

TOWN OF FORT MACLEOD
Consolidated Financial Statements
For the year ended December 31, 2020

TOWN OF FORT MACLEOD
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For the year ended December 31, 2020

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Town of Fort Macleod

Opinion

We have audited the consolidated financial statements of the Town of Fort Macleod which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Fort Macleod as at December 31, 2020, the results of its operations, change 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 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 Town'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 Town or to 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 Responsibilities for the Audit of the 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. 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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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 municipality 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 16.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 15.

Lethbridge, Alberta

March 22, 2021



Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Finance and Administration departments.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the quarterly financial reports.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Avail LLP has full and free access to the Council.

Sue Keenan

Chief Administrative Officer

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Revenue			
Net municipal taxes (note 11)	\$ 2,931,569	\$ 2,972,136	\$ 2,822,392
User fees and sales of goods	2,520,600	2,976,097	2,985,910
Government transfers for operating (note 12)	288,643	504,880	964,482
Investment income	300,000	387,665	235,890
Penalties and costs of taxes	70,500	58,984	95,842
Licenses and permits	125,100	136,433	163,801
Franchise and concession contracts	470,000	481,274	467,152
Rental	162,950	121,783	203,537
Other	16,200	47,375	69,408
Gain on sale of tangible capital assets	-	-	3,154,553
	6,885,562	7,686,627	11,162,967
Expenses (note 13)			
Legislative	140,500	121,421	147,472
Administration	1,587,350	1,557,629	1,651,730
Protective services and emergency management	426,800	482,319	943,776
Roads, streets, walks, lighting	1,657,700	1,751,435	1,620,713
Airport	23,700	17,405	11,516
Water supply and distribution	834,600	840,310	797,630
Wastewater treatment and disposal	980,700	925,996	880,410
Waste management	413,175	458,225	389,896
Family and community support services	215,700	302,697	294,533
Cemeteries and columbarium	125,300	56,141	89,047
Land use planning, zoning and development	225,750	264,473	212,363
Subdivision land and development	95,000	76,722	52,332
Parks and recreation	961,990	799,871	1,047,155
Culture - libraries, museums, halls	394,696	349,801	389,558
Electrical distribution	-	-	222,270
	8,082,961	8,004,445	8,750,401
(Deficiency) excess of revenue over expenses before other	(1,197,399)	(317,818)	2,412,566
Other			
Government transfers for capital (note 12)	790,000	2,137,533	2,397,648
Contributed assets	-	355,080	-
	790,000	2,492,613	2,397,648
(Deficiency) excess of revenue over expenses	(407,399)	2,174,795	4,810,214
Accumulated surplus, beginning of year	56,046,683	56,046,683	51,236,469
Accumulated surplus, end of year	\$ 55,639,284	\$ 58,221,478	\$ 56,046,683

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
(Deficiency) excess of revenue over expenses	\$ (407,399)	\$ 2,174,795	\$ 4,810,214
Acquisition of tangible capital assets	(11,149,500)	(3,980,567)	(4,208,133)
Amortization of tangible capital assets	1,522,200	1,530,868	1,575,454
Contributed assets	-	(355,080)	-
Loss (gain) on disposal of tangible capital assets	-	100,138	(3,154,552)
Proceeds on disposal of tangible capital assets	-	189,105	4,955,000
	(9,627,300)	(2,515,536)	(832,231)
Net change in inventory for consumption	-	(3,649)	419,682
Net change in prepaid expense	-	10,816	7,830
	-	7,167	427,512
Increase in net financial assets	(10,034,699)	(333,574)	4,405,495
Net financial assets, beginning of year	10,789,381	10,789,381	6,383,886
Net financial assets, end of year	\$ 754,682	\$ 10,455,807	\$ 10,789,381

