

TOWN OF FOX CREEK
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2021

**TOWN OF FOX CREEK
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Qualified Opinion

We have audited the financial statements of the Town of Fox Creek (the "Town"), which comprise of the statement of financial position as at December 31, 2021 and statements of operations, changes in net financial assets, and cash flows for the year then ended, and the notes and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in the Basis of Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Fox Creek as at December 31, 2021, the results of its operations, changes in net financial assets and its cash flows for the year ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

The Town of Fox Creek operates a landfill and has not recognized any liability for closure and post closure care costs associated with the landfill operations. This is a departure from CPA Canada Handbook Section PS3270 - *solid waste landfill closure and post closure liability*. The amount of any potential liability is unknown, and we are unable to determine if any adjustments are required.

The Town of Fox Creek's tangible capital asset balance may not be complete as it is not certain if all tangible capital assets have been properly capitalized. Further, the Town's accounting policy for amortization of tangible capital assets utilizes half-year amortization on year of acquisition rather than recognizing the in-service date of new tangible capital assets. Tangible capital assets are recorded as a non-financial asset and represents \$86,445,076 (2020 - \$86,211,884) of the Town's total non-financial assets. The amount of any potential adjustment is unknown, and we are unable to determine if any adjustments are required.

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 of Fox Creek in accordance with the 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these 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 the 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 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 Responsibility 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 the 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 the auditor's report. However, future events or conditions may cause the Town to cease to continue to be 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 things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 9.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke that extends to the right and then curves upwards. The word "Ascend" is written in a cursive, lowercase font.

CANMORE, ALBERTA
SEPTEMBER 25, 2023

ASCEND LLP
CHARTERED PROFESSIONAL ACCOUNTANTS



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Fox Creek (the "Town") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards (PSAS).

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

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

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

The Town Council carries out its responsibilities for review of the financial statements primarily through the Finance and Administration departments. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by Ascend LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Town's financial statements.



Kristen Milne
Chief Administrative Officer



Lori Conkin
Director of Corporate Services

TOWN OF FOX CREEK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash (Note 2)	\$ 20,688,425	\$ 20,790,575
Investments (Note 3)	460,918	469,918
Receivables		
Taxes and grants in place of taxes (Note 4)	982,677	1,015,684
Trade and other receivables (Note 5)	574,480	713,642
Receivables from other governments	6,630,706	5,785,702
Land inventory held for resale	<u>2,892,436</u>	<u>2,927,043</u>
	<u>32,229,642</u>	<u>31,702,564</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	1,220,812	1,829,744
Deposit liabilities	535,455	533,906
Deferred revenue (Note 7)	7,199,751	7,145,021
Long-term debt (Note 8)	<u>13,825,408</u>	<u>14,512,917</u>
	<u>22,781,426</u>	<u>24,021,588</u>
NET FINANCIAL ASSETS	<u>9,448,216</u>	<u>7,680,976</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	86,445,076	86,211,884
Prepaid expenses	<u>39,302</u>	<u>19,796</u>
	<u>86,484,378</u>	<u>86,231,680</u>
ACCUMULATED SURPLUS	<u>\$ 95,932,594</u>	<u>\$ 93,912,656</u>
	CONTAMINATED SITES LIABILITY (SEE NOTE 12)	
	COMMITMENTS (SEE NOTE 17)	
	CONTINGENCIES (SEE NOTE 18)	

