

**MUNICIPAL DISTRICT OF TABER**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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## Management's Responsibility

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To the Members of Council of the Municipal District of Taber:

Management of the Municipal District of Taber are responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipal District's financial position as at December 31, 2020 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Municipal District Council carries out its responsibilities for review of the consolidated financial statements principally through its Finance Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Finance Committee with and without the presence of management. The Municipal District Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by MNP LLP, Chartered Professional Accountants, independent external auditors appointed by the Municipal District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipal District's consolidated financial statements.

April 27, 2021

  
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Chief Administrative Officer

To the Members of Council of the Municipal District of Taber:

## Opinion

We have audited the consolidated financial statements of the Municipal District of Taber (the "Municipal District"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 Municipal District as at December 31, 2020, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipal District 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.

## Other Matter

The consolidated financial statements of the Municipal District for the year ended December 31, 2019 were audited by another firm of public accountants who expressed an unmodified opinion on those statements on April 14, 2020.

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

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

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

Those charged with governance are responsible for overseeing the Municipal District'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 consolidated 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 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 Municipal District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipal District'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 consolidated 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 Municipal District 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 consolidated financial information of the entities or business activities within the Municipal District 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.

Lethbridge, Alberta

April 27, 2021

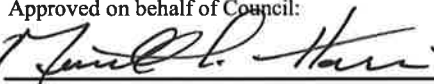
*MNP LLP*

Chartered Professional Accountants

**Municipal District of Taber  
Consolidated Statement of Financial Position  
As at December 31, 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	27,440,724	22,677,696
Receivables		
Taxes and grants in lieu receivables (Note 3)	1,279,472	299,266
Trade and other receivables (Note 3)	2,547,951	1,428,538
Land for resale inventory	1,096,320	1,121,197
Long-term-investments (Note 4)	35,675	35,596
Other financial assets (Note 5)	316,859	205,342
	<u>32,717,001</u>	<u>25,767,635</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	784,184	823,298
Deferred revenue (Note 6)	7,014,321	4,886,988
Employee benefit obligations (Note 7)	286,492	269,285
Trust funds (Note 8)	158,065	134,120
Long-term debt (Note 10)	1,680,214	1,986,340
Contractual Liabilities (Note 12)	72,450	-
	<u>9,995,726</u>	<u>8,100,031</u>
<b>NET FINANCIAL ASSETS</b>	<u>22,721,275</u>	<u>17,667,604</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2, Note 13)	128,276,690	128,103,586
Inventory for consumption	6,279,215	6,293,694
Prepaid expenses	295,217	235,708
	<u>134,851,122</u>	<u>134,632,988</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 15)</b>	<u>157,572,397</u>	<u>152,300,592</u>
Contingencies (Note 20)		

Approved on behalf of Council:

