------------------------|------------------------------|-----------------------|-----------------------|
| <b>Revenue</b>                                  |                        |                            |                         |                     |                             |                         |                              |                       |                       |
| Taxation  | \$ -                   | \$ -                       | \$ -                    | \$ -                | \$ -                        | \$ -                    | \$ -                         | \$ 967,229            | \$ 967,229            |
| Government transfers for<br>operating           | -                      | -                          | -                       | -                   | -                           | 54,583                  | 69,170                       | 182,211               | 305,964               |
| Government transfers for<br>capital             | -                      | -                          | 82,850                  | -                   | -                           | -                       | -                            | -                     | 82,850                |
| Sales and user fees                             | 1,398                  | -                          | 560,590                 | 137,826             | 33,367                      | 93,321                  | 4,975                        | 10,471                | 841,948               |
| Franchises and concessions                      | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 160,553               | 160,553               |
| Investment income                               | -                      | -                          | 1,006                   | -                   | -                           | -                       | -                            | 53,209                | 54,215                |
| Penalties and costs on<br>taxes                 | -                      | -                          | 23,419                  | -                   | -                           | -                       | -                            | 44,412                | 67,831                |
| Licences and permits                            | 3,265                  | -                          | -                       | -                   | -                           | -                       | -                            | 2,550                 | 5,815                 |
| Other   | -                      | 208                        | 5,220                   | -                   | 2,472                       | 7,228                   | 3,926                        | 9,588                 | 28,642                |
| Gain on disposal of assets                      | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 300,288               | 300,288               |
|   | <u>4,663</u>           | <u>208</u>                 | <u>673,085</u>          | <u>137,826</u>      | <u>35,839</u>               | <u>155,132</u>          | <u>78,071</u>                | <u>1,730,511</u>      | <u>2,815,335</u>      |
| <b>Expenses</b>                                 |                        |                            |                         |                     |                             |                         |                              |                       |                       |
| Salaries and wages                              | -                      | 178,142                    | -                       | -                   | -                           | 140,809                 | 40,386                       | 310,302               | 669,639               |
| Contracted and general<br>services              | 36,444                 | 139,181                    | 581,303                 | 55,798              | 30,569                      | 100,557                 | 25,590                       | 194,846               | 1,164,288             |
| Materials, goods and<br>utilities               | 6,832                  | 112,620                    | 37,419                  | -                   | -                           | 86,544                  | 13,595                       | 42,415                | 299,425               |
| Transfers to individuals<br>and organizations   | -                      | -                          | -                       | -                   | -                           | 10,000                  | 17,836                       | 10,000                | 37,836                |
| Bank charges and short-<br>term interest        | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 686                   | 686                   |
| Interest on long-term debt                      | -                      | -                          | 24,666                  | -                   | -                           | -                       | -                            | -                     | 24,666                |
| Amortization                                    | -                      | 206,170                    | 128,293                 | -                   | -                           | 25,515                  | -                            | 95,679                | 455,657               |
| Bad debt expense<br>(recovery)                  | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 27,663                | 27,663                |
|   | <u>43,276</u>          | <u>636,113</u>             | <u>771,681</u>          | <u>55,798</u>       | <u>30,569</u>               | <u>363,425</u>          | <u>97,407</u>                | <u>681,591</u>        | <u>2,679,860</u>      |
| <b>Net surplus (deficit)</b>                    | <b>\$ (38,613)</b>     | <b>\$ (635,905)</b>        | <b>\$ (98,596)</b>      | <b>\$ 82,028</b>    | <b>\$ 5,270</b>             | <b>\$ (208,293)</b>     | <b>\$ (19,336)</b>           | <b>\$ 1,048,920</b>   | <b>\$ 135,475</b>     |

**December 31, 2020**

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**22. Uncertainty due to COVID-19**

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy has continued.

If the impacts of COVID-19 continue there could be further impact on the Municipality and its major customers, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future profitability. At this time, the full potential impact of COVID-19 on the entity is not known.

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**23. Comparative Figures**

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

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**24. Approval of Financial Statements**

Council and Management approved these financial statements.

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