TOWN OF FOX CREEK
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
REVENUE			
Net municipal taxes (Schedule 2)	\$ 3,805,213	\$ 3,818,808	\$ 4,064,624
User fees and sale of goods	1,967,062	2,519,991	2,414,987
Government transfers for operating (Schedule 3)	2,462,917	2,733,851	2,138,875
Penalties and costs on taxes	335,750	307,953	281,582
Licenses and permits	38,150	148,701	251,211
Fines	17,000	26,508	15,877
Franchise and concession contracts	284,635	233,477	234,088
Investment income	80,000	82,634	98,847
Rentals	406,800	348,498	574,498
Insurance proceeds	-	20,757	17,775
Gain on disposal of tangible capital assets	-	5,966	161,081
Other	184,000	270,363	287,711
Total Revenue	<u>9,581,527</u>	<u>10,517,507</u>	<u>10,541,156</u>
EXPENSES			
General government			
Council and other legislative	263,224	187,933	160,032
General administrative	1,564,114	1,556,418	1,494,035
Protective services			
Police	50,558	55,590	46,751
Fire protection	408,931	593,088	604,142
Emergency measures and disaster services	78,998	17,012	8,967
Ambulance services and first aid	13,100	13,105	11,340
Bylaw enforcement	217,327	84,121	206,299
Transportation services			
Common and equipment pool	881,816	976,549	900,157
Roads, streets, walks, and lighting	619,920	673,239	904,254
Airport	5,695	8,904	3,592
Water and wastewater			
Water supply and distribution	915,603	1,190,883	1,115,674
Wastewater treatment and disposal	206,959	364,823	289,479
Waste management			
Waste management	454,585	423,073	428,967
Public health and welfare			
Family and community support services	672,778	620,519	662,851
Other public health and welfare	261,383	243,026	237,838
Planning and development			
Land use planning, zoning and development	176,919	216,178	157,815
Subdivision land and development	35,500	44,709	8,902
Economic development	90,290	56,800	34,128
Recreation and culture			
Parks and recreation	2,396,084	3,375,787	3,315,246
Libraries, museums, and halls	141,830	146,623	148,169
Total Expenses	<u>9,455,614</u>	<u>10,848,380</u>	<u>10,738,638</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	125,913	(330,873)	(197,482)
Government transfers for capital (Schedule 3)	4,791,842	2,342,137	1,310,551
Other capital revenue	508,000	8,674	490,711
Contributed tangible capital assets	-	-	58,280
EXCESS OF REVENUE OVER EXPENSES	5,425,755	2,019,938	1,662,060
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>93,912,656</u>	<u>93,912,656</u>	<u>92,250,596</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 99,338,411</u>	<u>\$ 95,932,594</u>	<u>\$ 93,912,656</u>

TOWN OF FOX CREEK
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget (Unaudited)	2021	2020
EXCESS OF REVENUE OVER EXPENSES	\$ <u>5,425,755</u>	\$ <u>2,019,938</u>	\$ <u>1,662,060</u>
Acquisition of tangible capital assets	(6,798,256)	(2,805,885)	(2,539,436)
Tangible capital assets received as contributions	-	-	(58,280)
Amortization on tangible capital assets	-	2,523,641	2,509,615
Gain on disposal of tangible capital assets	-	(5,966)	(161,081)
Proceeds on disposition of tangible capital assets	-	55,018	213,961
	<u>(6,798,256)</u>	<u>(233,192)</u>	<u>(35,221)</u>
Change in prepaid expenses	-	(19,506)	49,580
(DECREASE) INCREASE IN NET ASSETS	(1,372,501)	1,767,240	1,676,419
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>7,680,976</u>	<u>7,680,976</u>	<u>6,004,557</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 6,308,475</u>	<u>\$ 9,448,216</u>	<u>\$ 7,680,976</u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOX CREEK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 2,019,938	\$ 1,662,060
Non-cash items included in excess of revenues over expenses:		
Amortization on tangible capital assets	2,523,641	2,509,615
Gain on disposal of tangible capital assets	(5,966)	(161,081)
Tangible capital assets received as contributions	<u> </u>	<u>(58,280)</u>
	4,537,613	3,952,314
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes	33,007	(248,774)
Trade and other receivables	139,162	(115,146)
Receivables from other governments	(845,004)	317,445
Land inventory held for resale	34,607	(377,922)
Prepaid expenses	(19,506)	49,580
Accounts payable and accrued liabilities	(608,932)	(430,363)
Deposit liabilities	1,549	(9,812)
Deferred revenue	<u>54,730</u>	<u>1,381,053</u>
	<u>3,327,226</u>	<u>4,518,375</u>
CAPITAL		
Acquisition of tangible capital assets	(2,805,885)	(2,539,436)
Proceeds on disposal of tangible capital assets	<u>55,018</u>	<u>213,961</u>
	<u>(2,750,867)</u>	<u>(2,325,475)</u>
INVESTING		
Decrease (increase) in investments	<u>9,000</u>	<u>(3,403)</u>
FINANCING		
Repayment of long-term debt	<u>(687,509)</u>	<u>(664,631)</u>
CHANGE IN CASH DURING THE YEAR	(102,150)	1,524,866
CASH, BEGINNING OF YEAR	<u>20,790,575</u>	<u>19,265,709</u>
CASH, END OF YEAR	<u>\$ 20,688,425</u>	<u>\$ 20,790,575</u>

