

TOWN OF MILK RIVER

Financial Statements

For the Year Ended December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Milk River (the Town).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the 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 fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

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

Kelly Lloyd, CAO

Milk River, Alberta



INDEPENDENT AUDITOR'S REPORT

To the Members of Town of Milk River

Opinion

We have audited the financial statements of the Town of Milk River (the Town), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in net financial assets 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 Town as at December 31, 2021, and 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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 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 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:

(continues)

Independent Auditor's Report to the Members of Town of Milk River *(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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Shawn Cook
Professional Corporation

Lethbridge, Alberta
June 1, 2022

Chartered Professional Accountants



TOWN OF MILK RIVER
Consolidated Statement of Financial Position
As at December 31, 2021

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	2,372,216	2,486,443
Receivables		
Taxes and grants in place of taxes (Note 3)	81,020	108,877
Trade and other (Note 4)	211,103	180,694
Land held for resale	<u>287,538</u>	<u>137,968</u>
	<u>2,951,877</u>	<u>2,913,982</u>
LIABILITIES		
Accounts payable and accrued liabilities	197,489	183,415
Employee benefit obligation (Note 5)	6,478	-
Deferred revenue (Note 6)	<u>-</u>	<u>28,771</u>
	<u>203,967</u>	<u>212,186</u>
NET FINANCIAL ASSETS	<u>2,747,910</u>	<u>2,701,796</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	11,897,759	11,971,262
Inventory for consumption	40,268	40,268
Prepaid expenses and deposits	<u>1,192</u>	<u>-</u>
	<u>11,939,219</u>	<u>12,011,530</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 9)	<u>14,687,129</u>	<u>14,713,326</u>

COMMITMENTS AND CONTINGENCIES (Note 12)

Approved by the Council:

TOWN OF MILK RIVER
Consolidated Statement of Operations
For the Year Ended December 31, 2021

	Budget (Unaudited) \$	2021 \$	2020 \$
REVENUES			
Net municipal property taxes (Schedule 3)	785,196	794,211	831,859
User fees and sales of goods	558,300	658,162	534,553
Franchise and concession contracts	162,000	164,100	159,446
Government transfers (Schedule 4)	116,215	114,810	210,347
Rental	40,465	47,552	43,003
Gain on disposal of capital assets	-	41,679	-
Investment income	30,100	19,230	29,646
Penalties and costs of taxes	7,500	17,592	12,892
Licenses, permits and fines	4,100	5,682	8,820
Other	<u>15,500</u>	<u>4,220</u>	<u>3,670</u>
	<u>1,719,376</u>	<u>1,867,238</u>	<u>1,834,236</u>
EXPENSES			
Water supply and wastewater treatment	382,625	617,623	668,741
Roads, streets, walks, lighting and common services	348,012	492,087	472,872
Administration	339,715	418,794	368,971
Parks and recreation	196,685	329,361	239,083
Waste management	85,605	149,956	144,195
Police, fire and bylaw enforcement	116,008	139,641	123,638
Legislative	63,400	53,611	65,529
Land use planning, zoning, and development	12,250	24,005	10,764
Other	19,300	14,110	14,295
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>1,563,600</u>	<u>2,239,188</u>	<u>2,109,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	155,776	(371,950)	(274,852)
OTHER			
Government transfers for capital (Schedule 4)	<u>285,000</u>	<u>345,753</u>	<u>592,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	440,776	(26,197)	317,852
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>14,713,326</u>	<u>14,713,326</u>	<u>14,395,474</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>15,154,102</u>	<u>14,687,129</u>	<u>14,713,326</u>

TOWN OF MILK RIVER

Consolidated Statement of Change in Net Financial Assets For the Year Ended December 31, 2021

	Budget (Unaudited) \$	2021 \$	2020 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>440,776</u>	<u>(26,197)</u>	<u>317,852</u>
Acquisition of tangible capital assets	-	(541,751)	(1,116,112)
Proceeds on disposal of tangible capital assets	-	35,000	53,000
Amortization of tangible capital assets	-	615,254	590,562
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>(35,000)</u>	<u>1,000</u>
	<u>-</u>	<u>73,503</u>	<u>(471,550)</u>
Use (acquisition) of prepaid assets and deposits	-	(1,192)	4,485
Use (acquisition) of inventory for consumption	<u>-</u>	<u>-</u>	<u>15,057</u>
	<u>-</u>	<u>(1,192)</u>	<u>19,542</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	440,776	46,114	(134,156)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,701,796</u>	<u>2,701,796</u>	<u>2,835,952</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>3,142,572</u></u>	<u><u>2,747,910</u></u>	<u><u>2,701,796</u></u>

