

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Financial Statements

For the Year Ended December 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Smoky River Regional Water Management Commission

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

JDP Wasserman & Associates have been appointed by the Board Members of Smoky River Regional Water Management Commission to express an opinion on the financial statements.



Marco Gervais
Manager

Falher, AB
March 22, 2021



JDP Wasserman & Associates *
Chartered Professional Accountants

6515 – 118th Avenue NW
Edmonton, AB T5W 1G5
Telephone: (780) 479-7327
Fax: (780) 474-5696
E-mail: info@jdpwasserman.com

5010 – 51st Street
Wetaskiwin, AB T9A 1L3
Telephone: (780) 352-8982
Fax: (780) 352-5285
E-mail: info@jdpwasserman.com

101, 4946 – 50th Street
Camrose, AB T4V 1R1
Telephone: (780) 608-4849
Fax: (587) 386-0079
E-mail: info@jdpwasserman.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Smoky River Regional Water Management Commission

Opinion

We have audited the financial statements of Smoky River Regional Water Management Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows 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 Commission as at December 31, 2020, and the results of its operations, changes in net financial debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with ethical requirements that are relevant to our audit of 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 financial statements of the Commission for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 30, 2020.

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

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

In preparing the financial statements, management is responsible for assessing the Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (Members of the Board) are responsible for overseeing the Commission's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission'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 Commission 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.

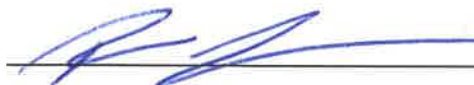
Edmonton, Alberta
March 22, 2021


ISRAEL WASSERMAN PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**Statement of Financial Position****As at December 31, 2020**

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,233,174	\$ 862,683
Accounts receivable (Note 3)	89,345	93,684
Investments (Note 4)	2,455	231,251
	<u>1,324,974</u>	<u>1,187,618</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	55,488	43,469
Long-term debt (Note 7)	1,804,058	1,930,073
	<u>1,859,546</u>	<u>1,973,542</u>
NET FINANCIAL DEBT	<u>(534,572)</u>	<u>(785,924)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	400	200
Inventory for consumption	10,397	13,343
Tangible capital assets (Schedule 1)	13,192,732	13,524,319
	<u>13,203,529</u>	<u>13,537,862</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 12,668,957</u>	<u>\$ 12,751,938</u>

CONTINGENCY (Note 6)

ON BEHALF OF THE BOARD:
Chair
Board Member

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2020

	2020 (Budget) (Note 12)	2020 (Actual)	2019 (Actual)
REVENUES			
Fees charged to commission members (Note 9)	\$ 1,081,500	\$ 1,026,365	\$ 1,032,264
Investment income	8,000	20,712	25,270
Other revenues	4,800	7,802	19,441
	<u>1,094,300</u>	<u>1,054,879</u>	<u>1,076,975</u>
EXPENSES			
Amortization of tangible capital assets	329,171	356,626	370,705
Salaries, wages and benefits	333,350	315,419	312,789
Utilities	163,000	126,625	150,972
Interest on long-term debt	94,807	94,610	101,325
Chemicals	72,000	62,858	68,071
Fleet	-	47,571	-
Insurance	25,500	27,634	25,317
Professional services	25,000	20,297	8,291
Supplies and fuel	19,000	18,641	18,930
Repairs and maintenance	70,000	17,964	35,568
Contracted and general services	20,400	17,816	12,096
Postage, phone and freight	10,000	8,648	9,179
Travel and subsistence	6,500	5,992	6,141
Rental	1,000	2,040	2,040
Advertising, print and memberships	500	1,595	396
	<u>1,170,228</u>	<u>1,124,336</u>	<u>1,121,820</u>
ANNUAL DEFICIT BEFORE OTHER	(75,928)	(69,457)	(44,845)
OTHER REVENUES (EXPENSES)			
Loss on disposal of tangible capital assets	-	(13,524)	-
ANNUAL DEFICIT	(75,928)	(82,981)	(44,845)
ACCUMULATED SURPLUS - TO BEGIN YEAR	12,751,938	12,751,938	12,796,783
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 12,676,010</u>	<u>\$ 12,668,957</u>	<u>\$ 12,751,938</u>

