

**VILLAGE OF MILO**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

# VILLAGE OF MILO

DECEMBER 31, 2020

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 3
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus	8
Schedule of Tangible Capital Assets	9
Schedule of Property and Other Taxes	10
Schedule of Government Transfers	11
Schedule of Consolidated Expenses by Object	12
Schedule of Segmented Disclosure	13
Notes to Financial Statements	14 - 22
Management Report	23



**SCASE & PARTNER**  
CHARTERED PROFESSIONAL ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF COUNCIL  
VILLAGE OF MILO**

We have audited the consolidated financial statements of the Village of Milo, which comprise the consolidated statement of financial position for the year ended December 31, 2020 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated statements present fairly, in all material respects the financial position of the Village of Milo as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Opinion**

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipalities financial reporting process

## Auditor's responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Municipality's audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase

April 30, 2020  
Calgary, Alberta

*Scase & Partner*

Chartered Professional Accountants

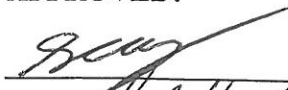

# VILLAGE OF MILO

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 782,440	\$ 866,284
Receivables (Note 3)		
Taxes and grants in place of taxes	24,545	18,590
Receivables from other governments	148,051	122,150
Trade and other receivables	9,201	9,920
Land held for resale (Note 4)	410,916	410,916
Investments	866	792
	1,376,019	1,428,652
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	5,878	2,623
Deposit liabilities	10,333	4,735
Deferred revenue (Note 7)	503,907	644,975
Long term debt (Note 6)	132,132	138,290
	652,250	790,623
<b>NET FINANCIAL ASSETS</b>	723,769	638,029
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2, Note 5)	3,041,114	2,714,044
Inventory for internal consumption	1,590	2,373
	3,042,704	2,716,417
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 11)	\$ 3,766,473	\$ 3,354,446

APPROVED:

  
 \_\_\_\_\_ Mayor  
  
 \_\_\_\_\_ Councilor

The accompanying notes form an integral part of these financial statements

# VILLAGE OF MILO

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 180,892	\$ 176,781	\$ 180,636
User fees and sales of goods	182,560	178,276	167,157
Government transfers for operating (Schedule 4)	17,000	112,948	102,427
Investment income	9,000	1,359	14,177
Penalties and costs of taxes	3,000	3,007	3,674
Other	23,000	24,513	19,051
Net proceeds on sale of capital asset	-	10,842	3,610
Franchise	24,000	24,755	24,492
Contributed and donated assets	-	10,400	-
	439,452	542,881	515,224
<b>EXPENSES</b>			
Legislative	6,900	3,736	4,508
Administration	325,545	249,035	319,718
Bylaw	1,715	-	-
Common services	14,500	35,785	33,152
Roads, streets, walks, lighting	3,500	59,191	54,188
Water system	49,500	130,577	93,918
Waste management	23,200	22,919	7,008
Parks and recreation	-	76,074	54,638
Land use, planning, zoning and development	-	65	228
	424,860	577,382	567,358
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>			
	14,592	(34,501)	(52,134)
Government transfers for capital (Schedule 4)	-	446,528	91,813
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>			
	\$ <u>14,592</u>	412,027	39,679
<b>ACCUMULATED SURPLUS</b> , beginning of year		3,354,446	3,314,767
<b>ACCUMULATED SURPLUS</b> , end of year		\$ 3,766,473	\$ 3,354,446

The accompanying notes form an integral part of these financial statements

# VILLAGE OF MILO

## CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ 14,592	\$ 412,027	\$ 39,679
Acquisition of tangible capital assets	-	(450,058)	(123,906)
Amortization of tangible capital assets	-	122,798	110,413
Proceeds on disposal of tangible capital assets	-	11,030	47,300
(Gain) loss on sale of tangible capital assets	-	(10,842)	(3,610)
	-	(327,072)	30,197
Acquisition of supplies inventories	-	(1,590)	(2,373)
Use of supplies inventories	-	2,373	3,221
	-	783	848
<b>INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>14,592</u>	85,738	70,724
<b>NET FINANCIAL ASSETS, beginning of year</b>		638,029	567,305
<b>NET FINANCIAL ASSETS, end of year</b>		\$ 723,767	\$ 638,029

