

**SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**  
**Financial Statements**  
**For the Year Ended December 31, 2021**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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To the Members of Smoky River Regional Water Management Commission

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

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

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

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

  
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Rick Gervais  
Manager

Falher, AB  
March 28, 2022



JDP Wasserman & Associates \*  
Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Smoky River Regional Water Management Commission

### *Opinion*

We have audited the financial statements of Smoky River Regional Water Management Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2021, and the results of its operations, changes in net financial debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with ethical requirements that are relevant to our audit of financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

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*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Edmonton, Alberta  
March 28, 2022

  
ISRAEL WASSERMAN PROFESSIONAL CORPORATION  
CHARTERED PROFESSIONAL ACCOUNTANT

**SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION****Statement of Financial Position****As at December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,474,076	\$ 1,233,174
Accounts receivable (Note 3)	84,473	89,345
Investments (Note 4)	2,688	2,455
	<u>1,561,237</u>	<u>1,324,974</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	43,219	55,488
Long-term debt (Note 7)	1,677,776	1,804,058
	<u>1,720,995</u>	<u>1,859,546</u>
<b>NET FINANCIAL DEBT</b>	<u>(159,758)</u>	<u>(534,572)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	400	400
Inventory for consumption	8,898	10,397
Tangible capital assets (Schedule 1)	12,836,111	13,192,732
	<u>12,845,409</u>	<u>13,203,529</u>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<u>\$ 12,685,651</u>	<u>\$ 12,668,957</u>

CONTINGENCY (Note 6)

**ON BEHALF OF THE BOARD:**  
Chair  
Board Member

# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2021

	2021 (Budget) (Note 12)	2021 (Actual)	2020 (Actual)
<b>REVENUES</b>			
Fees charged to commission members (Note 9)	\$ 1,030,000	\$ 1,063,897	\$ 1,026,365
Other revenues	65,600	67,053	7,802
Investment income	20,000	11,589	20,712
	<u>1,115,600</u>	<u>1,142,539</u>	<u>1,054,879</u>
<b>EXPENSES</b>			
Amortization of tangible capital assets	329,171	356,621	356,626
Salaries, wages and benefits	340,660	308,615	315,419
Utilities	140,000	123,405	126,625
Interest on long-term debt	88,716	88,439	94,610
Chemicals	75,000	80,299	62,858
Fleet	-	53,776	47,571
Insurance	27,000	29,345	27,634
Repairs and maintenance	25,000	29,269	17,964
Supplies and fuel	17,000	19,469	18,641
Contracted and general services	18,000	15,788	17,816
Postage, phone and freight	10,000	9,445	8,648
Professional services	25,000	7,021	20,297
Rental	3,400	2,209	2,040
Travel and subsistence	5,000	1,330	5,992
Advertising, print and memberships	1,500	789	1,595
Bank charges	-	25	-
	<u>1,105,447</u>	<u>1,125,845</u>	<u>1,124,336</u>
<b>ANNUAL DEFICIT BEFORE OTHER</b>	10,153	16,694	(69,457)
<b>OTHER REVENUES (EXPENSES)</b>			
Loss on disposal of tangible capital assets	-	-	(13,524)
<b>ANNUAL SURPLUS (DEFICIT)</b>	10,153	16,694	(82,981)
<b>ACCUMULATED SURPLUS - TO BEGIN YEAR</b>	12,668,957	12,668,957	12,751,938
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 12,679,110</u>	<u>\$ 12,685,651</u>	<u>\$ 12,668,957</u>

**SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**

**Statement of Changes in Net Financial Debt**

**For the Year Ended December 31, 2021**

	2021 (Budget) (Note 12)	2021 (Actual)	2020 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 10,153	\$ 16,694	\$ (82,981)
Amortization of tangible capital assets	329,171	356,621	356,626
Purchase of tangible capital assets	-	-	(78,438)
Proceeds on disposal of tangible capital assets	-	-	39,875
Loss on disposal of tangible capital assets	-	-	13,524
Acquisition of prepaid expenses	-	-	(200)
Use of inventory for consumption	-	1,499	2,946
	<u>329,171</u>	<u>358,120</u>	<u>334,333</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	339,324	374,814	251,352
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	<u>(534,572)</u>	<u>(534,572)</u>	<u>(785,924)</u>
<b>NET FINANCIAL DEBT - END OF YEAR</b>	<u>\$ (195,248)</u>	<u>\$ (159,758)</u>	<u>\$ (534,572)</u>

# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Statement of Cash Flows

For the Year Ended December 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 16,694	\$ (82,981)
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	356,621	356,626
Loss on disposal of tangible capital assets	-	13,524
	<u>373,315</u>	<u>287,169</u>
Changes in non-cash working capital:		
Accounts receivable	4,872	4,339
Accounts payable and accrued liabilities	(12,269)	12,019
Prepaid expenses	-	(200)
Inventory for consumption	1,499	2,946
	<u>(5,898)</u>	<u>19,104</u>
Cash flow from operating activities	<u>367,417</u>	<u>306,273</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	-	(78,438)
Proceeds on disposal of tangible capital assets	-	39,875
Net change in investments	(233)	228,796
Cash flow from (used by) investing activities	<u>(233)</u>	<u>190,233</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long-term debt	(126,282)	(126,015)
Cash flow used by financing activity	<u>(126,282)</u>	<u>(126,015)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>240,902</u>	<u>370,491</u>
Cash and cash equivalents - beginning of year	<u>1,233,174</u>	<u>862,683</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,474,076</u>	<u>\$ 1,233,174</u>



**SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**

**Schedule of Tangible Capital Assets**

**For the Year Ended December 31, 2021**

**(Schedule 1)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
<b>OST</b>								
BALANCE, BEGINNING OF YEAR	\$ 50,000	\$ -	\$ -	\$ 19,350,232	\$ -	\$ -	\$ 19,400,232	\$ 19,421,782
Purchase of tangible capital assets	-	-	-	-	-	-	-	78,438
Disposal of tangible capital assets	-	-	-	-	-	-	-	(99,988)
BALANCE, END OF YEAR	\$ 50,000	\$ -	\$ -	\$ 19,350,232	\$ -	\$ -	\$ 19,400,232	\$ 19,400,232
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ 6,207,500	\$ -	\$ -	\$ 6,207,500	\$ 5,897,463
Amortization of tangible capital assets	-	-	-	356,621	-	-	356,621	356,621
Disposal of tangible capital assets	-	-	-	-	-	-	-	(46,588)
BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ 6,564,121	\$ -	\$ -	\$ 6,564,121	\$ 6,207,500
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,786,111</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,836,111</b>	<b>\$ 13,192,732</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2020</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,142,732</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,192,732</b>	<b>\$ 13,192,732</b>

included in the net book value of tangible capital assets is work-in-progress of \$Nil (2020 - \$Nil).

**SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**

**Schedule of Equity in Tangible Capital Assets**

**(Schedule 2)**

**For the Year Ended December 31, 2021**

	2021	2020
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 11,388,674</b>	<b>\$ 11,594,246</b>
Purchase of tangible capital assets	-	78,438
Amortization of tangible capital assets	(356,621)	(356,626)
Repayment of long-term debt	126,282	126,015
Cost of tangible capital assets disposed of	-	(99,988)
Accumulated amortization of tangible capital assets disposed	-	46,589
<b>BALANCE, END OF YEAR</b>	<b>\$ 11,158,335</b>	<b>\$ 11,388,674</b>
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets (Schedule 1)	\$ 12,836,111	\$ 13,192,732
Long-term debt (Note 7)	(1,677,776)	(1,804,058)
	<b>\$ 11,158,335</b>	<b>\$ 11,388,674</b>

# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Notes to Financial Statements

For the Year Ended December 31, 2021

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### 1. ACCOUNTING POLICIES

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

#### (a) Reporting Entity

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

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

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

#### (b) Basis of Accounting

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

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

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

#### (c) Cash and Cash Equivalents

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

#### (d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written-down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

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# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Notes to Financial Statements

For the Year Ended December 31, 2021

### 1. ACCOUNTING POLICIES *(continued)*

#### *(e) Non-Financial Assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual deficit, provides the Statement of Changes in Net Financial Debt for the year (page 7).

#### *(f) Inventories for Consumption*

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

#### *(g) Tangible Capital Assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Engineered structures	45 - 75 years
Vehicles	10 years

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

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

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

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### *(h) Contaminated Sites*

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

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# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Notes to Financial Statements

For the Year Ended December 31, 2021

### 1. ACCOUNTING POLICIES (continued)

#### (i) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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

#### (j) New Accounting Standards not yet Adopted

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

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

### 2. CASH AND CASH EQUIVALENTS

	2021	2020
Notice on demand bank accounts	\$ 876,303	\$ 868,021
Bank account	597,763	365,143
Petty cash	10	10
	<u>\$ 1,474,076</u>	<u>\$ 1,233,174</u>

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

### 3. ACCOUNTS RECEIVABLE

	2021	2020
Trade and other	\$ 75,153	\$ 78,345
Goods and Services Tax recoverable	9,320	11,000
	<u>\$ 84,473</u>	<u>\$ 89,345</u>

### 4. INVESTMENTS

Investments consist of an equity share in the Girouxville Co-op.

# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Notes to Financial Statements

For the Year Ended December 31, 2021

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Employee earned vacation and sick liability	\$ 22,728	\$ 23,360
Trade and other	16,811	28,171
Accrued interest on long-term debt	3,680	3,957
	<u>\$ 43,219</u>	<u>\$ 55,488</u>

### 6. CONTINGENCY

The Commission has received a statement of claim which was filed March 30, 2012 in the amount of \$115,951 plus Goods and Services Tax, interest and costs, filed by In-Line Contracting Ltd., a contractor to the Commission in respect of the project known as the "Smoky River Water Commission Raw Water Supply Contract 2". In turn, the Commission has counterclaimed for \$1,000,000 for costs associated with correction of deficiencies. At this time, we are unable to make a conclusive determination regarding liability and quantum. No amount payable or receivable has been set up as at December 31, 2021.