TOWN OF FOX CREEK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
COST:									
BALANCE, BEGINNING OF YEAR	\$ 1,127,362	\$ 96,646	\$ 3,456,480	\$ 52,135,750	\$ 44,930,600	\$ 4,903,403	\$ 1,614,035	\$ 108,264,276	\$ 105,733,817
Acquisition of tangible capital assets	(646,760)	321,503	50,310	85,130	1,908,580	685,822	42,784	2,447,369	1,933,345
Construction-in-progress	358,516	-	-	-	-	-	-	358,516	664,371
Disposal of tangible capital assets	-	-	-	-	-	(62,387)	-	(62,387)	(67,257)
BALANCE, END OF YEAR	<u>839,118</u>	<u>418,149</u>	<u>3,506,790</u>	<u>52,220,880</u>	<u>46,839,180</u>	<u>5,526,838</u>	<u>1,656,819</u>	<u>111,007,774</u>	<u>108,264,276</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	-	850,988	5,397,285	11,311,867	3,212,116	1,280,136	22,052,392	19,557,154
Annual amortization	-	-	52,613	1,403,431	691,460	305,079	71,058	2,523,641	2,509,615
Accumulated amortization on disposals	-	-	-	-	-	(13,335)	-	(13,335)	(14,377)
BALANCE, END OF YEAR	<u>-</u>	<u>-</u>	<u>903,601</u>	<u>6,800,716</u>	<u>12,003,327</u>	<u>3,503,860</u>	<u>1,351,194</u>	<u>24,562,698</u>	<u>22,052,392</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 839,118</u>	<u>\$ 418,149</u>	<u>\$ 2,603,189</u>	<u>\$ 45,420,164</u>	<u>\$ 34,835,853</u>	<u>\$ 2,022,978</u>	<u>\$ 305,625</u>	<u>\$ 86,445,076</u>	<u>\$ 86,211,884</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,127,362</u>	<u>\$ 96,646</u>	<u>\$ 2,605,492</u>	<u>\$ 46,738,465</u>	<u>\$ 33,618,733</u>	<u>\$ 1,691,287</u>	<u>\$ 333,899</u>	<u>\$ 86,211,884</u>	

TOWN OF FOX CREEK
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2021
Schedule 2

	Budget (Unaudited)	2021	2020
TAXATION			
Real property taxes	\$ 4,870,117	\$ 4,842,188	\$ 5,066,427
Linear property taxes	97,751	128,376	124,493
Government grants in place of property taxes	45,511	56,352	56,123
Local improvement taxes	<u>43,688</u>	<u>43,746</u>	<u>43,746</u>
	<u>5,057,067</u>	<u>5,070,662</u>	<u>5,290,789</u>
REQUISITIONS			
Alberta School Foundation Fund	1,139,755	1,139,755	1,114,645
Heart River Foundation	<u>112,099</u>	<u>112,099</u>	<u>111,520</u>
	<u>1,251,854</u>	<u>1,251,854</u>	<u>1,226,165</u>
NET MUNICIPAL TAXES	<u>\$ 3,805,213</u>	<u>\$ 3,818,808</u>	<u>\$ 4,064,624</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2021
Schedule 3

	Budget (Unaudited)	2021	2020
TRANSFERS FOR OPERATING			
Provincial government	\$ 432,917	\$ 671,683	\$ 515,343
Local governments	<u>2,030,000</u>	<u>2,062,168</u>	<u>1,623,532</u>
	<u>2,462,917</u>	<u>2,733,851</u>	<u>2,138,875</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,687,948	1,217,350	601,730
Federal government	155,000	86,945	148,095
Local governments	<u>2,948,894</u>	<u>1,037,842</u>	<u>560,726</u>
	<u>4,791,842</u>	<u>2,342,137</u>	<u>1,310,551</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 7,254,759</u>	<u>\$ 5,075,988</u>	<u>\$ 3,449,426</u>