The accompanying notes form an integral part of these financial statements



# VILLAGE OF MILO

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenue over expenses	\$ 412,027	\$ 39,679
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	122,798	100,044
Accumulated amortization adjustment	-	10,369
(Gain) loss on disposal of tangible capital assets	(10,841)	(3,610)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(5,955)	(3,279)
Decrease (increase) in trade and other receivables	719	7,227
Decrease (increase) in receivables from other governments	(25,900)	(100,792)
Decrease (increase) in inventory for consumption	783	848
Increase (decrease) in accounts payable and accrued liabilities	3,256	(8,822)
Increase (decrease) in deposit liabilities	5,599	3,739
Increase (decrease) in deferred revenue	(141,069)	111,330
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	361,417	156,733
<b>INVESTING</b>		
Acquisition of tangible capital assets	(450,058)	(123,906)
Sale of tangible capital assets	11,030	47,300
Decrease (increase) in investments	(74)	-
<b>CASH APPLIED TO INVESTING TRANSACTIONS</b>	(439,102)	(76,606)
<b>FINANCING</b>		
Long-term debt repaid	(6,159)	(5,839)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	(6,159)	(5,839)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(83,844)	74,288
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	866,284	791,996
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 782,440	\$ 866,284
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash and temporary investments (Note 2)	\$ <u>782,440</u>	\$ <u>866,284</u>
<b>INTEREST PAID ON LONG-TERM DEBT</b>	\$ <u>7,457</u>	\$ <u>7,779</u>

The accompanying notes form an integral part of these financial statements

# VILLAGE OF MILO

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2020 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, beginning of year</b>	\$ 778,684	\$ -	\$ 2,575,762	\$ 3,354,446	\$ 3,314,767
Excess (Deficiency) of revenues over expenses	412,027	-	-	412,027	39,679
Current year funds used for tangible capital assets	(450,058)	-	450,058	-	-
Disposal of tangible capital assets net of amortization	189	-	(189)	-	-
Annual amortization expense	122,798	-	(122,798)	-	-
Long term debt repaid	(6,159)	-	6,159	-	-
<b>Change in accumulated surplus</b>	<b>78,797</b>	<b>-</b>	<b>333,230</b>	<b>412,027</b>	<b>39,679</b>
<b>BALANCE, end of year</b>	<b>\$ 857,481</b>	<b>\$ -</b>	<b>\$ 2,908,992</b>	<b>\$ 3,766,473</b>	<b>\$ 3,354,446</b>

# VILLAGE OF MILO

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 2

#### ENGINEERED STRUCTURES

COST:	LAND		LAND IMPROVEMENTS		BUILDINGS	ROADS & STREETS	WATER SYSTEM	WASTEWATER SYSTEM	MACHINERY & EQUIPMENT	VEHICLES	2020	2019
BALANCE, beginning of year	\$ 66,089	\$ 4,585	\$ 278,976	\$ 1,194,980	\$ 2,118,993	\$ 704,437	\$ 142,019	\$ -	\$ 4,510,079	\$ 4,437,573		
Acquisition of tangible capital assets	-	-	11,326	-	14,894	53,177	11,500	-	90,898	53,800		
Construction-in-progress	-	-	-	226,244	132,291	625	-	-	359,160	70,106		
Disposal of tangible capital assets	-	-	-	-	-	-	(31,475)	-	(31,475)	(51,400)		
Write down of tangible assets	-	-	-	-	-	-	-	-	-	-		
BALANCE, end of year	<u>66,089</u>	<u>4,585</u>	<u>290,302</u>	<u>1,421,224</u>	<u>2,266,178</u>	<u>758,239</u>	<u>122,044</u>	<u>-</u>	<u>4,928,662</u>	<u>4,510,079</u>		
<b>ACCUMULATED AMORTIZATION:</b>												
BALANCE, beginning of year	-	3,821	51,449	446,249	882,727	340,686	71,104	-	1,796,035	1,693,332		
Annual amortization	-	306	12,104	55,941	36,643	8,865	8,939	-	122,798	110,413		
Amortization adjustment	-	-	-	-	-	-	-	-	-	-		
Accum amortization on disposals	-	-	-	-	-	-	(31,286)	-	(31,286)	(7,710)		
BALANCE, end of year	-	<u>4,127</u>	<u>63,553</u>	<u>502,190</u>	<u>919,370</u>	<u>349,551</u>	<u>48,757</u>	<u>-</u>	<u>1,887,548</u>	<u>1,796,036</u>		
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>												
	\$ 66,089	\$ 458	\$ 226,749	\$ 919,034	\$ 1,346,808	\$ 408,688	\$ 73,287	\$ -	\$ 3,041,114	\$ 2,714,043		
<b>2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>												
	\$ 66,089	\$ 764	\$ 227,527	\$ 748,731	\$ 1,236,266	\$ 363,751	\$ 70,915	\$ -	\$ 2,714,043	\$ 2,714,043		