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2020

	2020	2019
Operating transactions		
(Deficiency) excess of revenue over expenses	\$ 2,174,795	\$ 4,810,214
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	100,138	(3,154,552)
Amortization of tangible capital assets	1,530,868	1,575,454
Contributed assets	(355,080)	-
	3,450,721	3,231,116
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(76,531)	(6,928)
Trade and other receivables	1,067,262	242,654
Land held for resale	(1,191)	1
Inventory for consumption	(3,649)	419,682
Prepaid expenses	10,816	7,830
Accounts payable and accrued liabilities	166,862	292,150
Deposits	56,092	(44,302)
Deferred revenue	(772,166)	(41,343)
	3,898,216	4,100,860
Capital transactions		
Proceeds on disposal of tangible capital assets	189,105	4,955,000
Acquisition of tangible capital assets	(3,980,567)	(4,208,133)
	(3,791,462)	746,867
Investing transactions		
Increase in investments	5,894,101	(3,581,265)
Financing transactions		
Repayment of long-term debt	(370,153)	(358,990)
Increase in cash and temporary investments	5,630,702	907,472
Cash and temporary investments, beginning of year	1,795,591	888,119
Cash and temporary investments, end of year	\$ 7,426,293	\$ 1,795,591

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies

The consolidated financial statements of the Town are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, 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 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 the 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) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies, continued

(e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference 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 and 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 waste water 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) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies, continued

(i) 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 straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	5-80
Machinery and equipment	5-25
Vehicles	10-25

Amortization is charged in the year of acquisition but not 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) Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

2. Cash and temporary investments

	2020	2019
Cash	\$ 576,773	\$ 349,928
Temporary investments	6,849,520	1,445,663
	\$ 7,426,293	\$ 1,795,591

Temporary investments are short term deposits with original maturities of 3 months or less. The temporary investments are comprised of short term securities and high interest savings accounts with interest rates of 1.0%.

Included in temporary investments are restricted amounts of \$589,868 (note 6).

3. Taxes and grants in place of taxes receivable

	2020	2019
Current taxes and grants in place of taxes receivable	\$ 297,619	\$ 215,106
Arrears	63,509	69,491
	\$ 361,128	\$ 284,597

4. Trade and other receivables

	2020	2019
Trade accounts	\$ 210,606	\$ 246,769
Provincial government	86,305	493,050
GST receivable	151,116	-
Federal government	-	335,272
Fortis Alberta	-	312,421
Fort Macleod Community Initiative Association	-	125,000
Local improvement levies	-	2,776
	\$ 448,027	\$ 1,515,288

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

5. Investments

	2020		2019	
	Cost	Market value	Cost	Market value
Bonds	\$ 7,906,057	\$ 7,965,338	\$ 6,887,100	\$ 6,884,281
GIC	-	-	6,913,058	6,912,883
	\$ 7,906,057	\$ 7,965,338	\$ 13,800,158	\$ 13,797,164

Government guaranteed bonds have effective interest rates of 1.20% - 2.95% with maturity dates from April, 2021 to Jan, 2032.

6. Deferred revenue

	2020	2019
Municipal Operating Support Transfer (MOST)	\$ 189,118	\$ -
Community Partnership grant	161,565	-
Pool donations	151,306	-
Gas Tax Fund	32,734	559,972
Playground donations	15,812	15,872
Family and Community Support Services (FCSS)	13,376	12,442
Alberta Historical Foundation Grant	8,431	-
Municipal Sustainability Initiative (MSI) - capital	6,711	762,152
Housing needs assessment	5,929	6,710
Bike park	2,492	2,492
Community Cancer AHS grant	2,394	2,394
	\$ 589,868	\$ 1,362,034

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

7. Long-term debt

	2020	2019
Tax supported debentures - capital	\$ 3,166,142	\$ 3,428,709
Tax supported debentures - operating	1,151,598	1,259,183
	\$ 4,317,740	\$ 4,687,892
Current portion	\$ 381,724	\$ 370,153

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 381,724	\$ 129,468	\$ 511,192
2022	393,721	117,471	511,192
2023	350,637	105,029	455,666
2024	360,159	97,112	457,271
2025	294,376	87,154	381,530
Thereafter	2,537,123	452,021	2,989,144
	\$ 4,317,740	\$ 988,255	\$ 5,305,995

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.86% to 5.75% per annum, before Provincial subsidy, and matures in periods 2024 through 2036. The average annual interest rate is 3.82% (2019 - 3.85%). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Fort Macleod at large.

Interest on long-term debt amounted to \$138,845 (2019 - \$158,818).

The Town's total cash payments for interest in 2020 were \$141,040 (2019 - \$152,203).