X  Reeve

X  Councillor

**Municipal District of Taber**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31, 2020**

	Budget \$	2020 \$	2019 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	15,460,892	15,313,489	15,595,777
User fees and sales of goods	1,803,706	1,989,649	2,057,825
Government transfers for operating (Schedule 4)	3,549,168	2,111,293	1,383,929
Investment income	432,000	232,550	281,728
Penalties and costs of taxes	75,000	417,908	209,057
Fines	48,000	17,427	50,070
Rentals	1,641,500	1,638,140	1,855,543
Licences and permits	116,923	40,566	48,133
Insurance proceeds	-	4,970	14,273
Frontage levies	33,191	30,681	33,191
Well drilling taxes	35,000	-	23,331
Transfers from local boards and agencies	-	10,800	39,723
Transfers from individuals and organization	2,400,000	-	-
Development levies	-	-	15,000
<b>Total Revenue</b>	<b>25,595,380</b>	<b>21,807,473</b>	<b>21,607,580</b>
<b>EXPENSES</b>			
Legislative	396,835	253,019	325,023
General administrative	1,669,498	1,563,680	1,864,856
Bylaws enforcement	429,555	411,507	242,600
GIS	881,435	365,357	365,023
Fire	1,283,833	1,156,674	1,269,155
Roads, streets, walks and lighting	9,614,670	10,085,596	10,454,625
Water and wastewater	1,808,071	1,714,430	1,744,139
Waste management	396,069	419,278	437,413
Family community support services	55,679	84,086	54,586
Agricultural services	1,617,187	1,401,284	1,487,657
Subdivision land development	14,000	11,021	40,322
Land/housing/buildings	4,856,285	656,717	396,858
Planning and development	366,361	390,308	565,803
Recreation and parks	1,106,448	1,035,404	1,182,516
Library	157,707	157,875	160,571
Provision for allowances	917,000	1,022,897	645,954
<b>Total Expenses</b>	<b>25,570,633</b>	<b>20,729,133</b>	<b>21,237,101</b>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>24,747</b>	<b>1,078,340</b>	<b>370,479</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	9,815,000	4,193,465	707,842
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>9,839,747</b>	<b>5,271,805</b>	<b>1,078,321</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>152,300,592</b>	<b>152,300,592</b>	<b>151,222,271</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>162,140,339</b>	<b>157,572,397</b>	<b>152,300,592</b>

**Municipal District of Taber**  
**Consolidated Statement of Changes in Net Financial Assets**  
**For the Year Ended December 31, 2020**

	Budget \$	2020 \$	2019 \$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>9,839,747</u>	<u>5,271,805</u>	<u>1,078,321</u>
Acquisition of tangible capital assets	(13,318,730)	(5,648,171)	(4,128,633)
Proceeds on disposal of tangible capital assets	749,000	911,231	737,515
Amortization of tangible capital assets	4,438,414	4,236,553	4,304,694
Loss on disposal of tangible capital assets	-	327,283	90,545
	<u>(8,131,316)</u>	<u>(173,104)</u>	<u>1,004,121</u>
Acquisition of inventory for consumption	(6,293,694)	(6,279,215)	(6,293,694)
Acquisition of prepaid assets	(235,708)	(295,217)	(235,708)
Use of inventory for consumption	6,001,368	6,293,694	6,001,368
Use of prepaid assets	264,757	235,708	264,757
	<u>(263,277)</u>	<u>(45,030)</u>	<u>(263,277)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	1,445,154	5,053,671	1,819,165
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>17,667,604</u>	<u>17,667,604</u>	<u>15,848,439</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>19,112,758</u></u>	<u><u>22,721,275</u></u>	<u><u>17,667,604</u></u>

**Municipal District of Taber  
Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2020**

	2020 \$	2019 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	5,271,805	1,078,321
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,236,553	4,304,694
Loss on disposal of tangible capital assets	327,283	90,545
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(980,206)	119,878
Decrease (increase) in trade and other receivables	(1,119,413)	842,836
Decrease (increase) in land held for resale	24,877	108,369
Decrease (increase) in prepaid expenses	(59,509)	29,049
Decrease (increase) in other financial assets	(111,517)	88,556
Decrease (increase) in inventory for consumption	14,479	(292,326)
Increase (decrease) in accounts payable & accrued liabilities	(39,114)	(1,174,177)
Increase (decrease) in trust funds	23,945	1,483
Increase (decrease) in contractual obligations	72,450	-
Increase (decrease) in deferred revenue	2,127,333	930,530
Increase (decrease) in employee benefit obligations	17,207	(55,815)
Cash provided by operating transactions	<u>9,806,173</u>	<u>6,071,943</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(5,648,171)	(4,128,633)
Proceeds on disposal of tangible capital assets	<u>911,231</u>	<u>737,515</u>
Cash applied to capital transactions	<u>(4,736,940)</u>	<u>(3,391,118)</u>
<b>INVESTING</b>		
Decrease (increase) in investments	(79)	(1,360)
Decrease (increase) in restricted cash and temporary investments	<u>(2,127,333)</u>	<u>(930,530)</u>
Cash applied to investing transactions	<u>(2,127,412)</u>	<u>(931,890)</u>
<b>FINANCING</b>		
Long-term debt repaid	<u>(306,126)</u>	<u>(289,429)</u>
Cash applied to financing transactions	<u>(306,126)</u>	<u>(289,429)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>2,635,695</b>	<b>1,459,506</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>17,790,708</b></u>	<u><b>16,331,202</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>20,426,403</b></u></u>	<u><u><b>17,790,708</b></u></u>
<b>Cash and cash equivalents consists of:</b>		
Cash and temporary investments (Note 2)	27,440,724	22,677,696
Less: restricted portion of cash and temporary investments (Note 2)	<u>(7,014,321)</u>	<u>(4,886,988)</u>
	<u><u><b>20,426,403</b></u></u>	<u><u><b>17,790,708</b></u></u>



