

## INDEPENDENT AUDITOR'S REPORT

To the Council of the Town of Milestone:

### *Qualified Opinion*

We have audited the financial statements of the Town of Milestone (the Municipality), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

As outlined in Note 10 to the financial statements, the Municipality maintains a solid waste landfill site for which it has not recorded an estimate of its closure and post-closure liabilities. This constitutes a departure from Canadian public sector accounting standards, which require the closure and post-closure liabilities to be recognized on a volumetric basis as the landfill site capacity is used, beginning when the site first accepts waste. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were not able to determine whether any adjustments might be necessary to the surplus of revenues over expenses and cash flows from operations for the year ended December 31, 2021, landfill closure and post-closure liabilities as at December 31, 2021 and net assets as at January 1 and December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified because of the effects of this departure from Canadian public sector accounting standards.

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 Municipality 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Other Matters - Supplemental Information*

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. Schedules 1, 2, 3, 7, 9 and 10 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

### *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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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:

- 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 Municipality'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 Municipality'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 Municipality 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.

Weyburn, Saskatchewan

Chartered Professional Accountants

**Town of Milestone**  
SYNOPSIS OF ANNUAL FINANCIAL STATEMENT

**Statement of Financial Position**

**As at December 31, 2021**

**Statement 1**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and Temporary Investments (Note 2)	\$ 112,993	\$ 161,460
Taxes Receivable - Municipal (Note 3)	45,489	52,773
Other Accounts Receivable (Note 4)	123,020	111,312
Land for Resale (Note 5)	-	-
Investments (Note 6)	31,129	31,129
Debt Charges Recoverable (Note 7)	-	-
Other (Specify)	-	-
<b>Total financial assets</b>	<b>312,631</b>	<b>356,674</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 8)	-	-
Accounts Payable	39,968	29,166
Accrued Liabilities Payable	129,578	120,411
Deposits	-	-
Deferred Revenue (Note 9)	150,876	122,626
Accrued Landfill Costs (Note 10)	-	-
Liability for Contaminated Sites	-	-
Other Liabilities	-	-
Long-Term Debt (Note 11)	2,038,374	2,108,387
Lease Obligations (Note 12)	3,384	6,163
<b>Total liabilities</b>	<b>2,362,180</b>	<b>2,386,753</b>
<b>NET FINANCIAL DEBT</b>	<b>(2,049,549)</b>	<b>(2,030,079)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets(Schedule 6, 7)	4,098,516	4,106,412
Prepayments and Deferred Charges	6,351	318
Stock and Supplies	15,805	-
Other (Note 13)	-	-
<b>Total Non-Financial Assets</b>	<b>4,120,672</b>	<b>4,106,730</b>
<b>ACCUMULATED SURPLUS (Schedule 8)</b>	<b>\$ 2,071,123</b>	<b>\$ 2,076,651</b>

Non-adjusting subsequent events (Note 23)

**Statement of Operations and Accumulated Surplus**

**As at December 31, 2021**

**Statement 2**

	Budget 2021	2021	2020
<b>REVENUES OTHER THAN PROVINCIAL/FEDERAL CAPITAL GRANTS AND CONTRIBUTIONS</b>			
Taxes and Other Unconditional Revenue (Schedule 1)	\$ 724,418	\$ 685,150	\$ 705,792
Fees and Charges (Schedule 4, 5)	344,496	384,498	342,946
Conditional Grants (Schedule 4, 5)	5,000	20,519	16,270
Tangible Capital Assets Sales - Gain (Loss) (Schedule 4, 5)	-	(4,580)	-
Land Sales - Gain (Loss) (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	1,500	930	3,074
Restructurings (Schedule 4, 5)	-	-	-
Other Revenues (Schedule 4, 5)	-	-	-
<b>Total Revenues other than Provincial/Federal Capital Grants and Contributions</b>	<b>1,075,414</b>	<b>1,086,517</b>	<b>1,068,082</b>
<b>EXPENSES</b>			
General Government Services (Schedule 3)	159,681	208,424	220,897
Protective Services (Schedule 3)	81,232	86,184	77,192
Transportation Services (Schedule 3)	330,948	405,655	315,365
Environmental and Public Health Services (Schedule 3)	75,415	125,804	112,107
Planning and Development Services (Schedule 3)	1,000	7,089	8,870
Recreation and Cultural Services (Schedule 3)	74,500	86,848	72,627
Utility Services (Schedule 3)	391,808	278,404	310,166
Restructurings (Schedule 3)	-	-	-
<b>Total Expenses</b>	<b>1,114,584</b>	<b>1,198,408</b>	<b>1,117,224</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>(39,170)</b>	<b>(111,891)</b>	<b>(49,142)</b>
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	50,984	106,363	71,544
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>11,814</b>	<b>(5,528)</b>	<b>22,402</b>
Accumulated Surplus, Beginning of Year	2,076,651	2,076,651	2,054,249
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 2,088,465</b>	<b>\$ 2,071,123</b>	<b>\$ 2,076,651</b>