8. Accumulated surplus

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2020	2019
Unrestricted surplus	\$ 1,935,336	\$ 1,920,032
Internally restricted surplus (reserves) (note 9)	11,979,198	12,597,806
Equity in tangible capital assets (note 10)	44,306,944	41,528,845
	\$ 58,221,478	\$ 56,046,683

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

9. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2020	2019
Operating		
Infrastructure lifecycle, maintenance & replacement	\$ 363,450	\$ 581,000
Project reserve	117,035	38,835
Special purpose	93,894	79,304
Stabilization & contingency	1,570,653	1,786,175
	2,145,032	2,485,314
Capital		
Infrastructure lifecycle, maintenance & replacement	2,465,700	2,219,050
Project reserve	60,815	100,816
Special purpose	5,278,901	6,142,876
Stabilization & contingency	2,028,750	1,649,750
	9,834,166	10,112,492
	\$ 11,979,198	\$ 12,597,806

10. Equity in tangible capital assets

	2020	2019
Tangible capital assets (schedule 2)	\$ 75,623,748	\$ 71,964,367
Accumulated amortization (schedule 2)	(28,150,662)	(27,006,814)
Long-term debt (note 7)	(4,317,740)	(4,687,892)
Long term debt - operating (note 7)	1,151,598	1,259,184
	\$ 44,306,944	\$ 41,528,845

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

11. Net municipal property taxes

	Budget (Unaudited)	2020	2019
Taxation			
Real property taxes	\$ 3,996,316	\$ 4,036,183	\$ 3,869,480
Government grants in place of property taxes	60,138	60,139	52,317
	4,056,454	4,096,322	3,921,797
Requisitions			
Alberta School Foundation Fund	1,024,115	1,023,458	1,005,654
Willow Creek Foundation	99,670	99,666	92,837
Linear	1,100	1,062	914
	1,124,885	1,124,186	1,099,405
	\$ 2,931,569	\$ 2,972,136	\$ 2,822,392

12. Government transfers

	Budget (Unaudited)	2020	2019
Transfers for operating:			
Provincial government	\$ 141,519	\$ 352,356	\$ 817,358
Other local government transfers	147,124	152,524	147,124
	288,643	504,880	964,482
Transfers for capital:			
Provincial government	790,000	2,137,533	2,397,648
	\$ 1,078,643	\$ 2,642,413	\$ 3,362,130

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

13. Expenses by object

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 2,726,345	\$ 2,692,232	\$ 2,760,229
Contracted and general services	1,981,770	1,914,249	2,646,704
Materials, goods, supplies and utilities	1,335,396	1,281,496	1,222,325
Bank charges and short term interest	15,850	14,358	15,940
Interest on long term debt	141,500	138,845	158,818
Other expenditures	33,000	7,807	26,792
Transfers to organizations and others	326,900	324,452	344,139
Amortization of tangible capital assets	1,522,200	1,530,868	1,575,454
Loss on disposal of tangible capital assets	-	100,138	-
	\$ 8,082,961	\$ 8,004,445	\$ 8,750,401

14. Contaminated sites liability

The Town adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2020 (2019 - nil) as a result of this standard.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

15. Salary and benefits disclosure

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

	(1)	(2)	2020	2019
	Salary	Benefits & allowances		
Council				
Mayor Brent Feyter	\$ 16,213	\$ 5,501	\$ 21,714	\$ 23,731
Councillor David Orr	10,763	5,310	16,073	16,318
Councillor Jim Monteith	11,038	5,095	16,133	15,511
Councillor Werner Dressler	9,825	5,276	15,101	16,173
Councillor Marco Van Huigenbos	9,213	5,253	14,466	14,964
Councillor Kristi Edwards	10,988	5,317	16,305	17,678
Councillor Gord Wolstenholme	12,663	5,381	18,044	19,550
 Municipal manager - Keenan	 \$ 137,771	 \$ 23,435	 \$ 161,206	 \$ 158,355

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

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

16. 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 Town be disclosed as follows:

	2020	2019
Total debt limit	\$ 11,529,941	\$ 16,744,451
Total debt	4,317,740	4,687,892
	\$ 7,212,201	\$ 12,056,559
Debt servicing limit	\$ 1,921,657	\$ 2,790,742
Debt servicing	511,191	511,191
	\$ 1,410,466	\$ 2,279,551

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 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.

17. Local authorities pension plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 274,000 people and 420 employers. The LAPP is financed by the 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 Town 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. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$170,656 (2019 - \$141,405). Total current service contributions by the employees of the Town to the LAPP in 2020 were \$154,225 (2019 - \$128,949).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

18. Segmented disclosure

The Town 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 financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3).