**Municipal District of Taber**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2020**  
**Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	<b>2020</b> \$	2019 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>9,165,155</b>	<b>17,018,191</b>	<b>126,117,246</b>	<b>152,300,592</b>	151,222,271
Excess of revenues over expenses	5,271,805	-	-	<b>5,271,805</b>	1,078,321
Unrestricted funds designated for future use	(4,529,449)	4,529,449	-	-	-
Restricted funds used for tangible capital assets	-	(471,025)	471,025	-	-
Current year funds used for tangible capital assets	(4,265,915)	-	4,265,915	-	-
Disposal of tangible capital assets	327,283	-	(327,283)	-	-
Annual amortization expense	4,236,553	-	(4,236,553)	-	-
Long term debt repaid	(306,126)	-	306,126	-	-
Change in accumulated surplus	734,151	4,058,424	479,230	<b>5,271,805</b>	1,078,321
<b>BALANCE, END OF YEAR</b>	<b>9,899,306</b>	<b>21,076,615</b>	<b>126,596,476</b>	<b>157,572,397</b>	152,300,592

**Municipal District of Taber  
Schedule of Tangible Capital Assets  
For the Year Ended December 31, 2020  
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020 \$	2019 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	50,642,879	1,987,473	12,462,388	111,510,323	17,335,769	7,806,664	<b>201,745,496</b>	199,283,132
Acquisition of tangible capital assets	-	-	175,742	1,001,735	1,035,575	125,783	<b>2,338,835</b>	3,706,342
Construction-in-progress	-	-	-	3,309,336	-	-	<b>3,309,336</b>	422,291
Disposal of tangible capital assets	-	-	-	(750,217)	(1,458,120)	(122,651)	<b>(2,330,988)</b>	(1,666,269)
BALANCE, END OF YEAR	50,642,879	1,987,473	12,638,130	115,071,177	16,913,224	7,809,796	<b>205,062,679</b>	201,745,496
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	277,548	1,533,473	58,686,232	8,377,058	4,767,599	<b>73,641,910</b>	70,175,425
Annual amortization	-	52,836	159,453	2,505,902	1,031,731	486,631	<b>4,236,553</b>	4,304,694
Accumulated amortization on disposals	-	-	-	(196,989)	(785,693)	(109,792)	<b>(1,092,474)</b>	(838,209)
BALANCE, END OF YEAR	-	330,384	1,692,926	60,995,145	8,623,096	5,144,438	<b>76,785,989</b>	73,641,910
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>50,642,879</b>	<b>1,657,089</b>	<b>10,945,204</b>	<b>54,076,032</b>	<b>8,290,128</b>	<b>2,665,358</b>	<b>128,276,690</b>	<b>128,103,586</b>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	50,642,879	1,709,925	10,928,915	52,824,091	8,958,711	3,039,065	128,103,586	

**Municipal District of Taber  
Schedule of Property and Other Taxes  
For the Year Ended December 31, 2020  
Schedule 3**