TOWN OF FOX CREEK
 SCHEDULE OF EXPENSES BY OBJECT
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 4

	Budget (Unaudited)	2021	2020
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 4,755,629	\$ 4,400,773	\$ 4,521,237
Contracted and general services	2,566,466	1,858,193	1,652,428
Purchases from other governments	50,558	50,558	41,036
Materials, goods, supplies and utilities	1,343,812	1,225,586	1,145,507
Provision for allowances	1,000	175,091	205,380
Transfers to individuals and organizations	169,925	145,591	166,712
Bank charges and short-term interest	32,500	34,849	40,029
Interest on capital long-term debt (Note 8)	434,624	434,098	456,694
Amortization of tangible capital assets (Schedule 1)	-	2,523,641	2,509,615
Other expenses	101,100	-	-
	<u>\$ 9,455,614</u>	<u>\$ 10,848,380</u>	<u>\$ 10,738,638</u>

TOWN OF FOX CREEK
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ 10,826,170	\$ 11,387,519	\$ 71,698,967	\$ 93,912,656	\$ 92,250,596
Excess of revenues over expenses	2,019,938	-	-	2,019,938	1,662,060
Unrestricted funds designated for future use	(3,712,473)	3,712,473	-	-	-
Restricted funds used for tangible capital assets	-	(261,456)	261,456	-	-
Current year funds used for tangible capital assets	(2,544,429)	-	2,544,429	-	-
Net book value of disposed tangible capital assets	49,052	-	(49,052)	-	-
Annual amortization expense	2,523,641	-	(2,523,641)	-	-
Long-term debt repaid	(687,509)	-	687,509	-	-
Change in accumulated surplus	(2,351,780)	3,451,017	920,701	2,019,938	1,662,060
BALANCE, END OF YEAR	\$ 8,474,390	\$ 14,838,536	\$ 72,619,668	\$ 95,932,594	\$ 93,912,656

TOWN OF FOX CREEK
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 6

	General Government	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Public Health and Welfare	Planning and Development	Recreation and Culture	Total
REVENUE									
Net municipal taxes	\$ 3,775,062	\$ -	\$ 30,868	\$ 12,878	\$ -	\$ -	\$ -	\$ -	\$ 3,818,808
User fees and sales of goods	3,047	61,247	11,282	1,689,656	334,014	26,578	255,227	138,940	2,519,991
Government transfers for operating	1,180,993	144,168	-	3,000	-	405,690	-	1,000,000	2,733,851
Penalties and costs on taxes	273,113	-	-	34,840	-	-	-	-	307,953
Licenses and permits	21,681	35,006	-	-	-	-	92,014	-	148,701
Fines	-	26,508	-	-	-	-	-	-	26,508
Franchise and concession contracts	233,477	-	-	-	-	-	-	-	233,477
Investment income	81,847	-	-	-	-	-	-	787	82,634
Rentals	220,721	35,534	-	-	-	47,749	6,381	38,113	348,498
Insurance proceeds	-	-	-	-	-	-	-	20,757	20,757
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
Other revenues	277	2,750	5,966	-	-	3,488	-	263,848	5,966
	<u>5,790,218</u>	<u>305,213</u>	<u>48,116</u>	<u>1,740,374</u>	<u>334,014</u>	<u>483,505</u>	<u>353,622</u>	<u>1,462,445</u>	<u>10,517,507</u>
EXPENSES									
Salaries, wages and benefits	1,012,777	121,425	775,606	416,864	162,927	680,061	162,227	1,068,886	4,400,773
Contract and general services	411,586	135,643	144,022	227,326	227,482	152,334	106,437	453,363	1,858,193
Purchases from other governments	-	50,558	-	-	-	-	-	-	50,558
Materials, goods, supplies and utilities	57,688	74,249	300,541	224,296	13,314	23,775	44,798	486,925	1,225,586
Provision for allowance	88,764	22,001	13	62,730	355	-	125	1,103	175,091
Transfers to individuals and organizations	74,169	-	-	-	-	-	4,100	67,322	145,591
Bank charges and short-term interest	31,882	-	-	-	-	-	-	2,967	34,849
Interest on capital long-term debt	-	74,444	-	28,321	-	-	-	326,109	434,098
	<u>1,676,866</u>	<u>478,320</u>	<u>1,225,406</u>	<u>959,537</u>	<u>404,078</u>	<u>856,170</u>	<u>317,687</u>	<u>2,406,675</u>	<u>8,324,739</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSE, BEFORE AMORTIZATION AND OTHER	<u>4,113,352</u>	<u>(173,107)</u>	<u>(1,177,290)</u>	<u>780,837</u>	<u>(70,064)</u>	<u>(372,665)</u>	<u>35,935</u>	<u>(944,230)</u>	<u>2,192,768</u>
Government transfers for capital	83,832	-	1,398,323	375,319	-	25,779	20,000	438,884	2,342,137
Other capital revenue	-	-	483	8,191	-	-	-	-	8,674
Amortization expense	(67,485)	(284,596)	(433,286)	(596,169)	(18,995)	(7,375)	-	(1,115,735)	(2,523,641)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 4,129,699</u>	<u>\$ (457,703)</u>	<u>\$ (211,770)</u>	<u>\$ 568,178</u>	<u>\$ (89,059)</u>	<u>\$ (354,261)</u>	<u>\$ 55,935</u>	<u>\$ (1,621,081)</u>	<u>\$ 2,019,938</u>