19. Financial instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or risk arising from these financial instruments.

The Town 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 Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

20. Commitments and contingencies

a) The Town is a member of the Alberta 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.

b) Employees of the Town are allowed to accrue sick leave to a maximum of 1,120 hours. As at December 31, 2020 the amount of accumulated sick leave was \$527,936. The amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

c) The Town has guaranteed repayment to a maximum of \$50,000 of an operating line of credit for the Empress Theatre Society to the Canadian Imperial Bank of Commerce. As at December 31, 2020 the outstanding operating line of credit balance was nil.

d) The Town has future commitments to complete the pool renovations capital project started in 2019. The cost to the Town is estimated to be \$2,860,000 which will be funded by reserves. The cost to date is \$1,547,955 which has been included in construction in progress.

e) The Town has future commitments to complete the southwest industrial area utility upgrade which started in 2019. The cost to the Town is estimated to be \$3,554,000 and will be funded by grants in the amount of \$2,241,000 and reserves for the remainder. The cost to date is \$1,866,924 which has been included in construction in progress.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

21. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Town's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Town has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Town. Cost saving measures have been instituted where appropriate. The Town continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Town due to the pandemic.

The situation is continually changing and the future impact on the Town is not readily determinable at this time.

22. Budget amounts

The 2020 budget for the Town was approved by Council on April 27, 2020 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted deficit per financial statements	\$ (407,399)
Less: Capital expenditures	(11,149,500)
Long-term debt repayments	(370,155)
Transfers to reserves	(123,260)
Add: Amortization of tangible capital assets	1,522,200
Transfers from reserves	10,528,114
<hr/>	
Equals: Balanced budget	<u>\$ -</u>

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

23. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

24. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2020	2019
Balance, beginning of year	\$ 1,920,033	\$ 12,597,805	\$ 41,528,845	\$ 56,046,683	\$ 51,236,469
Excess of revenue over expenses	2,174,795	-	-	2,174,795	4,810,214
Unrestricted funds designated for future use	(1,190,738)	1,190,738	-	-	-
Restricted funds used for operations	106,189	(106,189)	-	-	-
Restricted funds used for tangible capital assets	-	(1,703,156)	1,703,156	-	-
Current year funds used for tangible capital assets	(2,277,410)	-	2,277,410	-	-
Contributed tangible capital assets	(355,080)	-	355,080	-	-
Disposal of tangible capital assets	289,243	-	(289,243)	-	-
Amortization of tangible capital assets	1,530,868	-	(1,530,868)	-	-
Long-term debt repaid - capital	(262,564)	-	262,564	-	-
Change in accumulated surplus	15,303	(618,607)	2,778,099	2,174,795	4,810,214
Balance, end of year	\$ 1,935,336	\$ 11,979,198	\$ 44,306,944	\$ 58,221,478	\$ 56,046,683

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
Cost:									
Balance, beginning of year	\$ 188,313	\$ 1,756,583	\$ 25,667,519	\$ 35,284,481	\$ 4,180,368	\$ 1,516,382	\$ 3,370,722	\$ 71,964,367	\$ 70,425,102
Acquisitions	75,000	31,695	-	355,080	168,279	-	3,705,593	4,335,647	4,208,133
Transfers	-	-	159,143	2,316,188	1,056,522	-	(3,531,853)	-	-
Disposals	-	-	-	(92,759)	(167,001)	(323,576)	(92,930)	(676,266)	(2,668,868)
Balance, end of year	263,313	1,788,278	25,826,662	37,862,990	5,238,168	1,192,806	3,451,532	75,623,748	71,964,367
Accumulated amortization:									
Balance, beginning of year	-	842,557	9,399,010	14,396,446	1,377,086	991,715	-	27,006,814	26,299,780
Annual amortization	-	87,378	430,572	690,919	267,969	54,030	-	1,530,868	1,575,455
Disposals	-	-	-	(89,811)	(87,146)	(210,063)	-	(387,020)	(868,421)
Balance, end of year	-	929,935	9,829,582	14,997,554	1,557,909	835,682	-	28,150,662	27,006,814
Net book value	\$ 263,313	\$ 858,343	\$ 15,997,080	\$ 22,865,436	\$ 3,680,259	\$ 357,124	\$ 3,451,532	\$ 47,473,086	\$ 44,957,553
2019 net book value	\$ 188,313	\$ 914,026	\$ 16,268,509	\$ 20,888,035	\$ 2,803,281	\$ 524,667	\$ 3,370,722	\$ 44,957,553	

