TOWN OF MILK RIVER

Financial Statements

For the Year Ended December 31, 2022

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

MWG CHARTERED PROFESSIONAL ACCOUNTANTS

An association for the practice of Chartered Professional Accountancy*
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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, 2022, 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, 2022, 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)

- 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
April 21, 2023

Chartered Professional Accountants

TOWN OF MILK RIVER

Consolidated Statement of Financial Position
As at December 31, 2022

	2022 $	2021 $
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	1,447,317	2,372,216
Receivables		
Taxes and grants in place of taxes (Note 3)	65,640	81,020
Trade and other (Note 4)	474,647	211,103
Land held for resale	287,538	287,538
	2,275,142	2,951,877
LIABILITIES		
Accounts payable and accrued liabilities	174,728	152,998
Employee benefit obligation (Note 5)	11,997	6,478
Deferred revenue (Note 6)	44,257	44,491
	230,982	203,967
NET FINANCIAL ASSETS	2,044,160	2,747,910
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	12,289,488	11,897,759
Inventory for consumption	64,916	40,268
Prepaid expenses and deposits	3,882	1,192
	12,358,286	11,939,219
ACCUMULATED SURPLUS (Schedule 1 and Note 9)	**14,402,446**	**14,687,129**

COMMITMENTS AND CONTINGENCIES (Note 12)

Approved by the Council:

TOWN OF MILK RIVER

Consolidated Statement of Operations
For the Year Ended December 31, 2022

	Budget (Unaudited) $	2022 $	2021 $
REVENUES			
Net municipal property taxes (Schedule 3)	826,584	821,200	794,211
User fees and sales of goods	560,550	567,121	658,162
Franchise and concession contracts	164,000	190,826	164,100
Government transfers (Schedule 4)	109,715	110,576	114,810
Rental	40,465	50,458	47,552
Investment income	20,050	47,519	19,230
Licenses, permits and fines	10,410	18,316	5,682
Penalties and costs of taxes	10,000	11,524	17,592
Other	8,122	9,400	4,220
Gain on disposal of capital assets	-	-	41,679
	1,749,896	1,826,940	1,867,238
EXPENSES			
Water supply and wastewater treatment	745,266	693,809	617,623
Roads, streets, walks, lighting and common services	494,370	552,171	492,087
Administration	386,151	377,430	418,794
Parks and recreation	290,877	339,322	329,361
Police, fire and bylaw enforcement	157,356	160,246	139,641
Waste management	150,557	151,170	149,956
Legislative	72,997	72,217	53,611
Land use planning, zoning, and development	142,000	38,616	24,005
Other	18,484	21,688	14,110
	2,458,058	2,406,669	2,239,188
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	(708,162)	(579,729)	(371,950)
OTHER			
Government transfers for capital (Schedule 4)	295,046	295,046	345,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(413,116)	(284,683)	(26,197)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,687,129	14,687,129	14,713,326
ACCUMULATED SURPLUS, END OF YEAR	**14,274,013**	**14,402,446**	**14,687,129**

TOWN OF MILK RIVER

Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2022

	Budget (Unaudited) $	2022 $	2021 $
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(413,116)	(284,683)	(26,197)
Acquisition of tangible capital assets	(1,074,635)	(1,026,681)	(541,751)
Proceeds on disposal of tangible capital assets	-	-	35,000
Amortization of tangible capital assets	634,952	634,952	615,254
(Gain) loss on disposal of tangible capital assets	-	-	(35,000)
	(439,683)	(391,729)	73,503
Use (acquisition) of prepaid assets and deposits	(5,000)	(2,690)	(1,192)
Use (acquisition) of inventory for consumption	(25,000)	(24,648)	-
	(30,000)	(27,338)	(1,192)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(882,799)	(703,750)	46,114
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,747,910	2,747,910	2,701,796
NET FINANCIAL ASSETS, END OF YEAR	**1,865,111**	**2,044,160**	**2,747,910**

TOWN OF MILK RIVER

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022 $	2021 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	(284,683)	(26,197)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	634,952	615,254
(Gain) loss on disposal of tangible capital assets	-	(35,000)
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	15,380	27,857
Decrease (increase) in trade and other receivables	(263,544)	(30,409)
Decrease (increase) in land held for resale	-	(149,570)
Decrease (increase) in inventory for consumption	(24,648)	-
Decrease (increase) in prepaid expenses and deposits	(2,690)	(1,192)
Increase (decrease) in accounts payable	21,730	(30,417)
Increase (decrease) in employee benefit obligation	5,519	6,478
Increase (decrease) in deferred revenue	(234)	15,720
	101,782	392,524
CAPITAL		
Acquisition of tangible capital assets	(1,026,681)	(541,751)
Proceeds on disposal of tangible capital assets	-	35,000
	(1,026,681)	(506,751)
CHANGE IN CASH DURING THE YEAR	(924,899)	(114,227)
CASH, BEGINNING OF YEAR	2,372,216	2,486,443
CASH, END OF YEAR (Note 2)	**1,447,317**	**2,372,216**