	Budget	2020 \$	2019 \$
<b>TAXATION</b>			
Property taxes levied	20,905,894	20,725,354	21,323,590
Government grants in place of property taxes	10,259	8,727	11,400
	<u>20,916,153</u>	<u>20,734,081</u>	<u>21,334,990</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	5,006,491	4,979,816	5,302,260
Designated Industrial Assessment	76,573	76,024	84,873
Holy Spirit School Division	130,868	125,221	130,882
Taber Seniors Foundation	241,329	239,531	221,198
	<u>5,455,261</u>	<u>5,420,592</u>	<u>5,739,213</u>
<b>NET MUNICIPAL TAXES</b>	<u>15,460,892</u>	<u>15,313,489</u>	<u>15,595,777</u>

**Municipal District of Taber  
Schedule of Government Transfers  
For the Year Ended December 31, 2020  
Schedule 4**

	Budget	2020 \$	2019 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	3,465,797	1,949,625	1,296,404
Federal Government	-	-	-
Other Local Governments	83,371	161,668	87,525
	<u>3,549,168</u>	<u>2,111,293</u>	<u>1,383,929</u>
 <b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	8,961,000	3,411,973	693,769
Federal Government	854,000	781,492	14,073
	<u>9,815,000</u>	<u>4,193,465</u>	<u>707,842</u>
 <b>TOTAL GOVERNMENT TRANSFERS</b>	 <u>13,364,168</u>	 <u>6,304,758</u>	 <u>2,091,771</u>

**Municipal District of Taber**  
**Schedule of Consolidated Expenses by Object**  
**For the Year Ended December 31, 2020**  
**Schedule 5**

	Budget	2020	2019
	\$	\$	\$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	8,136,024	7,516,758	8,251,027
Contracted and general services	2,047,596	1,724,954	2,438,819
Purchase from other governments	876,747	792,177	612,183
Materials, goods, supplies and utilities	4,390,867	3,689,465	4,352,797
Provision for allowances	917,000	1,022,897	645,954
Bank charges and short term interest	3,000	5,185	5,743
Grants to individuals and organizations	5,934,340	1,309,958	997,700
Interest on long term debt	114,875	103,903	121,197
Amortization of tangible capital assets	4,438,414	4,236,553	4,304,694
Loss on disposal of tangible capital assets	-	327,283	90,545
Expenditures capitalized for construction	(1,288,230)	-	(583,558)
	<u>25,570,633</u>	<u>20,729,133</u>	<u>21,237,101</u>

**Municipal District of Taber  
Schedule of Segmented Disclosure  
For the Year Ended December 31, 2020  
Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Total \$
<b>REVENUE</b>								
Net municipal taxes	15,313,489	-	-	-	-	-	-	<b>15,313,489</b>
Government transfers	815,861	77,138	559,851	-	-	493,657	164,786	<b>2,111,293</b>
Sales and user charges	123,385	182,519	259,390	1,184,580	-	69,380	170,395	<b>1,989,649</b>
Investment income	232,550	-	-	-	-	-	-	<b>232,550</b>
Government transfers - capital	-	4,193,465	-	-	-	-	-	<b>4,193,465</b>
Other revenues	417,908	28,227	32,134	30,681	-	1,651,542	-	<b>2,160,492</b>
	<b>16,903,193</b>	<b>4,481,349</b>	<b>851,375</b>	<b>1,215,261</b>	<b>-</b>	<b>2,214,579</b>	<b>335,181</b>	<b>26,000,938</b>
<b>EXPENSES</b>								
Salaries, wages and benefits	1,227,139	600,706	3,492,681	664,579	-	1,375,765	155,888	<b>7,516,758</b>
Contracted and general services	420,156	212,117	349,689	295,553	-	323,818	123,621	<b>1,724,954</b>
Purchase from other governments	2,000	205,920	-	584,257	-	-	-	<b>792,177</b>
Materials, goods, supplies and utilities	107,725	345,642	2,441,659	195,209	-	495,424	103,806	<b>3,689,465</b>
Transfers to other governments and boards	-	30,000	-	-	84,086	478,631	717,241	<b>1,309,958</b>
Interest on long term debt	-	-	-	103,903	-	-	-	<b>103,903</b>
Provision for allowances	1,022,897	-	-	-	-	-	-	<b>1,022,897</b>
Other Expenses	5,185	-	327,283	-	-	-	-	<b>332,468</b>
	<b>2,785,102</b>	<b>1,394,385</b>	<b>6,611,312</b>	<b>1,843,501</b>	<b>84,086</b>	<b>2,673,638</b>	<b>1,100,556</b>	<b>16,492,580</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>14,118,091</b>	<b>3,086,964</b>	<b>(5,759,937)</b>	<b>(628,240)</b>	<b>(84,086)</b>	<b>(459,059)</b>	<b>(765,375)</b>	<b>9,508,358</b>
Amortization	54,494	173,796	3,474,284	290,207	-	151,049	92,723	<b>4,236,553</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>14,063,597</b>	<b>2,913,168</b>	<b>(9,234,221)</b>	<b>(918,447)</b>	<b>(84,086)</b>	<b>(610,108)</b>	<b>(858,098)</b>	<b>5,271,805</b>