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Statement of Changes in Net Financial Debt

For the Year Ended December 31, 2020

	2020 (Budget) (Note 12)	2020 (Actual)	2019 (Actual)
ANNUAL DEFICIT	\$ (75,928)	\$ (82,981)	\$ (44,845)
Amortization of tangible capital assets	329,171	356,626	370,705
Purchase of tangible capital assets	-	(78,438)	(62,083)
Proceeds on disposal of tangible capital assets	-	39,875	-
Loss on disposal of tangible capital assets	-	13,524	-
Acquisition of prepaid expenses	-	(200)	-
Use (acquisition) of inventory for consumption	-	2,946	(4,216)
	<u>329,171</u>	<u>334,333</u>	<u>304,406</u>
INCREASE IN NET FINANCIAL ASSETS	253,243	251,352	259,561
NET FINANCIAL DEBT - BEGINNING OF YEAR	(785,924)	(785,924)	(1,045,485)
NET FINANCIAL DEBT - END OF YEAR	\$ (532,681)	\$ (534,572)	\$ (785,924)

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**Statement of Cash Flows****For the Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Annual deficit	\$ (82,981)	\$ (44,845)
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	356,626	370,705
Loss on disposal of tangible capital assets	13,524	-
	<u>287,169</u>	<u>325,860</u>
Changes in non-cash working capital:		
Accounts receivable	4,339	(6,349)
Accounts payable and accrued liabilities	12,019	3,703
Prepaid expenses	(200)	-
Inventory for consumption	2,946	(4,216)
	<u>19,104</u>	<u>(6,862)</u>
Cash flow from operating activities	<u>306,273</u>	<u>318,998</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(78,438)	(62,083)
Proceeds on disposal of tangible capital assets	39,875	-
Net change in investments	<u>228,796</u>	<u>(229,407)</u>
Cash flow from (used by) investing activities	<u>190,233</u>	<u>(291,490)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	<u>(126,015)</u>	<u>(146,111)</u>
Cash flow used by financing activity	<u>(126,015)</u>	<u>(146,111)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>370,491</u>	<u>(118,603)</u>
Cash and cash equivalents - beginning of year	<u>862,683</u>	<u>981,286</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,233,174</u>	<u>\$ 862,683</u>

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2020

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2020	2019
OST								
BALANCE, BEGINNING OF YEAR	\$ 50,000	\$ -	\$ -	\$ 19,271,794	\$ -	\$ 99,988	\$ 19,421,782	\$ 19,359,696
Purchase of tangible capital assets	-	-	-	78,438	-	-	78,438	62,083
Disposal of tangible capital assets	-	-	-	-	-	(99,988)	(99,988)	-
BALANCE, END OF YEAR	\$ 50,000	\$ -	\$ -	\$ 19,350,232	\$ -	\$ -	\$ 19,400,232	\$ 19,421,782
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ 5,850,874	\$ -	\$ 46,589	\$ 5,897,463	\$ 5,526,758
Amortization of tangible capital assets	-	-	-	356,626	-	-	356,626	370,705
Disposal of tangible capital assets	-	-	-	-	-	(46,589)	(46,589)	-
BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ 6,207,500	\$ -	\$ -	\$ 6,207,500	\$ 5,897,463
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 50,000	\$ -	\$ -	\$ 13,142,732	\$ -	\$ -	\$ 13,192,732	\$ 13,524,319
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2019	\$ 50,000	\$ -	\$ -	\$ 13,420,920	\$ -	\$ 53,399	\$ 13,524,319	

Included in the net book value of tangible capital assets is work-in-progress of \$Nil (2019 - \$Nil).