TOWN OF MILK RIVER
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2022
Schedule 1

	Unrestricted Surplus $	Restricted Surplus $	Equity in Tangible Capital Assets $	2022 $	2021 $
BALANCE, BEGINNING OF THE YEAR	1,599,837	1,189,533	11,897,759	14,687,129	14,713,326
Excess (deficiency) of revenues over expenses	(284,683)	-	-	(284,683)	(26,197)
Unrestricted funds designated for future use	(29,024)	29,024	-	-	-
Current year funds used for tangible capital assets	(1,026,681)	-	1,026,681	-	-
Annual amortization expense	634,952	-	(634,952)	-	-
Change in accumulated surplus	(705,436)	29,024	391,729	(284,683)	(26,197)
BALANCE, END OF YEAR	**894,401**	**1,218,557**	**12,289,488**	**14,402,446**	**14,687,129**

TOWN OF MILK RIVER
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022
Schedule 2

	Land $	Land Improvements $	Buildings $	Engineered Structures $	Machinery & Equipment $	Vehicles $	2022 $	2021 $
COST:								
BALANCE, BEGINNING OF YEAR	369,515	785,751	3,589,504	18,033,965	1,360,551	1,614,454	25,753,740	25,430,569
Acquisition of tangible capital assets	-	13,028	-	923,653	90,000	-	1,026,681	541,751
Disposal of tangible capital assets	-	-	-	-	-	-	-	(218,580)
BALANCE, END OF YEAR	369,515	798,779	3,589,504	18,957,618	1,450,551	1,614,454	26,780,421	25,753,740
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	663,966	1,731,453	9,269,195	1,206,718	984,649	13,855,981	13,459,307
Annual amortization	-	20,210	75,166	426,171	34,330	79,075	634,952	615,254
Accumulated amortization on disposals	-	-	-	-	-	-	-	(218,580)
BALANCE, END OF YEAR	-	684,176	1,806,619	9,695,366	1,241,048	1,063,724	14,490,933	13,855,981
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**369,515**	**114,603**	**1,782,885**	**9,262,252**	**209,503**	**550,730**	**12,289,488**	**11,897,759**
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	369,515	121,785	1,858,051	8,764,770	153,833	629,805	11,897,759	

TOWN OF MILK RIVER
Schedule of Property Taxes Levied
For the Year Ended December 31, 2022
Schedule 3

	Budget (Unaudited) $	2022 $	2021 $
TAXATION			
Real property taxes	791,255	775,947	759,485
Linear property taxes	149,365	156,302	150,998
Special assessment and local improvement taxes	69,945	83,760	67,771
Government grants in place of property taxes	21,201	20,954	23,742
	1,031,766	1,036,963	1,001,996
REQUISITIONS			
Alberta School Foundation Fund	183,981	194,562	183,981
Seniors foundation	21,201	21,201	23,804
	205,182	215,763	207,785
NET MUNICIPAL PROPERTY TAXES	**826,584**	**821,200**	**794,211**

TOWN OF MILK RIVER
Schedule of Government Transfers
For the Year Ended December 31, 2022
Schedule 4

	Budget (Unaudited) $	2022 $	2021 $
TRANSFERS FOR OPERATIONS			
Provincial Government	58,715	58,715	61,855
Other Local Governments	51,000	51,861	52,955
	109,715	110,576	114,810
TRANSFERS FOR CAPITAL			
Provincial Government	295,046	295,046	255,163
Other Local Governments	-	-	90,590
	295,046	295,046	345,753
	404,761	**405,622**	**460,563**

TOWN OF MILK RIVER

Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2022
Schedule 5

	Budget (Unaudited) $	2022 $	2021 $
EXPENDITURES			
Contracted and general services	817,481	687,354	608,039
Salaries, wages and benefits	477,300	561,653	546,446
Materials, goods and utilities	403,641	418,473	377,308
Transfers to local boards and agencies	84,984	66,542	59,369
Other	39,700	37,695	32,772
Amortization	634,952	634,952	615,254
	2,458,058	**2,406,669**	**2,239,188**

TOWN OF MILK RIVER
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022
Schedule 6