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Municipal District of Taber (the “Municipal District”) are the representations of management prepared in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipal District of Taber are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Municipal District Council for the administration of their financial affairs and resources. Included with the Municipal District is the following:

Regional Fire Authority

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

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

**b) Basis of Accounting**

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

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

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

**c) Measurement Uncertainty (Use of Estimates)**

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

Account receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Gravel inventory is recognized based on estimated yards of gravel. Amortization is based on estimated useful lives of tangible capital assets.

**d) Investments**

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

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

**e) Requisition Over-levy and Under-levy**

Over-levies and under-levies arise from the differences between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

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

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

**f) Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

**g) Tax Revenue**

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

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

**h) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipal District is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. This requirement is estimated to be immaterial and the post closure activities will be performed by municipal forces as landfill closures occur in the future. Therefore, the related liability has not been recorded in these consolidated financial statements.

**i) Government Transfers**

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

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

**j) Segments**

The Municipal District conducts its operations through reportable segments in the form of departments as listed on the statement of operations. These segments are established by management to facilitate the achievement of the Municipal District's long-term objectives to aid in resource allocation decisions, and to assess operational performance. Interdepartmental and organizational transactions and balances are eliminated.

Information on segments has been disclosed in Schedule 6 – Schedule of Segmented Disclosure.



**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued from previous page)*

**k) Non-Financial Assets**

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

**i. Tangible Capital Assets**

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

	<b>PERCENT</b>	<b>YEARS</b>
Land Improvements		15-25
Buildings		25-80
Engineered structures		
Water system	2% - 3%	
Waste water system	2% - 3%	
Other engineered structures	2% - 20%	30
Machinery and equipment		5-25
Vehicles		3-25

Full annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**ii. Contributions of Tangible Capital Assets**

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

**iii. Leases**

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

**iv. Inventory for Consumption**

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash	\$ 27,429,831	\$ 22,666,944
Temporary Investments	<u>10,893</u>	<u>10,752</u>
	<u><u>\$ 27,440,724</u></u>	<u><u>\$ 22,677,696</u></u>

Temporary investments are demand deposit accounts, with notice of 31 days and 90 days required in order to access funds, with interest rates ranging from .80% to 1.0%, as well as a bank account, with interest rates ranging from .55% to .90%.

Council has designated funds of \$14,411,660 (2019 - \$10,858,079) included in the above amounts for equipment replacement.

Included in cash and temporary investments is a restricted amount of \$7,014,321 (2019 – \$4,886,988) received from senior levels of government and held exclusively for capital projects (Note 6).

