

TOWN OF WATROUS

Auditor's Report

Financial Statements

December 31, 2019

MANAGEMENT'S RESPONSIBILITY

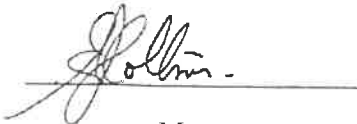
To the Ratepayers of
Town of Watrous :

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management is required.

In discharging its responsibilities for the integrity and fair presentation of the financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Council is composed of elected officials who are not employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Town's external auditors.

Jensen Stromberg Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.



Mayor



Administrator



CHARTERED PROFESSIONAL ACCOUNTANTS

Bill Jensen, C.P.A. Prof. Corp.
Jeff Stromberg, C.P.A. Prof. Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of **Town of Watrous**, which comprise the statement of financial position as at **December 31, 2019** and the statements of financial activities, changes in net financial assets, and changes in financial position for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Town as at **December 31, 2019** and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Saskatoon, Saskatchewan
May 11, 2020


Chartered Professional Accountants

TOWN OF WATROUS

Statement 1

STATEMENT OF FINANCIAL POSITION

December 31, 2019
with comparative figures for 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Financial assets:		
Cash and temporary investments (Note 2)	\$ 1,566,592	654,306
Taxes receivable - Municipal (Note 3)	130,377	96,067
Other accounts receivable (Note 4)	654,536	1,007,297
Land for re-sale (Note 5)	1,136,498	1,132,054
Long-term investments	-	-
Debt charges recoverable	-	-
Other	-	-
	<u>3,488,003</u>	<u>2,889,724</u>
<u>LIABILITIES</u>		
Bank indebtedness (Note 6)	-	-
Accounts payable	245,420	335,791
Accrued liabilities payable	35,837	39,939
Deposits	60,361	60,173
Deferred revenue	13,700	12,759
Accrued landfill costs	-	-
Liability for contaminated sites	-	-
Other liabilities	-	-
Long-term debt (Note 7)	3,137,115	2,715,708
Lease obligations	-	-
	<u>3,492,433</u>	<u>3,164,370</u>
NET FINANCIAL ASSETS (DEBT)	(4,430)	(274,646)
Non-financial assets:		
Tangible capital assets (Schedule 6, 7)	17,853,833	17,665,649
Prepaid and deferred charges	5,229	7,497
Stock and supplies	53,683	54,223
	<u>17,912,745</u>	<u>17,727,369</u>
Accumulated surplus (Schedule 8)	\$ <u>17,908,315</u>	<u>17,452,721</u>

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

_____ Councillor

See accompanying notes to the financial statements.

TOWN OF WATROUS

Statement 2

STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31, 2019
with comparative figures for 2018

		<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>		<u>2018</u> <u>Actual</u>
Revenues:					
Taxes and other unconditional revenue	(Schedule 1)	\$ 2,452,000	2,463,116		2,359,039
Fees and charges	(Schedule 4, 5)	1,227,000	1,199,858		1,717,610
Conditional grants	(Schedule 4, 5)	50,000	57,801		54,627
Tangible capital asset sales - gain (loss)	(Schedule 4, 5)	-	(4,157)		4,746
Land sales - gain (loss)	(Schedule 4, 5)	-	-		-
Investment income and commissions	(Schedule 4, 5)	33,000	35,284		45,009
Restructurings	(Schedule 4, 5)	-	-		-
Other revenues	(Schedule 4, 5)	<u>296,000</u>	<u>294,179</u>		<u>189,368</u>
Total Revenues		<u>4,058,000</u>	<u>4,046,081</u>		<u>4,370,399</u>
Expenditures:					
General government services	(Schedule 3)	428,700	430,104		386,426
Protective services	(Schedule 3)	225,300	231,683		229,130
Transportation services	(Schedule 3)	909,100	855,954		807,203
Environmental and public health services	(Schedule 3)	393,600	395,930		391,626
Planning and development services	(Schedule 3)	74,400	63,960		82,673
Recreation and cultural services	(Schedule 3)	962,000	888,047		915,547
Utility services	(Schedule 3)	914,700	1,007,920		728,844
Restructurings	(Schedule 3)	-	-		-
Total Expenditures		<u>3,907,800</u>	<u>3,873,598</u>		<u>3,541,449</u>
Surplus (deficit) of revenues over expenditures before other capital contributions		<u>150,200</u>	<u>172,483</u>		<u>828,950</u>
Provincial/Federal capital grants and contributions	(Schedule 4, 5)	<u>258,000</u>	<u>283,111</u>		<u>331,403</u>
Surplus (deficit) of revenues over expenditures		408,200	455,594		1,160,353
Accumulated surplus (deficit), beginning of year		<u>17,452,721</u>	<u>17,452,721</u>		<u>16,292,368</u>
Accumulated surplus (deficit), end of year		<u>\$ 17,860,921</u>	<u>17,908,315</u>		<u>17,452,721</u>