# VILLAGE OF MILO

## SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 3

	Budget (Unaudited)	2020	2019
<b>TAXATION</b>			
Real property taxes	\$ 214,592	\$ 207,811	\$ 210,142
Linear property taxes	-	3,590	4,194
	214,592	211,401	214,336
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	33,700	31,750	30,844
Marquis Foundation	-	2,870	2,856
	33,700	34,620	33,700
<b>NET MUNICIPAL TAXES</b>	<b>\$ 180,892</b>	<b>\$ 176,781</b>	<b>\$ 180,636</b>

# VILLAGE OF MILO

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 4

	Budget (Unaudited)	2020	2019
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 17,000	\$ 29,048	\$ 23,681
Other Local Governments	-	83,900	78,746
	17,000	112,948	102,427
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	294,381	91,813
Federal Government	-	152,147	-
	-	446,528	91,813
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 17,000</b>	<b>559,476</b>	<b>194,240</b>

VILLAGE OF MILO

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2020  
SCHEDULE 5

	Budget (Unaudited)	2020	2019
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 187,800	\$ 138,889	\$ 151,714
Contracted and general services	113,660	215,797	187,275
Materials, goods and utilities	114,900	91,952	109,754
Bank charges and short-term interest	500	489	423
Amortization of tangible capital assets	-	122,798	110,413
Interest on capital long-term debt	8,000	7,457	7,779
	\$ 424,860	577,382	\$ 567,358

# VILLAGE OF MILO

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2020 SCHEDULE 4

	Budget (Unaudited)	2020	2019
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 17,000	\$ 29,048	\$ 23,681
Other Local Governments	-	83,900	78,746
	17,000	112,948	102,427
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	294,381	91,813
Federal Government	-	152,147	-
	-	446,528	91,813
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 17,000</b>	<b>559,476</b>	<b>194,240</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Milo are the representations of management prepared in accordance with Canadian public sector accounting standards 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 Village are as follows:

(a) Reporting Entity

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

Village of Milo Recreation Board

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.

(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) 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.



# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Investments

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately 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.

#### (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 excess of revenues over expenses, provides the Consolidated Change in Net Financial Assets (Debt) 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 asset is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	15-20 years
Buildings	25-50 years
Engineered structures	
Water system	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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.

##### iii. Inventories

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

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(g) Leases

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

(h) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the municipality.

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

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

(i) Fund Accounting

Management funds consists of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues

(j) 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.

(k) Requisition Over-levies and Under-levies

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.

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (l) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the operating fund while transfers to and/or from capital reserves are shown as an adjustment to the respective fund.

#### (m) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures 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.

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 518,812	\$ 124,630
Temporary investments	<u>263,627</u>	<u>741,654</u>
	<u>\$ 782,439</u>	<u>\$ 866,284</u>
Restricted funds for other than current use	\$ 384,765	\$ 530,022
Unrestricted cash and temporary investments	<u>397,674</u>	<u>336,262</u>
Total cash and temporary investments	<u>\$ 782,439</u>	<u>\$ 866,284</u>

Temporary investments are investments with maturities in the normal operating cycle of the municipality. Non-current investments are term deposits and other funds with maturities greater than the normal operating cycle.

The restricted surplus would be cash and temporary investments set aside by the Village council, the purpose of which would be to provide funds for future planned projects, or other contingencies.

The restricted funds are set aside from unused conditional grants received by the Village that have not yet been used for the purpose they were advanced for. As conditions for the grants are met by the Village, the funds are available for the Village to use and the amount of restricted funds is reduced.

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 3. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	\$ 20,656	\$ 12,196
Arrears taxes	<u>3,889</u>	<u>6,394</u>
	24,545	18,590
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 24,545</u>	<u>\$ 18,590</u>
<u>Other</u>		
GST	\$ 18,576	\$ 2,462
Grants	<u>129,475</u>	<u>119,688</u>
	148,051	122,150
Trade and other receivables	<u>9,201</u>	<u>9,920</u>
	157,252	132,070
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 157,252</u>	<u>\$ 132,070</u>
Total all receivables	<u>\$ 181,797</u>	<u>\$ 150,660</u>

### 4. INVENTORY

#### Land held for resale

Inventory is comprised of land purchased by the Village for future subdivision purposes. The land is recorded at the lower of cost or net realizable value. The cost includes the original purchase price and incidental costs expended by the Village during the balance of the year. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function. The land is recorded as a financial asset as it meets the requirements for such classification under the public sector standards.