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Schedule of Equity in Tangible Capital Assets

(Schedule 2)

For the Year Ended December 31, 2020

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 11,594,246	\$ 11,756,757
Purchase of tangible capital assets	78,438	62,083
Amortization of tangible capital assets	(356,626)	(370,705)
Repayment of long-term debt	126,015	146,111
Cost of tangible capital assets disposed of	(99,988)	-
Accumulated amortization of tangible capital assets disposed	46,589	-
BALANCE, END OF YEAR	\$ 11,388,674	\$ 11,594,246
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets (Schedule 1)	\$ 13,192,732	\$ 13,524,319
Long-term debt (Note 7)	(1,804,058)	(1,930,073)
	\$ 11,388,674	\$ 11,594,246

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

1. ACCOUNTING POLICIES

The financial statements of Smoky River Regional Water Management Commission (the "Commission") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Commission are as follows:

(a) *Reporting Entity*

The financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the Commission. The members of the Commission are the Towns of Falher and McLennan, the Villages of Girouxville and Donnelly, and the Municipal District of Smoky River No. 130.

The Commission is constituted under the *Alberta Municipal Government Act* and was established for the purpose of constructing, maintaining, controlling, and managing a regional water supply line from Smoky River. It was approved by the Minister of Municipal Affairs on May 28, 2003.

The Commission is exempt from income taxes under Section 149 of the *Canadian Income Tax Act*.

(b) *Basis of Accounting*

The Commission follows the accrual basis of accounting. Revenues are accounted for in the period in which the service is delivered or in which the transactions or events occurred that gave rise to the revenues. Investment income is recognized when it is earned. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Commission has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(d) *Investments*

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

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SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

1. ACCOUNTING POLICIES *(continued)*

(e) 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 annual deficit, provides the Statement of Changes in Net Financial Debt for the year (page 7).

(f) Inventories for Consumption

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(g) 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:

Engineered structures	45 - 75 years
Vehicles	10 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

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

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.

(h) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Commission is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(continues)

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

1. ACCOUNTING POLICIES (continued)

(i) Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenses 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.

The Commission has used estimates to determine accrued liabilities and tangible capital asset useful lives.

(j) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, *PS3280 Asset Retirement Obligations* provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, *PS3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. CASH AND CASH EQUIVALENTS

	2020	2019
Notice on demand bank accounts	\$ 868,021	\$ 557,246
Bank account	365,143	305,427
Petty cash	10	10
	<u>\$ 1,233,174</u>	<u>\$ 862,683</u>

The notice on demand bank accounts bear interest at rates ranging from 1.50% to 2.45% and require notice to access funds of 90 days.

3. ACCOUNTS RECEIVABLE

	2020	2019
Trade and other	\$ 78,345	\$ 82,679
Goods and Services Tax recoverable	11,000	11,005
	<u>\$ 89,345</u>	<u>\$ 93,684</u>

4. INVESTMENTS

Investments consist of an equity share in the Girouxville Co-op. Investments as of December 31, 2019 also included a long-term deposit with both a cost and market value of \$229,128 which earned interest at an effective rate of 2.7% and matured January 9, 2020.

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade and other	\$ 28,171	\$ 13,697
Employee earned vacation and sick liability	23,360	25,618
Accrued interest on long-term debt	3,957	4,154
	<u>\$ 55,488</u>	<u>\$ 43,469</u>

6. CONTINGENCY

The Commission has received a statement of claim which was filed March 30, 2012 in the amount of \$115,951 plus Goods and Services Tax, interest and costs, filed by In-Line Contracting Ltd., a contractor to the Commission in respect of the project known as the "Smoky River Water Commission Raw Water Supply Contract 2". In turn, the Commission has counterclaimed for \$1,000,000 for costs associated with correction of deficiencies. At this time, we are unable to make a conclusive determination regarding liability and quantum. No amount payable or receivable has been set up as at December 31, 2020.

7. LONG-TERM DEBT

	2020	2019
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$70,601 including interest at 5.012% maturing in 2031.	\$ 1,141,965	\$ 1,222,877
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$26,488 including interest at 4.995% maturing in 2032.	459,217	488,166
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$10,410 including interest at 4.980% maturing in 2034.	202,876	213,207
Capital Ford Credit loan repayable in monthly installments of \$485 with 0% interest maturing in 2020.	-	5,823
	<u>\$ 1,804,058</u>	<u>\$ 1,930,073</u>

Principal and interest payments are due as follows:

