

Town of Bowden  
Consolidated Financial Statements  
For the year ended December 31, 2019

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Consolidated Financial Statements  
For the year ended December 31, 2019

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Tel: 403 342 2500  
Fax: 403 343 3070  
www.bdo.ca

BDO Canada LLP  
Suite 100 179D Leva Avenue  
Red Deer County AB T4E 1B9  
Canada

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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, 2019, 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, 2019 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.

### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 1 of the financial statements, which explains that certain comparative information for the year ended December 31, 2018 has been restated. Our opinion is not modified with respect of this manner.

### 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  
September 14, 2020

Town of Bowden  
Consolidated Statement of Financial Position

December 31	2019	2018 (Restated) (Note 1)
<hr/>		
Financial assets		
Cash and cash equivalents (Note 2)	\$ 347,833	\$ 528,983
Short-term investments (Note 3)	1,997,187	1,565,023
Taxes receivable (Note 4)	199,672	197,538
Accounts receivable (Note 5)	117,235	138,791
	2,661,927	2,430,335
Liabilities		
Accounts payable and accrued liabilities	146,450	190,898
Employee benefit obligation (Note 6)	32,501	36,680
Deposit liabilities	41,368	44,247
Deferred revenue (Note 7)	171,874	253,718
Long-term debt (Note 8)	550,388	591,511
	942,581	1,117,054
Net financial assets	1,719,346	1,313,281
Non-financial assets		
Tangible capital assets (Note 9)	8,951,528	9,226,355
Prepaid expenses	6,984	2,747
	8,958,512	9,229,102
Accumulated surplus (Note 11)	\$ 10,677,858	\$ 10,542,383
Debture debt limits (Note 18)		
Contingencies (Note 19)		
Commitments (Note 20)		

Town of Bowden  
Consolidated Statement of Operations

For the year ended December 31	Budget 2019	2019	2018 (Restated) (Note 1)
<b>Revenue</b>			
Net municipal taxes (Note 13)	\$ 962,199	\$ 967,029	\$ 959,619
Government transfers for operating (Note 14)	340,983	305,964	343,902
Sales and user fees	1,276,123	842,148	802,369
Franchises and concessions	155,000	160,553	144,673
Investment income	35,000	54,215	44,745
Penalties and costs on taxes and utilities	74,100	67,831	70,634
Licences and permits	8,000	5,815	6,835
Other	18,550	28,642	17,460
Gain on disposal of assets	-	300,288	2,381
	<u>2,869,955</u>	<u>2,732,485</u>	<u>2,392,618</u>
<b>Expenses (Note 15)</b>			
Legislative	132,580	116,420	94,054
Administration	581,576	565,171	521,169
Protective services	52,770	43,276	45,430
Transportation services	743,900	636,113	670,049
Water and wastewater	789,452	771,681	859,824
Waste management	58,392	55,798	57,571
Planning and development	28,301	30,569	24,757
Recreation and parks	372,326	363,425	414,530
Public health and welfare	99,518	97,407	94,025
	<u>2,858,815</u>	<u>2,679,860</u>	<u>2,781,409</u>
Excess (deficiency) of revenue over expenses - before other	11,140	52,625	(388,791)
Other			
Government transfers for capital (Note 14)	-	82,850	416,265
Excess of revenue over expenses	<u>11,140</u>	<u>135,475</u>	<u>27,474</u>
Accumulated surplus, beginning of the year <b>as previously reported</b>	10,542,383	10,542,383	10,709,408
Prior period adjustment (Note 1)	-	-	(194,499)
Accumulated surplus, beginning of year as restated	<u>10,542,383</u>	<u>10,542,383</u>	<u>10,514,909</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 10,553,523</u>	<u>\$ 10,677,858</u>	<u>\$ 10,542,383</u>

Town of Bowden  
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2019	2019	2018 (Restated) (Note 1)
Excess of revenue over expenses	\$ 11,140	\$ 135,475	\$ 27,474
Acquisition of tangible capital assets	-	(298,613)	(556,733)
Amortization of tangible capital assets	455,657	455,657	462,983
Net gain on sale of tangible capital assets	-	(300,288)	(2,381)
Proceeds on sale of tangible capital assets	-	418,072	2,381
	<u>466,797</u>	<u>410,303</u>	<u>(66,276)</u>
Change in prepaid expenses	-	(4,238)	3,748
Net change in net financial assets	466,797	406,065	(62,528)
Net financial assets, beginning of year	<u>1,313,281</u>	<u>1,313,281</u>	<u>1,375,809</u>
Net financial assets, end of year	<u>\$ 1,780,078</u>	<u>\$ 1,719,346</u>	<u>\$ 1,313,281</u>