TOWN OF FORT MACLEOD
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of segmented disclosure								Schedule 3
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 2,972,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,972,136
User fees and sales of goods	5,500	21,625	7,650	2,374,004	42,304	498,040	26,974	2,976,097
Government transfers for operating	149,310	9,000	-	10,000	280,949	-	55,621	504,880
Investment income	387,665	-	-	-	-	-	-	387,665
Penalties and costs of taxes	34,638	24,346	-	-	-	-	-	58,984
Licenses and permits	34,250	3,405	-	-	-	98,778	-	136,433
Franchise and concession contracts	481,274	-	-	-	-	-	-	481,274
Rental	17,210	10,200	9,920	-	-	-	84,453	121,783
Other	25,932	-	-	6,162	15,281	-	-	47,375
	4,107,915	68,576	17,570	2,390,166	338,534	596,818	167,048	7,686,627
Expenses								
Salaries, wages and benefits	666,532	179,563	537,463	420,011	208,157	138,169	542,337	2,692,232
Contracted and general services	486,759	156,993	115,683	715,611	60,479	190,137	188,587	1,914,249
Materials, goods, supplies and utilities	111,816	102,065	381,542	382,440	76,624	12,890	214,119	1,281,496
Bank charges and short term interest	14,358	-	-	-	-	-	-	14,358
Interest on long term debt	27,977	-	42,095	61,508	-	-	7,265	138,845
Other expenditures	7,807	-	-	-	-	-	-	7,807
Transfers to organizations and others	291,815	-	-	32,637	-	-	-	324,452
Amortization of tangible capital assets	71,985	43,698	591,919	612,325	13,577	-	197,364	1,530,868
Loss on disposal of tangible capital assets	-	-	100,138	-	-	-	-	100,138
	1,679,049	482,319	1,768,840	2,224,532	358,837	341,196	1,149,672	8,004,445
Excess (deficiency) of revenue over expenses before other	2,428,866	(413,743)	(1,751,270)	165,634	(20,303)	255,622	(982,624)	(317,818)
Other								
Government transfers for capital	-	-	1,947,577	189,956	-	-	-	2,137,533
Contributed assets	-	-	355,080	-	-	-	-	355,080
	-	-	2,302,657	189,956	-	-	-	2,492,613
Excess (deficiency) of revenue over expenses	\$ 2,428,866	\$ (413,743)	\$ 551,387	\$ 355,590	\$ (20,303)	\$ 255,622	\$ (982,624)	\$ 2,174,795

Town of Fort Macleod
P.O. Box 1420
Fort Macleod, Alberta T0L 0Z0

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

I, being the manager of Town of Fort Macleod, have reviewed the adjusting journal entries and reclassification entries prepared by Avail LLP for the year ended December 31, 2020 and I approve the entries prepared and accept responsibility for them.

Yours truly,

Town of Fort Macleod

Per:  Title: Director of Finance Date: March 22, 2021

Town of Fort Macleod
Year End: December 31, 2020
Adjusting journal entries
Date: 1/1/2020 To 12/31/2020