	General Government $	Protective Services $	Transportation Services $	Planning & Development $	Recreation & Culture $	Environmental Services $	**Total**
REVENUES							
Net municipal taxes	821,200	-	-	-	-	-	821,200
User fees and sales of goods	3,036	3,200	20	-	30,903	529,962	567,121
Government transfers	58,715	15,697	3,181	-	24,048	303,981	405,622
Franchise and concession contracts	190,826	-	-	-	-	-	190,826
Other revenue	24,798	3,118	316	9,916	-	1,092	39,240
Rental revenue	49,850	-	465	-	143	-	50,458
Investment income	47,394	-	-	-	-	125	47,519
	1,195,819	22,015	3,982	9,916	55,094	835,160	2,121,986
EXPENSES							
Salaries, wages and benefits	217,123	11,308	74,832	-	124,162	134,228	561,653
Contracted and general services	157,104	82,497	184,364	38,616	38,255	186,518	687,354
Materials, goods and utilities	30,515	30,632	154,099	-	105,051	98,176	418,473
Transfers to local boards and agencies	19,768	-	-	-	20,782	25,992	66,542
Other expenses	32,008	15	18	-	-	5,654	37,695
	456,518	124,452	413,313	38,616	288,250	450,568	1,771,717
NET REVENUES BEFORE AMORTIZATION	739,301	(102,437)	(409,331)	(28,700)	(233,156)	384,592	350,269
Amortization	14,817	35,794	138,858	-	51,072	394,411	634,952
NET REVENUES	**724,484**	**(138,231)**	**(548,189)**	**(28,700)**	**(284,228)**	**(9,819)**	**(284,683)**

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.

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.

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:

	YEARS
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, 2022 there was nil $90,000 (2021 - 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.

4) 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.

5) Cultural and Historical Tangible Capital Assets -
Works of art for display are not recorded as tangible capital assets but are disclosed.

j) 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 the village is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. Cash and Temporary Investments

	2022 $	2021 $
Cash on hand	264,505	1,218,294
Guaranteed Investment Certificates	5,255	98,468
Notice on Amount 90 days	1,177,557	1,055,454
	1,447,317	2,372,216

The guaranteed investment certificate has an interest rate of 5.1% and a maturity date of October 28, 2023.

The town has a demand revolving bank operating line of credit with a maximum limit of $200,000 bearing interest at 7.45% and secured by an assignment of property taxes. At year-end, the balance of the line of credit was nil.

3. Taxes and Grants in Place of Taxes Receivables

	2022 $	2021 $
Current taxes and grants in place of taxes	48,935	56,255
Arrears taxes	24,082	29,061
	73,017	85,316
Less: Allowance for Doubtful Accounts	(7,377)	(4,296)
	65,640	81,020

4. Trade and Other Receivables

	2022 $	2021 $
Grants	412,647	117,601
Trade	44,137	71,196
GST	17,816	21,871
Accrued interest	47	435
	474,647	211,103

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

	2022 $	2021 $
Prepaid taxes	25,507	44,491
Undistributed donations	18,750	-
	44,257	44,491

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:

	2022 $	2021 $
Total debt limit	2,740,410	2,800,857
Total debt	-	-
Total unused debt limit	2,740,410	2,800,857
Service on debt limit	456,735	466,810
Service on debt	-	-
Amount of unused service on debt	456,735	466,810

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

	2022 $	2021 $
Tangible capital assets (Schedule 2)	26,780,421	25,753,740
Accumulated amortization (Schedule 2)	(14,490,933)	(13,855,981)
	12,289,488	11,897,759

9. Accumulated Surplus

	2022 $	2021 $
Unrestricted surplus	894,401	1,599,837
Operating reserves	46,084	45,730
Capital reserves	1,172,473	1,143,803
Equity in tangible capital assets	12,289,488	11,897,759
	14,402,446	14,687,129

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)	2022 Total	2021 Total
	$	$	$	$
Mayor - Larry Liebelt	8,250	-	8,250	2,142
Mayor - Peggy Losey	-	-	-	4,958
Councilor - Shayne Johnson	7,400	-	7,400	3,592
- Peggy Losey	6,625	-	6,625	1,334
- David Degenstein	5,925	-	5,925	1,383
- Anne Michaelis	4,875	-	4,875	1,533
- Suzanne Liebelt	-	-	-	4,217
- Phil Wright	-	-	-	4,192
- Margaret McCanna	-	-	-	3,592
- Leonard McCullogh	-	-	-	3,142
CAO - Kelly Lloyd	53,883	7,558	61,441	-
CAO - Village of Warner Contr	19,202	-	19,202	63,739
Designated Officer - assessor(1)	-	14,038	14,038	14,225

(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.

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, 2022 the amount of accumulated sick leave was $24,067 (2021 - $20,418). 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. 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.

15. Approval of Financial Statements

Council and Management have approved these financial statements.