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fox Creek (the "Town") 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 are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the Organizations that are owned or controlled by the 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 measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure 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.

Significant financial statement areas requiring the use of management estimates include:

- Allowance for doubtful accounts;
- Useful life of tangible capital assets;
- Accrued liabilities; and
- Fair value of contributed tangible capital assets.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Land inventory held for resale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments with maturities of three months or less.

e) Investments

Investments are recorded at amortized cost.

f) Long-term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

g) Requisition Over-levy and Under-levy

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

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

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

h) Land Inventories Held 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 tangible capital assets under the respective function.

i) 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.

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

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

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

l) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

m) 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.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) 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 change in net financial assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

	<u>RATE</u>
Land improvements	2%
Buildings	3%
Engineered structures	
Water system	2%
Wastewater system	2%
Other engineered structures	2%
Machinery and equipment	15%
Vehicles	20%

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Tangible capital assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

2. CASH

The Town received certain Alberta government grants, local municipal grants and donations that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$4,138,741 (2020 - \$6,931,180) of the cash on hand is not available for general use by the Town.

Of the cash, \$535,455 (2020 - \$533,906) is considered restricted cash and not available for general use as it relates to deposits received.

The Town has a revolving line of credit with Canadian Imperial Bank of Commerce, with a maximum authorized limit of \$1,000,000, which bears interest at prime rate less 0.25%. As of year end, \$0 was outstanding on this revolving line of credit.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. INVESTMENTS

Investments include guaranteed investment certificates maturing between April 2022 and May 2023, bearing interest at rates between 0.3% and 2%.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in place	\$ 582,308	\$ 615,392
Arrears taxes	881,519	795,343
	1,463,827	1,410,735
Less: allowance for doubtful accounts	(481,150)	(395,051)
	\$ 982,677	\$ 1,015,684

5. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade accounts receivable	\$ 871,865	\$ 786,831
Utility accounts receivable	202,087	339,868
Due from employees	2,648	1,877
Accrued interest receivable	445	138
	1,077,045	1,128,714
Less: allowance for doubtful accounts	(502,565)	(415,072)
	\$ 574,480	\$ 713,642

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables	\$ 717,675	\$ 1,015,469
Holdbacks payable	212,764	520,398
Accrued liabilities	225,797	182,691
Accrued vacation payable to employees	64,576	111,186
	\$ 1,220,812	\$ 1,829,744

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Municipal District of Greenview	\$ 3,304,226	\$ 2,965,068
Shell Canada Energy Waste Water Supply Agreement	2,507,625	2,861,643
Alberta Municipal Sustainability Initiative	547,749	213,841
Canada Community-Building Fund	218,262	-
Prepaid sponsorships	112,380	195,545
Community Adult Learning Program	104,128	76,421
Alberta Environment and Parks - Community Environmental Project	102,735	-
Alberta Environment and Parks	94,500	94,500
Family Resource Network	56,748	50,951
Fire Department donations	27,246	27,246
Licenses and permits	24,495	88,922
Emergency Community Support Fund	21,264	53,868
Family and Community Support Services	15,963	15,163
Canadian Mental Health Association	14,649	2,650
University of Alberta - Medically At-Risk Driver Donations	14,012	-
Shell In the Community Grant	12,821	12,821
Community Employment Resource Centre	7,607	-
Prepaid rent	5,348	-
Early Child Development Mapping Project Program	4,800	9,600
Unearned revenue	2,830	2,830
	363	-
Municipal Operating Support Transfer	-	267,160
Municipal Stimulus Program	-	150,000
Parent Link Centre	-	56,792
	<u>\$ 7,199,751</u>	<u>\$ 7,145,021</u>

Municipal District of Greenview

Funding has been received from the Municipal District of Greenview for certain operating and capital expenditures which have not yet been expended.