Prepared by	Reviewed by

AJE

Number	Date	Name	Account No	Debit	Credit
AVL1	12/31/2020	POOL RECONSTRUCTION 2020	3-00-00-351		108,424.73
AVL1	12/31/2020	WORK IN PROGRESS- WIP	3-00-00-670	108,424.73	
AVL1	12/31/2020	HOLDBACKS PAYABLE	4-00-00-431		108,424.73
AVL1	12/31/2020	INTERNAL FINANCING	4-00-00-762	108,424.73	
To record additional holdbacks funded through reserves					
AVL2	12/31/2020	AMORTIZATION - PUBLIC WORKS	2-32-00-690		8,303.19
AVL2	12/31/2020	AMORTIZATION - PUBLIC WORKS	2-32-00-690		499.58
AVL2	12/31/2020	AMORTIZATION - WATER	2-41-00-690		14,879.11
AVL2	12/31/2020	AMORTIZATION - WASTE MANAGEMENT	2-43-00-690		263.70
AVL2	12/31/2020	AMORTIZATION - CEMETERY	2-56-00-690		633.90
AVL2	12/31/2020	ACCUM AMORTZ-ENGINEER STRUCTURES	3-00-00-611	23,945.58	
AVL2	12/31/2020	ACCUM AMORTZ - LAND IMPROVMNT	3-00-00-661	633.90	
To adjust additions to engineering structures and land improvements at 1/2 year rate					
AVL3	12/31/2020	EQUITY IN FIXED ASSETS	4-00-00-810	1,328,577.00	
AVL3	12/31/2020	SURPLUS/DEFICIT	4-00-00-910		1,328,577.00
To allocate equity in TCA					
CLIENT1	12/31/2020	CAP TRANSFER FROM RESTRICTED RESERV	1-12-00-920		248,682.00
CLIENT1	12/31/2020	CAP TRANSFER FROM UNRESTRICTED RESE	1-12-00-930	1,318,682.00	
CLIENT1	12/31/2020	FACILITIES & EQUIPMENT R&M	4-00-00-710	211,270.00	
CLIENT1	12/31/2020	ONE TIME PROJECTS	4-00-00-720		117,035.00
CLIENT1	12/31/2020	MILL RATE STABILIZATION	4-00-00-740		1,263.00
CLIENT1	12/31/2020	CONTINGENCY	4-00-00-741	137,560.00	
CLIENT1	12/31/2020	WATER RATE STABILIZATION	4-00-00-742		1,000.00
CLIENT1	12/31/2020	SEWER RATE STABILIZATION	4-00-00-743	19,000.00	
CLIENT1	12/31/2020	GARBAGE RATE STABILIZATION	4-00-00-744	150.00	
CLIENT1	12/31/2020	SUNDRY TRUST	4-00-00-761	2,200.00	
CLIENT1	12/31/2020	INTERNAL FINANCING	4-00-00-762		648,023.00
CLIENT1	12/31/2020	BUILDING MGMT LIFECYCLE COSTS	4-00-00-770		1,240.00
CLIENT1	12/31/2020	ENG STRUCTURES MGMT LIFECYCLE COSTS	4-00-00-771		147,650.00
CLIENT1	12/31/2020	FLEET MGMT LIFECYCLE COSTS	4-00-00-772	10,000.00	
CLIENT1	12/31/2020	MACH & EQUIP MGMT LIFECYCLE COSTS	4-00-00-774	135,026.00	
CLIENT1	12/31/2020	LAND IMPROV MGMT LIFECYCLE COSTS	4-00-00-775		309,995.00
CLIENT1	12/31/2020	ONE TIME PROJECTS	4-00-00-780		25,000.00
CLIENT1	12/31/2020	MULTI YEAR_FUTURE YEAR PROJECTS	4-00-00-781	45,000.00	
CLIENT1	12/31/2020	YEAR END CARRYFORWARDS	4-00-00-782		304,000.00
CLIENT1	12/31/2020	CAPITAL STABILIZATION - ROADS	4-00-00-790		75,000.00
To record additional reserve transfers at year end					
				3,448,893.94	3,448,893.94

Town of Fort Macleod
Year End: December 31, 2020
Reclassifying journal entries
Date: 1/1/2020 To 12/31/2020

Prepared by	Reviewed by

RJE

Number	Date	Name	Account No	Debit	Credit
R1	12/31/2020	Cash reclassification	R12201	6,849,519.50	
R1	12/31/2020	Cash reclass	R12202		6,849,519.50
		To reclassify cash portion of investments			
R2	12/31/2020	DEBENTURES PAYABLE	4-00-00-310	1,151,597.97	
R2	12/31/2020	Debenture payable - 2009	4-00-00-320		1,151,597.97
		To allocate operating portion of debt			
R3	12/31/2020	(GAIN) LOSS ON DISPOSAL OF ASSETS	1-12-00-691	92,928.00	
R3	12/31/2020	GENERAL ENGINEERING	2-32-00-250		92,928.00
		To allocate the loss on disposal of WIP			
R4	12/31/2020	Prepaid tax deposit reclass	R21100		120,246.25
R4	12/31/2020	TAXES RECEIVABLE - CURRENT	3-00-00-210	120,246.25	
		To allocate prepaid taxes			
R5	12/31/2020	GAIN ON DISPOSAL OF ASSETS	1-23-00-691	100,138.21	
R5	12/31/2020	Gain on disposal of TCA	R1-12-00-691		100,138.21
		To allocate loss on sale for F/S purposes			
R6	12/31/2020	Capital grants	R1-12-00-870	2,137,533.44	
R6	12/31/2020	Capital grants	R1-12-00-871		1,947,577.44
R6	12/31/2020	Capital grants	R1-12-00-872		189,956.00
		To allocate capital grants by function			
				10,451,963.37	10,451,963.37
		Net Income (Loss)	2,174,795.09		