Town of Bowden  
Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018 (Restated) (Note 1)
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Operating transactions		
Excess of revenue over expenses	\$ 135,475	\$ 27,474
Items not involving cash		
Amortization	455,657	462,983
Net gain on disposal of tangible capital assets	(300,288)	(2,381)
Changes in non-cash operating balances		
Taxes receivable	(2,134)	10,796
Accounts receivable	21,556	(14,839)
Prepaid expenses	(4,238)	3,748
Accounts payable and accrued liabilities	(44,448)	(89,614)
Employee benefit obligation	(4,179)	8,269
Deposit liabilities	(2,879)	(3,826)
Deferred revenue	(81,844)	(9,479)
	172,678	393,131
Capital transactions		
Acquisition of tangible capital assets	(298,613)	(556,733)
Proceeds on sale of tangible capital assets	418,072	2,381
	119,459	(554,352)
Investing transactions		
Decrease (increase) in investments	(432,164)	(33,496)
Restricted cash balances	81,844	(185,020)
	(350,320)	(218,516)
Financing transactions		
Repayment of long-term debt	(41,123)	(39,428)
Net change in cash and cash equivalents	(99,306)	(419,165)
Cash and cash equivalents, beginning of year	275,265	694,430
Cash and cash equivalents, end of year	\$ 175,959	\$ 275,265
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 347,833	\$ 528,983
Less: restricted (Note 2)	(171,874)	(253,718)
	\$ 175,959	\$ 275,265



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Town of Bowden  
Summary of Significant Accounting Policies

December 31, 2019

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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, 2019

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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, 2019

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Revenue Recognition	<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>
Use of Estimates	<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, 2019

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1. Prior Period Adjustment

During the year the Town reviewed its grant funding from prior years and the carry forward deferred revenue amounts. As a result of this review it was noted that the December 31, 2018 deferred revenue balance was understated by \$144,422 as a result of proceeds on disposals of tangible capital assets that were funded by capital grants not being deferred and an over-recognition of capital grants in prior years. Additionally government transfers for capital have been restated to reflect revenues related to capital expenditures that occurred in the amount of \$50,077. As a result of the above the following adjustments have been made:

	<u>2018 as Reported</u>	<u>Adjustment</u>	<u>2018 Restated</u>
Deferred Revenue	(109,296)	(144,422)	(253,718)
Net Financial Assets	<u>1,457,703</u>	<u>(144,422)</u>	<u>1,313,281</u>
Unrestricted surplus	<u>(1,050,103)</u>	144,422	<u>(905,681)</u>
Accumulated Surplus	<u>(10,686,805)</u>	144,422	<u>(10,542,383)</u>
Government transfers for capital	<u>366,188</u>	50,077	<u>416,265</u>
Excess (deficiency) of revenue over expenses	<u>(22,603)</u>	50,077	<u>27,474</u>

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Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

2. Cash and Cash Equivalents

	2019	2018
Current chequing and savings accounts	\$ 347,833	\$ 528,983

The Town has a demand revolving loan to a maximum of \$200,000, bearing interest at prime plus 0.25% (effective rate of 4.20%). As at December 31, 2019 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.

	2019	2018 (Restated) (Note 1)
MSI Capital	148,809	230,653
Alberta Federal Gas Tax	9,815	9,815
Family and Community Support Services Initiative	13,250	13,250
	\$ 171,874	\$ 253,718

3. Short-term investments

	2019	2018
Guaranteed investment certificates with interest rates varying from 1.75%-1.80% (2018 - 1.75%-1.80%) per annum, maturing within one year.	\$ 1,997,187	\$ 1,565,023

Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

4. Taxes Receivable

	2019	2018
Current taxes and grants in place	\$ 81,935	\$ 89,083
Non-current taxes and grants in place	199,597	162,652
	281,532	251,735
Less: Allowance for doubtful accounts	81,860	54,197
	\$ 199,672	\$ 197,538

5. Accounts Receivable

	2019	2018
Trade receivables	\$ 106,104	\$ 107,850
GST receivable	17,262	37,072
	123,366	144,922
Less: Allowance for doubtful accounts	6,131	6,131
	\$ 117,235	\$ 138,791