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**3. RECEIVABLES**

**Taxes and grants in place of taxes receivables**

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	\$ 2,732,440	\$ 1,985,034
Arrears taxes	<u>1,669,717</u>	<u>407,387</u>
	4,402,157	2,392,421
Less allowance for doubtful accounts	<u>(3,122,685)</u>	<u>(2,093,155)</u>
	<u>1,279,472</u>	<u>299,266</u>

**Other receivables**

Trade and other accounts receivables	2,414,196	1,349,622
Goods and Services Tax receivable	<u>134,785</u>	<u>78,916</u>
	2,548,981	1,428,538
Less allowance for doubtful accounts	<u>(1,030)</u>	<u>-</u>
	<u>2,547,951</u>	<u>1,428,538</u>
	<u>\$ 3,827,423</u>	<u>\$ 1,727,804</u>

**4. LONG-TERM INVESTMENTS**

	<u>2020</u>	<u>2019</u>
A.M.F.C. Shares	\$ -	\$ 120
CO-OP Equity	31,559	31,360
U.F.A. Equity	<u>4,116</u>	<u>4,116</u>
	<u>\$ 35,675</u>	<u>\$ 35,596</u>

**5. OTHER FINANCIAL ASSETS**

	<u>2020</u>	<u>2019</u>
Alberta School Requisition (Over)/Under-levy	\$ 294,568	\$ 179,398
Designated Industrial Property (Over)/Under-levy	6,800	11,021
Taber Seniors Foundation (Over)/Under-levy	<u>15,491</u>	<u>14,923</u>
	<u>\$ 316,859</u>	<u>\$ 205,342</u>

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**6. DEFERRED REVENUE**

	<u>2020</u>	<u>2019</u>
Federal Gas Tax Fund	\$ 28,315	\$ -
Alberta Community Resilience Program	\$ 1,467,924	\$ 2,235,935
Municipal Sustainability Initiative	\$ 1,731,941	\$ 2,603,303
Municipal Stimulus Program	\$ 46,538	-
Regional Collaboration Program	<u>\$ 3,739,603</u>	<u>\$ 47,750</u>
	<u>\$ 7,014,321</u>	<u>\$ 4,886,988</u>

Funding in the amount of \$4,866,134 was received in the current year and \$4,886,988 was carryforward from 2019 from the senior levels of government. The use of these funds is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in 2021. Unexpended funds related to the advance are supported by cash and temporary investments of \$7,014,321 held exclusively for these projects (refer Note 2).

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2020</u>	<u>2019</u>
Vacation	\$ 259,745	\$ 236,530
Overtime	<u>26,747</u>	<u>32,755</u>
	<u>\$ 286,492</u>	<u>\$ 269,285</u>

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

**8. TRUST FUNDS**

A summary of trust fund activities by the Municipal District of Taber is as follows:

	<u>2020</u>	<u>2019</u>
<b>Subdivisions</b>		
Balance at beginning of year	\$ 134,120	\$ 132,637
Net revenue of land held for resale subdivided and sold	22,712	13,856
Investment income	1,233	2,627
Community enhancement expenditures	<u>-</u>	<u>(15,000)</u>
	<u>\$ 158,065</u>	<u>\$ 134,120</u>

**9. CONTAMINATED SITES LIABILITY**

On January 1, 2015, the Municipality adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustment to the financial liabilities, tangible capital assets or accumulated surplus of the Municipal District.

As at December 31, 2020 the Municipality does not have any contaminated sites and as such no liability has been accrued in these consolidated financial statements.

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**10. LONG TERM DEBT**

	<u>2020</u>	<u>2019</u>
Alberta Municipal Financing Corporation debenture debt bearing interest at rates ranging from 5.75% to 5.875% per annum maturing in periods from 2024 through 2028.	\$ 1,680,214	\$ 1,986,340
	1,680,214	1,986,340
Less principal portion due within one year	<u>323,787</u>	<u>306,126</u>
	<u>\$ 1,356,427</u>	<u>\$ 1,680,214</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	323,787	97,215	421,002
2022	342,465	78,537	421,002
2023	362,222	58,780	421,002
2024	383,118	37,883	421,001
2025	61,519	15,781	77,300
Thereafter	<u>207,103</u>	<u>24,797</u>	<u>231,900</u>
	<u>\$ 1,680,214</u>	<u>\$ 312,993</u>	<u>\$ 1,993,207</u>

Interest on long-term debt amounted to \$103,903 (2019 – \$121,197).