### 7. LONG-TERM DEBT

	2021	2020
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$70,601 including interest at 5.012% maturing in 2031.	\$ 1,056,947	\$ 1,141,965
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$26,488 including interest at 4.995% maturing in 2032.	428,804	459,217
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$10,410 including interest at 4.980% maturing in 2034.	192,025	202,876
	<u>\$ 1,677,776</u>	<u>\$ 1,804,058</u>

Principal and interest payments are due as follows:

	Principal	Interest	Total
2022	\$ 132,682	\$ 82,316	\$ 214,998
2023	139,406	75,592	214,998
2024	146,471	68,527	214,998
2025	153,894	61,104	214,998
2026	161,693	53,305	214,998
Thereafter	943,630	192,609	1,136,239
	<u>\$ 1,677,776</u>	<u>\$ 533,453</u>	<u>\$ 2,211,229</u>

# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Notes to Financial Statements

For the Year Ended December 31, 2021

### 8. DEBT LIMITS

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

	2021	2020
Total debt limit	\$ 2,285,078	\$ 2,109,758
Total debt	(1,677,776)	(1,804,058)
<b>Total debt limit remaining</b>	<b>\$ 607,302</b>	<b>\$ 305,700</b>
Service on debt limit	\$ 399,889	\$ 369,208
Service on debt	(214,998)	(214,998)
<b>Total service on debt limit remaining</b>	<b>\$ 184,891</b>	<b>\$ 154,210</b>

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

### 9. RELATED PARTIES

Fees charged to Commission members are summarized as follows:

	2021	2020
Town of Falher	\$ 474,016	\$ 453,695
Smoky River Water Co-operative Ltd.	284,265	271,364
Village of Girouxville	162,446	166,201
Village of Donnelly	143,170	135,105
Town of McLennan	-	-
Municipal District of Smoky River No. 130	-	-
	<b>\$ 1,063,897</b>	<b>\$ 1,026,365</b>

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

Included in contracted and general services expenses is \$4,200 (2020 - \$4,200) to the Town of Falher for administrative services. Rental expense also relates to the Town of Falher for \$2,209 (2020 - \$2,040). Included in other revenues is \$3,600 (2020 - \$3,600) from Smoky River Water Co-operative Ltd. for booster station monitoring.

Included in accounts receivable and accounts payable and accrued liabilities as of December 31, 2021 is \$74,308 (2020 - \$77,986) and \$Nil (2020 - \$8,642), respectively.

# SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION

## Notes to Financial Statements

For the Year Ended December 31, 2021

### 10. ACCUMULATED SURPLUS

	2021	2020
Unrestricted surplus	\$ 105,316	\$ 30,282
Restricted surplus		
Operating reserves (Note 10)	264,000	222,000
Capital reserves (Note 10)	1,158,000	1,028,000
Equity in tangible capital assets (Schedule 2)	11,158,335	11,388,674
	<u>\$ 12,685,651</u>	<u>\$ 12,668,956</u>

### 11. RESTRICTED SURPLUS

	2021	2020
<b>Operating Reserves</b>		
Operating	\$ 254,000	\$ 212,000
Insurance deductible	10,000	10,000
	<u>\$ 264,000</u>	<u>\$ 222,000</u>
 <b>Capital Reserves</b>		
Capital replacement	\$ 1,092,000	\$ 992,000
Vehicle replacement	66,000	36,000
	<u>\$ 1,158,000</u>	<u>\$ 1,028,000</u>

### 12. BUDGET FIGURES

	2021 (Budget)	2021 (Actual)
Annual surplus	\$ 10,153	\$ 16,694
Acquisition of tangible capital assets	-	-
Repayment of long-term debt	(126,283)	(126,282)
Net transfers to reserves	(112,000)	(172,000)
<b>Results of operations</b>	<u>\$ (228,130)</u>	<u>\$ (281,588)</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Members of the Board on April 19, 2021. The chart above reconciles the approved financial plan to the figures reported in these financial statements.



# **SMOKY RIVER REGIONAL WATER MANAGEMENT COMMISSION**

## **Notes to Financial Statements**

**For the Year Ended December 31, 2021**

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### **13. FINANCIAL INSTRUMENTS**

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

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

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### **14. IMPACT OF COVID-19**

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. COVID-19 had minimal operational or financial impacts on the Commission in 2021 and it is management's opinion that COVID-19 will not have a significant financial impact on the Commission in the future.

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

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### **15. APPROVAL OF FINANCIAL STATEMENTS**

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

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