TOWN OF MILK RIVER
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

	2021 \$	2020 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	(26,197)	317,852
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	615,254	590,562
(Gain) loss on disposal of tangible capital assets	(35,000)	1,000
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	27,857	(21,971)
Decrease in trade and other receivables	(30,409)	116,168
Decrease (increase) in land held for resale	(149,570)	(60,546)
Decrease (increase) in inventory for consumption	-	15,057
Decrease (increase) in prepaid expenses and deposits	(1,192)	4,485
Increase in accounts payable and accrued liabilities	14,074	4,337
Increase in employee benefit obligation	6,478	-
Increase (decrease) in deferred revenue	(28,771)	8,254
	<u>392,524</u>	<u>975,198</u>
CAPITAL		
Acquisition of tangible capital assets	(541,751)	(1,116,112)
Proceeds on disposal of tangible capital assets	<u>35,000</u>	<u>53,000</u>
	<u>(506,751)</u>	<u>(1,063,112)</u>
CHANGE IN CASH DURING THE YEAR	(114,227)	(87,914)
CASH, BEGINNING OF YEAR	<u>2,486,443</u>	<u>2,574,357</u>
CASH, END OF YEAR	<u><u>2,372,216</u></u>	<u><u>2,486,443</u></u>

TOWN OF MILK RIVER**Schedule of Changes in Accumulated Surplus****For the Year Ended December 31, 2021****Schedule 1**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2021 \$	2020 \$
BALANCE, BEGINNING OF THE YEAR	<u>1,604,334</u>	<u>1,137,730</u>	<u>11,971,262</u>	<u>14,713,326</u>	<u>14,395,474</u>
Excess (deficiency) of revenues over expenses	(26,197)	-	-	(26,197)	317,852
Unrestricted funds designated for future use	(51,803)	51,803	-	-	-
Current year funds used for tangible capital assets	(541,751)	-	541,751	-	-
Annual amortization expense	<u>615,254</u>	<u>-</u>	<u>(615,254)</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(4,497)</u>	<u>51,803</u>	<u>(73,503)</u>	<u>(26,197)</u>	<u>317,852</u>
BALANCE, END OF YEAR	<u><u>1,599,837</u></u>	<u><u>1,189,533</u></u>	<u><u>11,897,759</u></u>	<u><u>14,687,129</u></u>	<u><u>14,713,326</u></u>

TOWN OF MILK RIVER
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021
Schedule 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2021 \$	2020 \$
COST:								
BALANCE, BEGINNING OF YEAR	369,515	785,751	3,589,504	17,677,002	1,360,551	1,648,246	25,430,569	24,374,457
Acquisition of tangible capital assets	-	-	-	356,963	-	184,788	541,751	1,116,112
Disposal of tangible capital assets	-	-	-	-	-	(218,580)	(218,580)	(60,000)
BALANCE, END OF YEAR	<u>369,515</u>	<u>785,751</u>	<u>3,589,504</u>	<u>18,033,965</u>	<u>1,360,551</u>	<u>1,614,454</u>	<u>25,753,740</u>	<u>25,430,569</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	644,408	1,656,287	8,864,237	1,170,221	1,124,154	13,459,307	12,874,745
Annual amortization	-	19,558	75,166	404,958	36,497	79,075	615,254	590,562
Accumulated amortization on disposals	-	-	-	-	-	(218,580)	(218,580)	(6,000)
BALANCE, END OF YEAR	<u>-</u>	<u>663,966</u>	<u>1,731,453</u>	<u>9,269,195</u>	<u>1,206,718</u>	<u>984,649</u>	<u>13,855,981</u>	<u>13,459,307</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>369,515</u>	<u>121,785</u>	<u>1,858,051</u>	<u>8,764,770</u>	<u>153,833</u>	<u>629,805</u>	<u>11,897,759</u>	<u>11,971,262</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>369,515</u>	<u>141,343</u>	<u>1,933,217</u>	<u>8,812,765</u>	<u>190,330</u>	<u>524,092</u>	<u>11,971,262</u>	

TOWN OF MILK RIVER
Schedule of Property Taxes Levied
For the Year Ended December 31, 2021
Schedule 3

	Budget (Unaudited) \$	2021 \$	2020 \$
TAXATION			
Real property taxes	754,730	759,485	809,097
Linear property taxes	145,656	150,998	148,850
Special assessment and local improvement taxes	73,861	67,771	63,290
Government grants in place of property taxes	<u>23,805</u>	<u>23,742</u>	<u>24,868</u>
	<u>998,052</u>	<u>1,001,996</u>	<u>1,046,105</u>
REQUISITIONS			
Alberta School Foundation Fund	189,052	183,981	189,334
Seniors foundation	<u>23,804</u>	<u>23,804</u>	<u>24,912</u>
	<u>212,856</u>	<u>207,785</u>	<u>214,246</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>785,196</u></u>	<u><u>794,211</u></u>	<u><u>831,859</u></u>