TOWN OF FORT MACLEOD
P.O. Box 1420
Fort Macleod, AB T0L 0Z0

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of the Town of Fort Macleod for the year ended December 31, 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

1. Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 31, 2020 for:

- a) Preparing and fairly presenting the financial statements in accordance with Canadian public sector accounting standards;
- b) Providing you with:
 - i) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - A. Accounting records, supporting data and other relevant documentation,
 - B. Minutes of meetings (such as shareholders, board of directors and audit committees),
 - C. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - ii) Additional information that you have requested from us for the purpose of the audit; and
 - iii) Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- c) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d) Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

2. Fraud and Non-Compliance

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

We have disclosed to you the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you:

- a) All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - i) Management;
 - ii) Employees who have significant roles in internal control; or
 - iii) Others where the fraud could have a material effect on the financial statements;
- b) All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c) All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d) All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e) The results of our risk assessments regarding possible fraud or error in the financial statements.

3. **Related Parties**

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.

4. **Estimates**

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian public sector accounting standards. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the methods, significant assumptions and the data used by us in making accounting estimates and related financial statement disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with Canadian public sector accounting standards.

5. **Subsequent Events**

All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards requires adjustment or disclosure have been adjusted or disclosed.

6. **Going Concern**

We confirm that the use of the going-concern basis of accounting in preparing the financial statements remains appropriate.

7. **Commitments and Contingencies**

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

8. **Adjustments**

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

9. **Misstatements**

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter.

10. **Other Representations**

Accounting Policies

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

Future Plans

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements

Contractual compliance

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

Fair values

We confirm that the significant assumptions, methods and data used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

Inventories

The inventories recorded were the property of our entity and were determined by actual count, weight or measurement. They do not include any items billed to customers but not shipped, any items returned by customers for which credits have not been recorded, any items on consignment, or other arrangements either owned by us or by our suppliers. Inventories were measured on the same basis and were determined in the same manner as inventories at the end of the preceding period.

Material measurement uncertainties

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Capital assets

Capital assets are recorded at cost. We have good and valid title to all capital assets reflected in the accounts relating thereto, and there are no liens or encumbrances on our assets. No material amounts relating to additions or improvements of capital assets were charged to expense during the year. The provision for amortization is based on the cost and expected economic useful lives of the property.

Receivables

The accounts receivable reflected in the accounts constitute valid claims against customers or other debtors. Receivables known to be uncollectible have been written off, and adequate provision has been made for anticipated adjustments or losses in connection with the collection of receivables.

Regulatory compliance

We are up to date with all corporate filings and annual returns. This includes all Canada Revenue Agency and HST/GST/PST returns.

Revenue recognition

We have recorded all revenue that met the following criteria:

- a) Persuasive evidence of an arrangement exists;
- b) Delivery has occurred, or services have been rendered;
- c) Price is fixed or determinable; and
- d) Collectability is reasonably assured.

Compliance with funding and grant agreements

We have disclosed to you all known instances of non-compliance or suspected non-compliance with our funding and grant agreements.

Yours truly,

Town of Fort Macleod

Per: Sue Keenan Title: CAO Date: March 22, 2021

Per: [Signature] Title: Director of Finance Date: March 22, 2021

Town of Fort Macleod
 Unadjusted Financial Statement Misstatements
 For the year ended December 31, 2020

Unadjusted Financial Statement Misstatements	Proposed Adjustments Dr (Cr)				
			Balance Sheet		
	Opening Equity	Income Statement	Assets	Liabilities	Closing Equity
Carryforwards					
Estate Donation	\$ (24,100)	\$ 5,000	\$ -	\$ 19,100	\$ (19,100)
Subtotal	(24,100)	5,000	-	19,100	(19,100)
Income taxes	-	-	-	-	-
Total	\$ (24,100)	\$ 5,000	\$ -	\$ 19,100	\$ (19,100)

Per:  Title: CAO Date: March 22, 2021