6. Employee Benefit Obligation

	2019	2018
Accrued vacation and time earned in lieu pay	\$ 16,089	\$ 18,771
Accrued sick leave benefit	16,412	17,909
	\$ 32,501	\$ 36,680

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, 2019

7. Deferred Revenue

	Opening balance (Restated) (Note 1)	Contributions received	Revenue recognized	Ending balance
Tourism Grant	-	20,833	(20,833)	-
Library	-	31,008	(31,008)	-
MSI Capital	230,653	1,006	(82,850)	148,809
STEP Grant	-	6,525	(6,525)	-
Recreation Grant	-	105,390	(105,390)	-
FCSS Grant	13,250	64,170	(64,170)	13,250
MSI operating	-	78,038	(78,038)	-
AB Fed Gas Tax	9,815	-	-	9,815
	<u>\$ 253,718</u>	<u>306,970</u>	<u>(388,814)</u>	<u>\$ 171,874</u>

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, 2019

8. Long-Term Debt

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

	2019	2018
Alberta Capital Finance Authority Debentures, interest at 3.84% to 4.59% per year, due 2029 through 2030.	550,388	591,511

Principal and interest payments relating to net long term debt of \$550,388 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2020	\$ 42,892	\$ 22,898	\$ 65,790
2021	44,738	21,052	65,790
2022	46,663	19,126	65,789
2023	48,673	17,117	65,790
2024	50,769	15,021	65,790
Thereafter	316,653	41,145	357,798
	\$ 550,388	\$ 136,359	\$ 686,747



December 31, 2019

9. Tangible Capital Assets

	2019						
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and 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	\$ 216,476	\$ 706,421	\$ 1,347,301	\$ 12,586,473	\$ 1,243,098	\$ 285,849	\$ 16,385,618
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	\$ -	\$ 293,042	\$ 756,805	\$ 5,471,218	\$ 727,716	\$ 185,309	\$ 7,434,090
Net carrying amount, end of year	\$ 216,476	\$ 413,379	\$ 590,496	\$ 7,115,255	\$ 515,382	\$ 100,540	\$ 8,951,528

December 31, 2019

9. Tangible Capital Assets (continued)

							2018
	Land Improvements	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
Cost, beginning of year	\$ 216,476	\$ 679,239	\$ 1,431,798	\$ 11,917,920	\$ 1,278,899	\$ 244,335	\$ 15,768,667
Additions		-	-	553,288	3,445	-	556,733
Disposals	-	-	-	-	(42,000)	-	(42,000)
Cost, end of year	<u>\$ 216,476</u>	<u>\$ 679,239</u>	<u>\$ 1,431,798</u>	<u>\$ 12,471,208</u>	<u>\$ 1,240,344</u>	<u>\$ 244,335</u>	<u>\$ 16,283,400</u>
Accumulated amortization, beginning of year	\$ -	\$ 260,468	\$ 758,789	\$ 4,798,954	\$ 666,849	\$ 151,002	\$ 6,636,062
Amortization		18,701	31,472	341,262	55,642	15,906	462,983
Disposals		-	-	-	(42,000)	-	(42,000)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 279,169</u>	<u>\$ 790,261</u>	<u>\$ 5,140,216</u>	<u>\$ 680,491</u>	<u>\$ 166,908</u>	<u>\$ 7,057,045</u>
Net carrying amount, end of year	<u>\$ 216,476</u>	<u>\$ 400,070</u>	<u>\$ 641,537</u>	<u>\$ 7,330,992</u>	<u>\$ 559,853</u>	<u>\$ 77,427</u>	<u>\$ 9,226,355</u>

Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

10. Equity in Tangible Capital Assets

	2019	2018
Tangible capital assets	\$ 16,385,618	\$ 16,283,400
Accumulated amortization	(7,434,090)	(7,057,045)
Debenture debt	(550,388)	(591,511)
	\$ 8,401,140	\$ 8,634,844

11. Accumulated Surplus

	2019	2018 (Restated) (Note 1)
Equity in tangible capital assets	\$ 8,401,140	\$ 8,634,844
Unrestricted surplus	887,679	905,681
	9,288,819	9,540,525
Restricted surplus		
Administration	300,515	300,515
Community, parks and culture	68,741	68,741
Protective services	1,028	1,028
Land development	547,233	160,052
Public works	471,522	471,522
	1,389,039	1,001,858
	\$ 10,677,858	\$ 10,542,383

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.