**Statement of Change in Net Financial Debt**
**As at December 31, 2021**
**Statement 3**

	Budget 2021	2021	2020
<b>Surplus</b>	\$ 11,814	\$ (5,528)	\$ 22,402
(Acquisition) of tangible capital assets	(56,270)	(118,438)	-
Amortization of tangible capital assets	118,162	118,164	125,006
Proceeds on disposal of tangible capital assets	-	3,590	-
Loss (gain) on the disposal of tangible capital assets	-	4,580	-
Transfer of assets/liabilities in restructuring transactions	-	-	-
<b>Surplus (Deficit) of capital expenses over expenditures</b>	<b>61,892</b>	<b>7,896</b>	<b>125,006</b>
(Acquisition) of supplies inventories	-	(15,805)	-
(Acquisition) of prepaid expense	-	(6,351)	(318)
Consumption of supplies inventory	-	-	-
Use of prepaid expense	-	318	503
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	<b>-</b>	<b>(21,838)</b>	<b>185</b>
<b>Increase/Decrease in Net Financial Assets</b>	<b>73,706</b>	<b>(19,470)</b>	<b>147,593</b>
<b>Net Financial Debt - Beginning of Year</b>	<b>(2,030,079)</b>	<b>(2,030,079)</b>	<b>(2,177,672)</b>
<b>Net Financial Debt - End of Year</b>	<b>\$ (1,956,373)</b>	<b>\$ (2,049,549)</b>	<b>\$ (2,030,079)</b>

**Schedule of Council Remuneration**
**As at December 31, 2021**
**Schedule 10**

	Name	Remuneration	Reimbursed Costs	Total
<b>Position</b>				
<b>Mayor</b>	Jeff Brown	\$ 1,900	\$ -	\$ 1,900
Councillor	Mike Gallias	960	-	960
Councillor	Rena Ohrt	1,040	-	1,040
Councillor	Mike Sjodin	1,200	-	1,200
Councillor	Kevin Siebert	1,120	-	1,120
Councillor	Greg Treleaven	800	-	800
Councillor	Jamey Wolfe	1,280	-	1,280
Conference fees		-	915	915
<b>Total</b>		<b>\$ 8,300</b>	<b>\$ 915</b>	<b>\$ 9,215</b>

**Statement of Cash Flows**
**As at December 31, 2021**
**Statement 4**

Cash provided by (used for) the following activities	2021	2020
<b>Operating:</b>		
Surplus (Deficit)	\$ (5,528)	\$ 22,402
Amortization	118,164	125,006
Loss (gain) on disposal of tangible capital assets	4,580	-
	<b>117,216</b>	<b>147,408</b>
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	7,284	35,310
Other Receivables	(11,708)	(10,954)
Accrued Liabilities Payable	9,167	(12,933)
Accounts Payable	10,802	(329,812)
Deferred Revenue	28,250	113,490
Prepayments and Deferred Charges	(6,033)	185
Stock and Supplies	(15,805)	-
	<b>21,957</b>	<b>(204,714)</b>
<b>Cash provided by operating transactions</b>	<b>139,173</b>	<b>(57,306)</b>
<b>Capital:</b>		
Acquisition of capital assets	(118,438)	-
Proceeds from the disposal of capital assets	3,590	-
<b>Cash applied to capital transactions</b>	<b>(114,848)</b>	<b>-</b>
<b>Investing:</b>		
Investments	-	3,467
Other	-	-
<b>Cash provided by (applied to) investing transactions</b>	<b>-</b>	<b>3,467</b>
<b>Financing:</b>		
Debt charges recovered	-	-
Long-term debt issued	-	-
Long-term debt repaid	(70,014)	-
Other financing	-	-
Repayment of callable debt	-	(64,792)
Repayment of obligations under capital lease	(2,778)	(2,781)
<b>Cash provided by (applied to) financing transactions</b>	<b>(72,792)</b>	<b>(67,573)</b>
<b>Change in Cash and Temporary Investments during the year</b>	<b>(48,467)</b>	<b>(121,412)</b>
<b>Cash and Temporary Investments - Beginning of Year</b>	<b>161,460</b>	<b>282,872</b>
<b>Cash and Temporary Investments - End of Year (Note 2)</b>	<b>\$ 112,993</b>	<b>\$ 161,460</b>