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 5. TANGIBLE CAPITAL ASSETS

	Net Book Value	<u>2020</u>	<u>2019</u>
Land		\$ 66,089	\$ 66,089
Land improvements		458	764
Buildings		226,750	227,527
Engineered structures			
Roadway system		919,035	748,731
Water distribution system		1,346,808	1,236,265
Wastewater treatment system		408,688	363,753
Machinery, equipment and furnishings		<u>73,286</u>	<u>70,915</u>
		<u>\$ 3,041,114</u>	<u>\$ 2,714,044</u>

### 6. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Self supported debentures	\$ <u>132,132</u>	\$ <u>138,290</u>
Current portion	\$ <u>6,499</u>	\$ <u>6,159</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,499	\$ 7,116	\$ 13,615
2022	6,858	6,757	13,615
2023	7,237	6,378	13,615
2024	7,637	5,978	13,615
2025	8,059	5,556	13,615
Thereafter	<u>95,842</u>	<u>26,703</u>	<u>122,545</u>
	<u>\$ 132,132</u>	<u>\$ 58,488</u>	<u>\$ 190,620</u>

Debenture debt is repayable to Alberta Capital Finance Authority and matures in 2034 with an annual interest rate of 5.452%. Debenture debt is issued on the credit and security of the Village of Milo at large. Interest on long-term debt amounted to \$7,457 (2019 - \$7,779).

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 7. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Unearned income:		
MSI capital	495,259	542,829
Federal Gas Tax Fund	1,098	102,146
ACP	<u>7,550</u>	<u>-</u>
	<u>\$ 503,907</u>	<u>\$ 644,975</u>

#### Municipal Sustainability Initiative

Funding in the amount of \$144,308 was allocated in the current year from the Municipal Sustainability Initiative. Of the \$144,308 received, \$129,475 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement. The remaining \$14,833 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement. Unexpended funds related to the advance are supported by temporary investments held exclusively for these projects.

### 8. SALARY AND BENEFITS DISCLOSURE

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

	<u>2020</u>			<u>2019</u>
	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total</u>	<u>Total</u>
Councilor L Headrick	600	-	600	1,295
Mayor S. Schroeder	1,000	-	1,000	1,150
Councilor S. Walker	1,239	129	1,368	2,002
Chief Administrative Officer	40,000	2,801	42,801	42,769
Designated Officer - Assessor	5,000	-	5,000	5,000

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concession loans, travel allowances, car allowances and club memberships.

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Milo be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 814,322	\$ 772,836
Total debt	<u>(132,132)</u>	<u>(138,290)</u>
Amount of debt limit unused	<u>\$ 682,190</u>	<u>\$ 634,546</u>
	<u>2020</u>	<u>2019</u>
Debt servicing limit	\$ 135,720	\$ 128,806
Debt servicing	<u>(13,615)</u>	<u>(13,616)</u>
Amount of debt servicing limit unused	<u>\$ 122,105</u>	<u>\$ 115,190</u>

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

### 10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	\$ 4,928,672	\$ 4,510,088
Accumulated amortization (Schedule 2)	(1,887,548)	(1,796,036)
Long-term debt (Note 5)	<u>(132,132)</u>	<u>(138,290)</u>
Equity in tangible capital assets	<u>\$ 2,908,992</u>	<u>\$ 2,575,762</u>

# VILLAGE OF MILO

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### 11. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus (deficit)	\$ 857,481	\$ 778,684
Equity in tangible capital assets	<u>2,908,992</u>	<u>2,575,762</u>
	<u>\$ 3,766,473</u>	<u>\$ 3,354,446</u>

### 12. FINANCIAL INSTRUMENTS

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

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

Unless otherwise noted, the stated of these financial instruments approximate fair value.

### 13. SEGMENTED DISCLOSURE

The Village of Milo provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

### 14. ROUNDING

Certain balances within the consolidated financial statements and the supporting schedules and notes to the financial statements may not agree due to rounding as a result of the use of formulas.

### 15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.



MANAGEMENT REPORT

The accompanying consolidated financial statements for the year ended December 31, 2019 and other information contained in this Financial Report are the responsibility of the management of the Village of Milo.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimated and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village of Milo is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Village. Scase & Partner was given and had full and free access to Council.

  
\_\_\_\_\_  
Mayor

*MAY 3/2021*  
\_\_\_\_\_  
Date