Shell Canada Energy Waste Water Supply Agreement

The Town has received funding from Shell Canada Energy for the exclusive supply and use of all of the Town's treated waste water. The funds are recognized as revenue on an annual basis until expiry of the agreement in January 2029.

Alberta Municipal Sustainability Initiative

Provincial government funding is to undertake certain eligible infrastructure expenditures within the Town that have not yet been expended.

Canada Community-Building Fund

Federal and provincial government funding is to undertake certain eligible infrastructure expenditures within the Town that have not yet been expended.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. DEFERRED REVENUE (continued)

Community Adult Learning Program

Provincial government funding was received to undertake certain expenditures under the community adult learning program which have not yet been expended.

Alberta Environment and Parks - Community Environmental Project

Provincial government funding was received to undertake certain eligible community environmental projects within the Town that have not yet been expended.

Alberta Environment and Parks

Provincial government funding was received to undertake certain sewage lagoon desludging project expenses that have not yet been expended.

Family Resource Network

Provincial government funding was received to provide family resource network services within the Town which have not yet been expended.

Emergency Community Support Fund

Federal government funding was received to operate certain programs that are serving vulnerable populations impacted by the COVID-19 pandemic within the Town which have not yet been expended.

Family and Community Support Services

Certain provincial government funding was received to undertake certain social programs and related expenditures within the Town which have not yet been expended.

Canadian Mental Health Association

Certain funding was received to undertake a rural mental health project and related expenditures within the Town which have not yet been expended.

Career and Employment Resource Centre

Certain provincial government funding was received to provide individuals with certain career, occupational, learning, and work search goals which have not yet been expended.

Early Child Development Mapping Project Program

Provincial government funding was received to undertake certain to support early child development in the community which have not yet been expended.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. LONG TERM DEBT

	2021	2020
Tax supported debentures	\$ 460,211	\$ 530,786
Special levy supported debentures	113,786	157,532
Tax supported loans	13,251,411	13,824,599
	\$ 13,825,408	\$ 14,512,917

The current portion of the long-term debt amounts to \$652,237 (2020 - \$687,509)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 652,237	\$ 412,440	\$ 1,064,677
2023	673,107	391,570	1,064,677
2024	694,669	370,008	1,064,677
2025	716,948	347,729	1,064,677
2026	740,093	324,584	1,064,677
Thereafter	10,348,354	2,004,975	12,353,329
	\$ 13,825,408	\$ 3,851,306	\$ 17,676,714

Debenture debt is repayable to the Alberta Treasury Board and Finance, and bears interest at 4.96% and 5.10% per annum and matures in March 2029 and December 2029.

Debenture debt is issued on the credit and security of the Town at large.

The Canadian Imperial Bank of Commerce loans bear interest at 2.9%, and are repayable in blended monthly payments of \$15,095 and \$66,127.

Interest on long-term debt amounted to \$434,098 (2020 - \$456,694).

The Town's total cash payments for interest amounted to \$436,177 (2020 - \$459,055).

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Fox Creek be disclosed as follows:

	2021	2020
Total debt limit	\$ 15,767,312	\$ 15,570,113
Total debt	13,825,408	14,512,917
Amount of debt limit unused	\$ 1,941,904	\$ 1,057,196
Service on debt limit	\$ 2,627,885	\$ 2,595,019
Service on debt	1,064,677	1,123,686
Amount of debt servicing limit unused	\$ 1,563,208	\$ 1,471,333

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule 1)	\$ 111,007,774	\$ 108,264,276
Accumulated amortization (Schedule 1)	(24,562,698)	(22,052,392)
Long-term debt (Note 8)	(13,825,408)	(14,512,917)
	\$ 72,619,668	\$ 71,698,967