The Municipal District's total cash payments for interest in 2020 were \$114,875 (2019 – \$131,572).

**11. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipal District of Taber be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 32,711,210	\$ 32,652,900
Total debt	<u>1,680,214</u>	<u>\$ 1,986,340</u>
Amount total debt limit unused	<u>\$ 31,030,996</u>	<u>\$ 30,666,560</u>
Service on debt limit	\$ 5,451,868	\$ 5,442,150
Service on debt	<u>421,002</u>	<u>421,002</u>
Amount service on debt limit unused	<u>\$ 5,030,866</u>	<u>\$ 5,021,148</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that 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 consolidated financial statements must be interpreted as a whole.

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**12. CONTRACTUAL LIABILITIES**

The Municipal District of Taber has entered into a contractual agreement for management of a multi-year capital project, of which ownership will transfer at the end of the project to the Taber Irrigation District and the St. Mary River Irrigation District at the completion of the project. The estimated completion cost of phase 1 of this project totals \$22,200,000 which is being funded through various federal government and provincial government grants, along with contributions from other municipal project partners. Total costs incurred for the project as at December 31, 2020 were \$72,450.

**13. TANGIBLE CAPITAL ASSETS**

<b>Net Book Value</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Land	\$ 50,642,879	\$ 50,642,879
Land Improvements	1,657,089	1,709,925
Buildings	10,945,204	10,928,915
Engineered Structures		
Roadway system	42,823,985	43,643,604
Roadway system – construction-in-progress	3,309,336	422,291
Water distribution system	5,021,197	5,185,490
Wastewater treatment system	2,649,598	2,718,413
Communication System	271,916	854,293
Machinery, equipment, and furnishings	8,290,128	8,958,711
Vehicles	<u>2,665,358</u>	<u>3,039,065</u>
	<u>\$ 128,276,690</u>	<u>\$ 128,103,586</u>

**14. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Tangible capital assets (Schedule 2)	\$ 205,062,679	\$ 201,745,496
Accumulated amortization (Schedule 2)	(76,785,989)	(73,641,910)
Long-term debt (Note 10)	<u>(1,680,214)</u>	<u>(1,986,340)</u>
	<u>\$ 126,596,476</u>	<u>\$ 126,117,246</u>

**15. ACCUMULATED SURPLUS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Unrestricted surplus	\$ 9,899,306	\$ 9,165,155
Restricted surplus		
Operating reserve	6,664,955	6,160,112
Capital reserve	14,411,660	10,858,079
Equity in tangible capital assets	<u>126,596,476</u>	<u>126,117,246</u>
	<u>\$ 157,572,397</u>	<u>\$ 152,300,592</u>

**Municipal District of Taber  
Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2020**

**16. SALARY AND BENEFITS DISCLOSURE**

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

	<b>2020</b>			<b>2019</b>
	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	Total	Total
Councillors:				
Division 1	\$ 28,199	\$ 8,028	\$ 36,227	\$ 39,867
Division 2	16,588	7,290	23,878	39,800
Division 3	10,091	6,949	17,040	24,968
Division 4	16,449	7,283	23,732	29,472
Division 5	26,216	7,787	34,003	38,914
Division 6	18,523	7,435	25,958	31,072
Division 7	12,831	7,094	19,925	30,923
CAO <sup>3</sup> (8 Months)	-	-	-	141,478
Interim CAO <sup>3</sup> (5 Months)	-	-	-	94,645
CAO <sup>3</sup> (12 Months)	165,763	43,202	208,965	-
Designated officer <sup>3</sup>	110,593	19,430	130,023	154,553

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability, and dismemberment insurance, long and short-term disability plans, professional memberships, and tuition.
3. Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including moving allowances.