December 31, 2019

12. Change in Accumulated Surplus

	Unrestricted surplus		Restricted surplus		Equity in tangible capital assets		2019	2018		
Balance, beginning of year	\$	1,050,103	\$	1,001,858	\$	8,634,844	\$	10,686,805	\$	10,709,408
Prior Period Adjustment	\$	(144,422)	\$	-	\$	-	\$	(144,422)	\$	(194,499)
Balance, beginning of year restated	\$	905,681	\$	1,001,858	\$	8,634,844	\$	10,542,383	\$	10,514,909
Excess of revenue over expenses		135,475		-		-		135,475		27,474
Debenture principal payments		(41,123)		-		41,123		-		-
Capital transfers from restricted surplus		(387,181)		387,181		-		-		-
Acquisition of capital		(298,613)		-		298,613		-		-
Disposals and write-down of assets		117,783		-		(117,783)		-		-
Amortization		455,657		-		(455,657)		-		-
Change in accumulated surplus	\$	887,679	\$	1,389,039	\$	8,401,140	\$	10,677,858	\$	10,542,383
Balance, end of year	\$	887,679	\$	1,389,039	\$	8,401,140	\$	10,677,858	\$	10,542,383

Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

13. Taxation - Net

	Budget 2019	2019	2018
Real property	\$ 1,259,699	\$ 1,258,829	\$ 1,250,791
Requisitions			
Alberta School Foundation Fund	280,000	270,652	278,157
Red Deer Catholic School	17,500	21,148	13,015
	297,500	291,800	291,172
Available for general municipal purposes	\$ 962,199	\$ 967,029	\$ 959,619

14. Government Transfers

	Budget 2019	2019	2018 (Restated) (Note 1)
Operating			
Provincial government	171,423	136,404	165,945
Other local government	169,560	169,560	177,957
	\$ 340,983	\$ 305,964	\$ 343,902
Capital			
Provincial government	\$ -	\$ 82,850	\$ 416,265
Total government transfers	\$ 340,983	\$ 388,814	\$ 760,167

Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

15. Expenses by Object

	Budget 2019	2019	2018
Salaries and wages	\$ 732,974	\$ 669,639	\$ 628,577
Contracted and general services	1,272,191	1,164,288	1,264,474
Purchases from other governments	750	-	-
Materials, goods and utilities	333,489	299,425	313,230
Transfer to individuals and organizations	38,088	37,836	37,402
Bank charges and short term interest	-	686	782
Interest on long-term debt	24,666	24,666	26,362
Amortization	455,657	455,657	462,983
Bad debt expense	1,000	27,663	47,599
	\$ 2,858,815	\$ 2,679,860	\$ 2,781,409

16. 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 9.39% pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 13.84% for the excess. Employees contribute to the Plan at a rate of 8.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 12.84% for the excess.

Contributions for the year were:

	2019	2018
Employer contributions	\$ 43,366	\$ 39,233
Employee contributions	38,957	35,494
	\$ 82,323	\$ 74,727

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, 2018 indicates a surplus of \$3.4 billion (2017 - surplus \$4.8 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, 2019

17. 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:

	Salary	Benefits & Allowances	Total 2019	Total 2018
Mayor Stuart	\$ 17,270	\$ 50	\$ 17,320	\$ 11,228
Councilor Gamble	9,474	44	9,518	2,045
Councilor Milaney	7,565	25	7,590	3,988
Councilor Webb	10,010	50	10,060	5,268
Councilor Pion	9,720	50	9,770	5,208
Councilor Brown	7,820	50	7,870	4,888
Councilor Kelm	8,360	50	8,410	4,508
Chief Administrative Officer	81,933	1,010	82,943	52,082

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.

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Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

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18. 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:

	2019	2018 (Restated) (Note 1)
Total debt limit	\$ 3,648,296	\$ 3,588,927
Total debt	550,388	591,511
Total debt limit available	<u>3,097,908</u>	<u>2,997,416</u>
Debt servicing limit	683,121	598,155
Debt servicing	65,790	65,790
Total debt servicing limit available	<u>617,331</u>	<u>532,365</u>

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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19. 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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20. Commitments

The Town has entered into an agreement for assessment services with Wild Rose Assessment Services Inc. for a five year term commencing July 1, 2015 to June 30, 2020. The cost of these services annually is based on a fixed fee on a per parcel amount plus GST of \$25 per parcel for 2019 to 2020.

