

TOWN OF WATROUS

Auditor's Report

Financial Statements

December 31, 2020

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, 2020** 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, 2020** 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
June 7, 2021


Chartered Professional Accountants

TOWN OF WATROUS

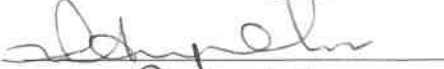

Statement 1

STATEMENT OF FINANCIAL POSITION

December 31, 2020
with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Financial assets:		
Cash and temporary investments (Note 2)	\$ 2,043,893	1,566,592
Taxes receivable - Municipal (Note 3)	86,704	130,377
Other accounts receivable (Note 4)	428,120	654,535
Land for re-sale (Note 5)	1,073,106	1,136,498
Long-term investments	-	-
Debt charges recoverable	-	-
Other	-	-
	3,631,823	3,488,002
Total financial assets		
<u>LIABILITIES</u>		
Bank indebtedness (Note 6)	-	-
Accounts payable	128,267	245,419
Accrued liabilities payable	31,577	35,837
Deposits	61,728	60,361
Deferred revenue	35,561	13,700
Accrued landfill costs	-	-
Liability for contaminated sites	-	-
Other liabilities	-	-
Long-term debt (Note 7)	2,810,069	3,137,115
Lease obligations	-	-
	3,067,202	3,492,432
Total liabilities		
NET FINANCIAL ASSETS (DEBT)	564,621	(4,430)
Non-financial assets:		
Tangible capital assets (Schedule 6, 7)	17,993,230	17,853,833
Prepaid and deferred charges	6,798	5,229
Stock and supplies	48,751	53,683
	18,048,779	17,912,745
Total non-financial assets		
Accumulated surplus (Schedule 8)	<u>\$ 18,613,400</u>	<u>17,908,315</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, 2020
with comparative figures for 2019

		<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Revenues:				
Taxes and other unconditional revenue	(Schedule 1)	\$ 2,511,100	2,633,118	2,463,116
Fees and charges	(Schedule 4, 5)	1,247,200	1,173,520	1,199,858
Conditional grants	(Schedule 4, 5)	51,000	66,175	57,501
Tangible capital asset sales - gain (loss)	(Schedule 4, 5)	-	-	(4,157)
Land sales - gain (loss)	(Schedule 4, 5)	-	-	-
Investment income and commissions	(Schedule 4, 5)	27,500	22,059	35,284
Restructurings	(Schedule 4, 5)	-	-	-
Other revenues	(Schedule 4, 5)	<u>294,000</u>	<u>295,395</u>	<u>294,179</u>
Total Revenues		4,130,800	4,190,267	4,045,781
Expenditures:				
General government services	(Schedule 3)	412,300	385,152	430,104
Protective services	(Schedule 3)	214,500	219,095	231,683
Transportation services	(Schedule 3)	831,600	991,076	855,954
Environmental and public health services	(Schedule 3)	378,500	358,175	395,930
Planning and development services	(Schedule 3)	69,500	46,648	63,960
Recreation and cultural services	(Schedule 3)	781,300	975,803	888,047
Utility services	(Schedule 3)	753,500	923,917	1,007,920
Restructurings	(Schedule 3)	-	-	-
Total Expenditures		<u>3,441,200</u>	<u>3,899,866</u>	<u>3,873,598</u>
Surplus (deficit) of revenues over expenditures before other capital contributions		<u>689,600</u>	<u>290,401</u>	<u>172,183</u>
Provincial/Federal capital grants and contributions	(Schedule 4, 5)	<u>122,000</u>	<u>414,684</u>	<u>283,411</u>
Surplus (deficit) of revenues over expenditures		811,600	705,085	455,594
Accumulated surplus (deficit), beginning of year		<u>17,908,315</u>	<u>17,908,315</u>	<u>17,452,721</u>
Accumulated surplus (deficit), end of year		<u>\$ 18,719,915</u>	<u>18,613,400</u>	<u>17,908,315</u>

See accompanying notes to the financial statements.

TOWN OF WATROUS

Statement 3

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2020
with comparative figures for 2019

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Surplus (deficit)	\$ 811,600	705,085	455,594
(Acquisition) of tangible capital assets	(355,000)	(739,341)	(835,475)
Amortization of tangible capital assets	-	599,944	594,892
Proceeds on disposal of tangible capital assets	-	-	48,242
Loss (gain) on disposal of tangible capital assets	-	-	4,157
Transfer of assets/liabilities in restructuring transactions	-	-	-
Surplus (deficit) of capital expenses over expenditures	<u>(355,000)</u>	<u>(139,397)</u>	<u>(188,184)</u>
(Acquisition) of supplies inventories	-	(11,674)	(11,596)
(Acquisition) of prepaid expenses	-	(6,507)	(4,940)
Consumption of supplies inventories	-	16,607	12,136
Use of prepaid expenses	-	4,937	7,206
Surplus (deficit) of expenses of other non-financial over expenditures	<u>(355,000)</u>	<u>3,363</u>	<u>2,806</u>
Increase (decrease) in Net Financial Assets	101,600	569,051	270,216
Net Financial Assets (Debt) - Beginning of the year	<u>(4,430)</u>	<u>(4,430)</u>	<u>(274,646)</u>
Net Financial Assets (Debt)- End of year	<u>\$ 97,170</u>	<u>564,621</u>	<u>(4,430)</u>

See accompanying notes to the financial statements.

TOWN OF WATROUS

Statement 4

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 2020
with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
Cash provided by (used in) the following activities:		
Operating:		
Surplus (deficit)	\$ 705,085	455,594
Amortization	599,944	594,892
Loss (gain) on disposal of tangible capital assets	-	4,157
	<u>1,305,029</u>	<u>1,054,643</u>
Change in assets/liabilities		
Taxes receivable - Municipal	43,672	(34,310)
Other accounts receivable	226,415	352,761
Land for re-sale	63,392	(4,444)
Other financial assets	-	-
Accounts and accrued liabilities payable	(121,411)	(94,475)
Deposits	1,367	188
Deferred revenue	21,861	941
Accrued landfill costs	-	-
Liability for contaminated sites	-	-
Other liabilities	-	-
Stock and supplies	4,932	540
Prepayments and deferred charges	(1,569)	2,268
Other	-	-
Net cash from operations	<u>1,543,688</u>	<u>1,278,112</u>
Capital:		
Acquisition of capital assets	(739,341)	(835,475)
Proceeds from the disposal of capital assets	-	48,242
Other capital	-	-
Net cash used for capital	<u>(739,341)</u>	<u>(787,233)</u>
Investing:		
Long-term investments	-	-
Other investments	-	-
Net cash from investing	<u>-</u>	<u>-</u>
Financing activities:		
Debt charges recovered	-	-
Long-term debt issued	-	700,000
Long-term debt repaid	(327,046)	(278,593)
Other financing	-	-
Net cash from (used for) financing	<u>(327,046)</u>	<u>421,407</u>
Increase (decrease) in cash resources	477,301	912,286
Cash and temporary investments, beginning of year	<u>1,566,592</u>	<u>654,306</u>
Cash and temporary investments, end of year (Note 2)	<u>\$ 2,043,893</u>	<u>1,566,592</u>

See accompanying notes to the financial statements.