**17. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Municipal District of Taber participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District of Taber is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Municipal District of Taber to the LAPP in 2020 were \$450,600 (2019 - \$454,337). Total current service contributions by the employees of the Municipal District of Taber to the LAPP in 2020 were \$382,169 (2019 - \$412,762).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion (2018 - surplus of \$3.47 billion).

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

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**18. APEX SUPPLEMENTARY PLAN**

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plan Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Municipal District of Taber. Employees and the Municipal District of Taber are required to make current service contributions to APEX of 2.61% (2019 – 2.84%) and 3.85% (2019 – 3.78%) respectively of pensionable earnings up to \$154,611 (2019 - \$151,278).

Total current service contributions by the Municipal District of Taber to APEX in 2020 were \$38,776 (2019 - \$46,312). Total current service contributions by the employees of the Municipal District of Taber to APEX in 2020 were \$26,315 (2019 – \$34,795).

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**19. SEGMENTED DISCLOSURE**

The Municipal District of Taber provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

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**20. CONTINGENCIES**

The Municipal District of Taber is a member of the Genesis Reciprocal Insurance Program. Under the terms of the membership, the Municipal District of Taber 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.

The Municipal District is involved in various litigation and claims associated with normal operations and management believes that any resulting settlement would not materially affect the financial position of the Municipal District.

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**21. CONTRACTUAL RIGHTS**

The Municipal District of Taber has entered into several land rent and oil lease agreements with various third parties. These agreements are individually insignificant. The timing and extent of future revenues from each agreement varies based on its terms. Revenue from land rent and oil leases for 2020 was \$1,613,723.

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**22. CONTRACTUAL OBLIGATIONS**

The Municipal District of Taber has entered into contractual agreements for various capital projects. The estimated completion cost of these projects totals \$3,798,465. Total costs incurred for these projects as at December 31, 2020 were \$2,908,162.

**Municipal District of Taber**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**

**23. RELATED PARTIES**

During the year, the Municipal District of Taber carried out transactions with related parties. The Municipal District is related to the Water Commissions due to membership in the Commissions. The transactions have been carried out at the exchange amount as agreed to by the related parties. The accounts receivable, account payables, and user fees and sales of goods included amounts from related parties as follows:

	<u>2020</u>	<u>2019</u>
<b>Accounts Receivable</b>		
Highway 3 Regional Water Services Commission	\$ <u>97,767</u>	\$ <u>97,767</u>
<b>Accounts Payable</b>		
Highway 3 Regional Water Services Commission	\$ 12,036	\$ 8,363
Vauxhall & District Regional Water Services Commission	<u>16,255</u>	<u>15,664</u>
	<u>\$ 28,291</u>	<u>\$ 24,027</u>
<b>User fees and sales of goods</b>		
Highway 3 Regional Water Services Commission	\$ 225,225	\$ 214,500
Vauxhall & District Regional Water Services Commission	<u>225,225</u>	<u>214,500</u>
	<u>\$ 450,450</u>	<u>\$ 429,000</u>

**24. FINANCIAL INSTRUMENTS**

The Municipal District's financial instruments consist of cash and temporary investments, receivables, land held for resale, investments, prepaid expenses, other financial assets, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Municipal District of Taber is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

In addition, substantially all of the Municipal District's cash is held with one bank, thereby exposing the Municipal District to the risk of this financial institution.

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

**25. SIGNIFICANT EVENTS**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipality as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**26. BUDGET INFORMATION**

The disclosed budget information has been approved by the Reeve and Council of the Municipal District of Taber on December 10, 2019.



**Municipal District of Taber  
Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2020**

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**27. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

Council and Management approved these consolidated financial statements.

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**28. COMPARATIVE INFORMATION**

The consolidated financial statements have been reclassified where applicable to conform to the current year's presentation. The changes do not affect prior year operations.