The Town has entered into an agreement with the County of Red Deer for the use of their bylaw service officers. The agreement provides the Town with 10 hours of service per month; the Town pays a fee of \$50 per hour, for a total monthly fee of \$500, not including any fees for emergency call outs. The agreement is to be re-visited and renewed in November of each year.

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Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

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21. Budget

The budget adopted by Council on March 14, 2019 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>2019</u>
Budgeted deficit for the year	\$ -
Add:	
Library budget included in statement of operations	294
Budgeted transfers to reserves	425,380
Debenture principal payments	41,123
Less:	
Budgeted amortization	<u>(455,657)</u>
Budgeted deficit per statement of operations	<u>\$ 11,140</u>

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December 31, 2019

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## 22. 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, 2019

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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, 2019

22. Segmented Information (continued)

For the year ended December 31, 2019	Protective Services	Transportatio n Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2019 Total
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 967,029	\$ 967,029
Government transfers for operating	-	-	-	-	-	54,783	69,170	182,211	306,164
Government transfers for 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 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>155,332</u>	<u>78,071</u>	<u>1,730,311</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 services	36,444	139,181	581,303	55,798	30,569	100,557	25,590	194,846	1,164,288
Materials, goods and utilities	6,832	112,620	37,419	-	-	86,544	13,595	42,415	299,425
Transfers to individuals and organizations	-	-	-	-	-	10,000	17,836	10,000	37,836
Bank charges and short- term interests	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	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>\$ (208,093)</b>	<b>\$ (19,336)</b>	<b>\$ 1,048,720</b>	<b>\$ 135,475</b>

Town of Bowden  
Notes to Consolidated Financial Statements

December 31, 2019

22. Segmented Information (continued)

For the year ended December 31, 2018	Protective Services	Transportatio n Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2018 Total (Restated)
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 959,620	\$ 959,620
Government transfers for operating	-	-	-	-	-	150,474	77,567	115,945	343,986
Government transfers for capital	-	-	416,265	-	-	-	-	-	416,265
Sales and user fees	880	-	516,024	136,898	34,515	98,122	7,045	8,802	802,286
Franchises and concessions	-	-	-	-	-	-	-	144,673	144,673
Investment income	-	-	-	-	-	-	-	44,745	44,745
Penalties and costs on taxes	-	-	32,152	-	-	-	-	38,482	70,634
Licences and permits	4,035	-	-	-	-	415	-	2,800	7,250
Other	-	2,055	605	-	1,562	6,997	1,884	3,940	17,043
Gain on disposal of assets	-	-	-	-	-	-	-	2,381	2,381
	<u>4,915</u>	<u>2,055</u>	<u>965,046</u>	<u>136,898</u>	<u>36,077</u>	<u>256,008</u>	<u>86,496</u>	<u>1,321,388</u>	<u>2,808,883</u>
<b>Expenses</b>									
Salaries and wages	-	173,321	-	-	-	136,980	39,612	278,663	628,576
Contracted and general services	36,077	184,617	669,455	57,571	22,720	129,674	24,850	139,510	1,264,474
Materials, goods and utilities	8,353	103,493	37,540	-	3,039	110,882	12,162	37,761	313,230
Transfers to individuals and organizations	-	-	-	-	-	10,000	17,402	10,000	37,402
Bank charges and short- term interest	-	-	-	-	-	-	-	782	782
Interest on long-term debt	-	-	26,362	-	-	-	-	-	26,362
Amortization	-	208,617	125,531	-	-	23,020	-	105,816	462,984
Bad debt expense (recovery)	-	-	937	-	-	3,973	-	42,689	47,599
	<u>44,430</u>	<u>670,048</u>	<u>859,825</u>	<u>57,571</u>	<u>25,759</u>	<u>414,529</u>	<u>94,026</u>	<u>615,221</u>	<u>2,781,409</u>
<b>Net surplus (deficit)</b>	<b>\$ (39,515)</b>	<b>\$ (667,993)</b>	<b>\$ 105,221</b>	<b>\$ 79,327</b>	<b>\$ 10,318</b>	<b>\$ (158,521)</b>	<b>\$ (7,530)</b>	<b>\$ 706,167</b>	<b>\$ 27,474</b>

December 31, 2019

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23. Subsequent Events

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

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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24. Comparative Figures

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

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25. Approval of Financial Statements

Council and Management approved these financial statements.

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