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

11. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Operating Surplus	\$ 8,474,390	\$ 10,826,170
Restricted surplus:		
General administration	370,160	395,852
Fire protection	363,210	363,210
Bylaw enforcement	1,939	1,939
Common and equipment pool	63,922	98,515
Roads, streets, walks, lighting	116,218	116,218
Airport	14,052	14,052
Water supply and distribution	2,183,586	2,188,894
Wastewater treatment and disposal	2,448,622	2,094,604
Waste management	61,988	61,988
Landfill closure and post-closure care	709,669	659,669
Family and community support services	20,065	20,065
Other public health and welfare	1,993	1,993
Community enhancement	2,047,246	2,081,187
Subdivision land and development	656,990	596,445
Recreation	1,041,620	1,083,663
Libraries, museums, halls	22,293	22,293
General	2,359,463	1,586,932
Mill rate stabilization fund	2,355,500	-
Equity in tangible capital assets	<u>72,619,668</u>	<u>71,698,967</u>
	<u>\$ 95,932,594</u>	<u>\$ 93,912,656</u>

12. CONTAMINATED SITES LIABILITY

The Town owns properties that may contain environmental contamination and may require site reclamation. The financial liability relating to these sites cannot be reasonably estimated and no accrual has been made in these financial statements.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

13.SEGMENTED DISCLOSURE

The Town of Fox Creek provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents 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 the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6).

General government includes council and other legislative and general administrative. Protective services includes police, fire protection, emergency measures and disaster services, ambulance services and first aid, and bylaw enforcement. Transportation services includes common and equipment pool, roads, streets, walks, and lighting, and airport. Water and wastewater includes water supply and distribution and wastewater treatment and disposal. Waste management includes waste management. Public health and welfare includes family and community support services, and other public health and welfare. Planning and development includes land use planning, zoning and development, subdivision land and development, and economic development. Recreation and culture includes parks and recreation, and libraries, museums and halls.

14.BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>Budget Amount</u>
Revenue	
Budgeted revenues	\$ 11,375,048
Capital budget	6,798,256
Less:	
Transfer to other funds	<u>(3,291,935)</u>
Total revenues	<u>14,881,369</u>
Expenses	
Budgeted expenses	11,375,048
Capital budget	6,798,256
Less:	
Transfer to other funds	(1,231,924)
Capital expenses	(6,798,256)
Debt principal payments	<u>(687,510)</u>
Total expenses	<u>9,455,614</u>
Excess of revenue over expenses	<u>\$ 5,425,755</u>

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

15. SALARY AND BENEFITS

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

	2021			2020
	Salary	Benefits and allowances	Total	Total
Councillors:				
Mayor Gilmour	\$ 4,081	\$ 347	\$ 4,428	\$
Mayor Hailes	10,150	450	10,600	16,450
Councillor Ahn	6,269	651	6,920	10,956
Councillor Bainton	11,800	1,052	12,852	11,864
Councillor Burridge	10,350	973	11,323	11,088
Councillor Doran	3,006	223	3,229	
Councillor Gilmour	7,525	728	8,253	11,666
Councillor Hailes	3,194	150	3,344	
Councillor Hudson	3,031	247	3,278	
Councillor Stadnyk	11,275	1,024	12,299	9,501
Councillor Watson	4,800	466	5,266	10,509
Chief Administrative Officer	187,765	34,615	222,380	208,541
Designated officers (2 positions)	121,420	30,343	151,763	180,346
Town Assessor	27,499		27,499	28,376

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

2. Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees include pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

3. The Town has entered into an agreement for assessor services with an independent contractor.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

16. LOCAL AUTHORITIES PENSION PLAN

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

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

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

Total current service contributions by the Town to the LAPP during the year were \$283,484 (2020 - \$279,236). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in the current year were \$256,407 (2020 - \$253,127).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.92 billion. This amount is not specifically allocated to the participating government organizations.

17. COMMITMENTS

The Town is committed under an agreement dated October 15, 2010 with Woodlands County, and the managing partner of the Golden Triangle Snowmobile Trail System, to provide annual funding of \$15,000 towards the maintenance and promotion of the Golden Triangle Snowmobile Trail System.

The Town has committed to make an annual contribution of \$15,000 to the Fox Creek Nordic and Trail Club.

The Town has committed to make an annual contribution of \$12,500 to the Shock Trauma Air Rescue Service until December 31, 2026.

18. CONTINGENCIES

The Town is a member of the Alberta Local Authorities Reciprocal 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.

In the ordinary course of business, lawsuits are brought against the Town. It is the opinion of administration that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

19.FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and investments, receivables, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant market risks arising from these financial instruments.

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

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

20.BUDGET AMOUNTS

The 2021 budget for the Town was approved by Council on June 17, 2021, and has been reported in the financial statement for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

21.APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