See accompanying notes to the financial statements.

TOWN OF WATROUS

Statement 3

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2019
with comparative figures for 2018

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Surplus (deficit)	\$ 408,200	455,594	1,160,353
(Acquisition) of tangible capital assets	(1,065,000)	(835,475)	(2,557,939)
Amortization of tangible capital assets	535,000	594,892	516,077
Proceeds on disposal of tangible capital assets	-	48,242	10,000
Loss (gain) on disposal of tangible capital assets	-	4,157	(4,746)
Transfer of assets/liabilities in restructuring transactions	-	-	-
Surplus (deficit) of capital expenses over expenditures	<u>(530,000)</u>	<u>(188,184)</u>	<u>(2,036,608)</u>
(Acquisition) of supplies inventories	-	539	(8,159)
(Acquisition) of prepaid expenses	-	(4,939)	(7,475)
Consumption of supplies inventories	-	-	-
Use of prepaid expenses	-	7,206	4,030
Surplus (deficit) of expenses of other non-financial over expenditures	<u>(530,000)</u>	<u>2,806</u>	<u>(11,604)</u>
Increase (decrease) in Net Financial Assets	(651,800)	270,216	(887,859)
Net Financial Assets (Debt) - Beginning of the year	<u>(274,646)</u>	<u>(274,646)</u>	<u>613,213</u>
Net Financial Assets (Debt)- End of year	<u>\$ (926,446)</u>	<u>(4,430)</u>	<u>(274,646)</u>

See accompanying notes to the financial statements.

TOWN OF WATROUS

Statement 4

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 2019
with comparative figures for 2018

Cash provided by (used in) the following activities:	<u>2019</u>	<u>2018</u>
Operating:		
Surplus (deficit)	\$ 455,594	1,160,353
Amortization	594,892	516,077
Loss (gain) on disposal of tangible capital assets	<u>4,157</u>	<u>(4,746)</u>
	1,054,643	1,671,684
Change in assets/liabilities		
Taxes receivable - Municipal	(34,310)	6,242
Other accounts receivable	352,761	459,172
Land for re-sale	(4,444)	(42,990)
Other financial assets	-	-
Accounts and accrued liabilities payable	(94,475)	(15,412)
Deposits	188	2,688
Deferred revenue	941	3,667
Accrued landfill costs	-	-
Liability for contaminated sites	-	-
Other liabilities	-	-
Stock and supplies	540	(8,159)
Prepayments and deferred charges	2,268	(3,445)
Other	<u>-</u>	<u>-</u>
Net cash from operations	<u>1,278,112</u>	<u>2,073,447</u>
Capital:		
Acquisition of capital assets	(835,475)	(2,557,939)
Proceeds from the disposal of capital assets	48,242	10,000
Other capital	<u>-</u>	<u>-</u>
Net cash used for capital	<u>(787,233)</u>	<u>(2,547,939)</u>
Investing:		
Long-term investments	-	-
Other investments	<u>-</u>	<u>-</u>
Net cash from investing	<u>-</u>	<u>-</u>
Financing activities:		
Debt charges recovered	-	-
Long-term debt issued	700,000	-
Long-term debt repaid	(278,593)	(268,882)
Other financing	<u>-</u>	<u>-</u>
Net cash from (used for) financing	<u>421,407</u>	<u>(268,882)</u>
Increase (decrease) in cash resources	912,286	(743,374)
Cash and temporary investments, beginning of year	<u>654,306</u>	<u>1,397,680</u>
Cash and temporary investments, end of year (Note 2)	<u>\$ 1,566,592</u>	<u>654,306</u>

See accompanying notes to the financial statements.