	Principal	Interest	Total
2021	\$ 126,283	\$ 88,715	\$ 214,998
2022	132,682	82,316	214,998
2023	139,406	75,592	214,998
2024	146,471	68,527	214,998
2025	153,894	61,104	214,998
Thereafter	1,105,322	192,609	1,297,931
	<u>\$ 1,804,058</u>	<u>\$ 568,863</u>	<u>\$ 2,372,921</u>

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

8. DEBT LIMITS

Debenture debt is repayable to the Alberta Capital Finance Authority and is issued on the credit and security of the Commission at large. Section 3 of Alberta Regulation 76/2000 requires that debt and debt limits for the Commission be disclosed as follows:

	2020	2019
Total debt limit	\$ 2,109,758	\$ 2,153,950
Total debt	(1,804,058)	(1,930,073)
Total debt limit remaining	\$ 305,700	\$ 223,877
Service on debt limit	\$ 369,208	\$ 376,941
Service on debt	(214,998)	(220,821)
Total service on debt limit remaining	\$ 154,210	\$ 156,120

The debt limit is calculated at 2 times revenues of the Commission (as defined by Alberta Regulation 76/2000) and the debt service limit is calculated at 0.35 times such revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipal entities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Commission. Rather, the financial statements must be interpreted as a whole.

9. RELATED PARTIES

Fees charged to Commission members are summarized as follows:

	2020	2019
Town of Falher	\$ 453,695	\$ 481,776
Smoky River Water Co-operative Ltd.	271,364	248,158
Village of Girouxville	166,201	168,559
Village of Donnelly	135,105	133,771
Town of McLennan	-	-
Municipal District of Smoky River No. 130	-	-
\$ 1,026,365	\$ 1,032,264	

Smoky River Water Co-operative Ltd. has also been identified as a related party. Even though it is not a member of the Commission, it does have two representative Directors on the Commission's Board.

Included in contracted and general services expenses is \$4,200 (2019 - \$3,966) to the Town of Falher for administrative services. Rental expense also relates to the Town of Falher for \$2,040 (2019 - \$2,040). Included in other revenues is \$3,600 (2019 - \$3,600) from Smoky River Water Co-operative Ltd. for booster station monitoring.

Included in accounts receivable and accounts payable and accrued liabilities as of December 31, 2020 is \$77,986 (2019 - \$80,750) and \$8,642 (2019 - \$Nil), respectively.

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

10. ACCUMULATED SURPLUS

	2020	2019
Unrestricted surplus	\$ 30,283	\$ 39,692
Restricted surplus		
Operating reserves (Note 10)	222,000	222,000
Capital reserves (Note 10)	1,028,000	896,000
Equity in tangible capital assets (Schedule 2)	11,388,674	11,594,246
	\$ 12,668,957	\$ 12,751,938

11. RESTRICTED SURPLUS

	2020	2019
Operating Reserves		
Operating	\$ 212,000	\$ 212,000
Insurance deductible	10,000	10,000
	\$ 222,000	\$ 222,000
Capital Reserves		
Capital replacement	\$ 992,000	\$ 860,000
Vehicle replacement	36,000	36,000
	\$ 1,028,000	\$ 896,000

12. BUDGET FIGURES

	2020 (Budget)	2020 (Actual)
Annual deficit	\$ (75,928)	\$ (82,981)
Amortization of tangible capital assets	329,171	356,626
Acquisition of tangible capital assets	-	(78,438)
Repayment of long-term debt	(120,192)	(126,015)
Net transfers (to) from reserves	(132,000)	(132,000)
Results of operations	\$ 1,051	\$ (62,808)

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Members of the Board on October 28, 2019. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2020

13. FINANCIAL INSTRUMENTS

The Commission's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Commission is not exposed to significant market or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Commission is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Commission's credit risk.

14. IMPACT OF COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. COVID-19 had minimal operational or financial impacts on the Commission in 2020 and it is management's opinion that COVID-19 will not have a significant financial impact on the Commission in the future.

Overall, as government response is still ongoing and an end to the pandemic is indeterminable, an estimate of any future potential financial impact on the Commission cannot be made at this time. However, many businesses and individuals in a vast array of sectors may continue to experience an economic loss due to COVID-19 which may have a financial impact on the Commission.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Members of the Board and management.