TOWN OF MILK RIVER
Schedule of Government Transfers
For the Year Ended December 31, 2021
Schedule 4

	Budget (Unaudited) \$	2021 \$	2020 \$
TRANSFERS FOR OPERATIONS			
Provincial Government	62,215	61,855	157,407
Other Local Governments	<u>54,000</u>	<u>52,955</u>	<u>52,940</u>
	<u>116,215</u>	<u>114,810</u>	<u>210,347</u>
TRANSFERS FOR CAPITAL			
Provincial Government	285,000	255,163	512,187
Other Local Governments	<u>-</u>	<u>90,590</u>	<u>80,517</u>
	<u>285,000</u>	<u>345,753</u>	<u>592,704</u>
	<u>401,215</u>	<u>460,563</u>	<u>803,051</u>

TOWN OF MILK RIVER

Schedule of Consolidated Expenditures by Object For the Year Ended December 31, 2021 Schedule 5

	Budget (Unaudited) \$	2021 \$	2020 \$
EXPENDITURES			
Contracted and general services	642,122	608,039	601,827
Salaries, wages and benefits	487,228	546,446	479,999
Materials, goods and utilities	364,200	377,308	329,354
Transfers to local boards and agencies	48,550	59,369	82,664
Other	21,500	32,772	23,682
Loss on disposal of tangible capital assets	-	-	1,000
Amortization	-	615,254	590,562
	<u>1,563,600</u>	<u>2,239,188</u>	<u>2,109,088</u>

TOWN OF MILK RIVER
Schedule of Segmented Disclosure
For the Year Ended December 31, 2021
Schedule 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total
REVENUES							
Net municipal taxes	794,211	-	-	-	-	-	794,211
User fees and sales of goods	5,566	13,165	10	77,000	27,149	535,272	658,162
Government transfers	107,236	58,656	63,211	-	24,535	206,925	460,563
Franchise and concession contracts	164,100	-	-	-	-	-	164,100
Other revenue	19,953	2,966	41,679	2,125	42	2,408	69,173
Rental revenue	47,087	-	465	-	-	-	47,552
Investment income	19,179	-	-	-	-	51	19,230
	<u>1,157,332</u>	<u>74,787</u>	<u>105,365</u>	<u>79,125</u>	<u>51,726</u>	<u>744,656</u>	<u>2,212,991</u>
EXPENSES							
Salaries, wages and benefits	199,133	12,055	52,076	-	146,821	136,361	546,446
Contracted and general services	183,453	72,153	184,592	24,005	42,477	101,359	608,039
Materials, goods and utilities	43,233	18,081	124,555	-	75,597	115,842	377,308
Transfers to local boards and agencies	19,086	-	-	-	13,418	26,865	59,369
Other expenses	26,793	19	17	-	-	5,943	32,772
	<u>471,698</u>	<u>102,308</u>	<u>361,240</u>	<u>24,005</u>	<u>278,313</u>	<u>386,370</u>	<u>1,623,934</u>
NET REVENUES BEFORE AMORTIZATION	685,634	(27,521)	(255,875)	55,120	(226,587)	358,286	589,057
Amortization	<u>14,817</u>	<u>37,333</u>	<u>130,847</u>	<u>-</u>	<u>51,048</u>	<u>381,209</u>	<u>615,254</u>
NET REVENUES	<u>670,817</u>	<u>(64,854)</u>	<u>(386,722)</u>	<u>55,120</u>	<u>(277,635)</u>	<u>(22,923)</u>	<u>(26,197)</u>

TOWN OF MILK RIVER

Notes to Financial Statements

For the Year Ended December 31, 2021

1. Significant Accounting Policies

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

a) Reporting Entity -

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town council for the administration of their financial affairs and resources.

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 financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measureable. Expenses are recognized as they are incurred and measureable 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 expenditure during the reported 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 cost less any provision for other than temporary impairment.

TOWN OF MILK RIVER
Notes to Financial Statements
For the Year Ended December 31, 2021

1. Significant Accounting Policies (continued)

- e) 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 levelling 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.
- f) Prepaid Local Improvement Charges -
Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.
- 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) 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 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.
- 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.

TOWN OF MILK RIVER
Notes to Financial Statements
For the Year Ended December 31, 2021

1. Significant Accounting Policies (continued)

i) Non-Financial Assets (continued) -

1) 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:

	<u>YEARS</u>
Land Improvements	10-20
Buildings	25-50
Engineered Structures	20-40
Machinery and Equipment	5-20
Vehicles	10-20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. As of December 31, 2021 there was nil (2020 - nil) of assets under construction.

2) 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.

3) Inventories -

Inventories held for consumption are recorded at the lower of cost or replacement cost.

2. Cash and Temporary Investments

	2021	2020
	<u>\$</u>	<u>\$</u>
Cash on hand	1,218,294	1,344,473
Guaranteed Investment Certificates	98,468	97,268
Notice on Amount 90 days	<u>1,055,454</u>	<u>1,044,702</u>
	<u><u>2,372,216</u></u>	<u><u>2,486,443</u></u>

The guaranteed investment certificates have an interest rates ranging from 0.50% to 0.90% and maturity dates ranging from January, 2022 to October, 2022.

The town has a demand revolving bank operating line of credit with a maximum limit of \$200,000 bearing interest at 3.45% and secured by an assignment of property taxes. At year-end, the balance of the line of credit was nil.

TOWN OF MILK RIVER

Notes to Financial Statements

For the Year Ended December 31, 2021

3. Taxes and Grants in Place of Taxes Receivables

	2021 \$	2020 \$
Current taxes and grants in place of taxes	56,255	75,920
Arrears taxes	<u>29,061</u>	<u>32,957</u>
	85,316	108,877
Less: Allowance for Doubtful Accounts	<u>(4,296)</u>	<u>-</u>
	<u>81,020</u>	<u>108,877</u>

4. Trade and Other Receivables

	2021 \$	2020 \$
Grants	117,601	134,490
Trade	71,196	28,239
GST	21,871	16,861
Accrued interest	<u>435</u>	<u>1,104</u>
	<u>211,103</u>	<u>180,694</u>

5. Employee Benefit Obligation

The employee benefit obligation is comprised of accrued vacation 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.

6. Deferred Revenue

	2021 \$	2020 \$
Canada Community-Building Fund Grant	-	28,721
Business licenses	<u>-</u>	<u>50</u>
	<u>-</u>	<u>28,771</u>

TOWN OF MILK RIVER
Notes to Financial Statements
For the Year Ended December 31, 2021

7. 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:

	2021 \$	2020 \$
Total debt limit	2,800,857	2,751,354
Total debt	-	-
Total unused debt limit	<u>2,800,857</u>	<u>2,751,354</u>
Service on debt limit	466,810	458,559
Service on debt	-	-
Amount of unused service on debt	<u>466,810</u>	<u>458,559</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 financial statements must be interpreted as a whole.

8. Equity in Tangible Capital Assets

	2021 \$	2020 \$
Tangible capital assets (Schedule 2)	25,753,740	25,430,569
Accumulated amortization (Schedule 2)	<u>(13,855,981)</u>	<u>(13,459,307)</u>
	<u>11,897,759</u>	<u>11,971,262</u>

9. Accumulated Surplus

	2021 \$	2020 \$
Unrestricted surplus	1,599,837	1,604,334
Operating reserves	45,730	45,730
Capital reserves	1,143,803	1,092,000
Equity in tangible capital assets	<u>11,897,759</u>	<u>11,971,262</u>
	<u>14,687,129</u>	<u>14,713,326</u>

TOWN OF MILK RIVER
Notes to Financial Statements
For the Year Ended December 31, 2021

10. Segmented Disclosure

The Town of Milk River 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 6).

11. Salary and Benefits Disclosure

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

	Salary (1)	Benefits & Allowances (2)	2021 Total	2020 Total
	\$	\$	\$	\$
Mayor - Larry Liebelt	2,142	-	2,142	-
Mayor - Peggy Losey	4,958	-	4,958	6,900
Councilor - David Degenstein	1,383	-	1,383	-
- Shayne Johnson	1,508	-	3,592	-
- Peggy Losey	1,334	-	1,334	-
- Anne Michaelis	1,533	-	1,533	-
- Suzanne Liebelt	4,217	-	4,217	5,950
- Margaret McCanna	3,592	-	3,592	5,600
- Leonard McCullogh	3,142	-	3,142	5,125
- Phil Wright	4,192	-	4,192	5,875
CAO - Village of Warner Contr	63,739	-	63,739	60,329
CAO - Village of Stirling Contr	-	-	-	8,386
Designated Officer - assessor(1)	-	-	-	15,186

(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, accident disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

TOWN OF MILK RIVER

Notes to Financial Statements

For the Year Ended December 31, 2021

12. Commitments and Contingencies

The town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the 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.

Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2021 the amount of accumulated sick leave was \$20,418 (2020 - \$15,961). The total 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.

13. Financial Instruments

The town's financial instruments consist of cash and temporary investments, receivables, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the town is not exposed to significant interest, currency or credit risks arising from these financial statements.

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.

14. Significant Events

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption in businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the organization.

15. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. These changes do not affect prior year's earnings.

16. Approval of Financial Statements

Council and Management have approved these financial statements.