

VILLAGE OF MILO

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

VILLAGE OF MILO

DECEMBER 31, 2019

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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, 2019 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, 2019, 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

March 31, 2020
Calgary, Alberta

Scase & Partner

Chartered Professional Accountants

VILLAGE OF MILO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 866,284	\$ 791,995
Receivables		
Taxes and grants in place of taxes (Note 3)	18,590	15,311
Receivables from other governments	122,150	21,358
Trade and other receivables	9,920	17,147
Land held for resale	410,916	410,916
Investments	792	792
	<u>1,428,652</u>	<u>1,257,519</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,623	11,448
Deposit liabilities	4,735	996
Deferred revenue	644,975	533,645
Long term debt (Note 5)	138,290	144,127
	<u>790,623</u>	<u>690,216</u>
NET FINANCIAL ASSETS	<u>638,029</u>	<u>567,303</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 4)	2,714,044	2,744,242
Inventory for internal consumption	2,373	3,220
	<u>2,716,417</u>	<u>2,747,462</u>
ACCUMULATED SURPLUS (Schedule 1, Note 10)	<u>\$ 3,354,446</u>	<u>\$ 3,314,765</u>

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, 2019

	Budget (Unaudited)	2019	2018
REVENUE			
Net municipal taxes (Schedule 3)	\$ 186,929	\$ 180,636	\$ 176,379
User fees and sales of goods	154,815	167,157	231,331
Government transfers for operating (Schedule 4)	20,000	102,427	60,769
Investment income	6,000	14,177	11,595
Rental income	-	-	90
Penalties and costs of taxes	4,500	3,674	2,068
Other	15,000	19,051	3,320
Net proceeds on sale of capital asset	-	3,610	-
Franchise	23,500	24,492	23,519
Licenses and permits	-	-	239
	410,744	515,224	509,310
EXPENSES			
Legislative	9,350	4,508	7,681
Administration	345,642	319,718	230,991
Bylaw	300	-	26
Fire	-	-	5,693
Common services	18,118	33,152	70,549
Roads, streets, walks, lighting	50,154	54,188	23,522
Water system	72,387	93,918	108,084
Waste management	7,200	7,008	25,323
Parks and recreation	306	54,638	69,023
Culture	-	-	3,000
Land use, planning, zoning and development	-	228	-
	503,457	567,358	543,892
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER			
Government transfers for capital (Schedule 4)	(92,713)	(52,134)	(34,582)
	-	91,813	476,795
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	\$ (92,713)	39,679	442,213
ACCUMULATED SURPLUS, beginning of year			
		3,314,767	2,872,554
ACCUMULATED SURPLUS, end of year			
		\$ 3,354,446	\$ 3,314,767

The accompanying notes form an integral part of these financial statements

VILLAGE OF MILO

CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ (92,713)	\$ 39,679	\$ 442,213
Acquisition of tangible capital assets	(170,000)	(123,906)	(476,797)
Amortization of tangible capital assets	110,413	110,414	74,760
Proceeds on disposal of tangible capital assets	-	47,300	-
(Gain) loss on sale of tangible capital assets	-	(3,610)	-
	(59,587)	30,198	(402,037)
Acquisition of supplies inventories	-	(2,373)	(3,220)
Use of supplies inventories	-	3,221	3,693
Use of prepaid assets	-	-	820
	-	848	1,293
(INCREASE) DECREASE IN NET DEBT	<u>\$ (152,300)</u>	70,725	41,469
NET FINANCIAL ASSETS, beginning of year		567,305	525,836
NET FINANCIAL ASSETS (DEBT), end of year		\$ 638,030	\$ 567,305

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, 2019

	2019	2018
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenue over expenses	\$ 39,679	\$ 442,213
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	110,414	74,758
Accumulated amortization adjustment	-	-
(Gain) loss on disposal of tangible capital assets	(3,610)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(3,279)	14,890
Decrease (increase) in trade and other receivables	7,227	4,356
Decrease (increase) in receivables from other governments	(100,792)	389,610
Decrease (increase) in inventory for consumption	848	473
Decrease (increase) in prepaid expenses	-	820
Increase (decrease) in accounts payable and accrued liabilities	(8,822)	(492)
Increase (decrease) in deposit liabilities	3,739	150
Increase (decrease) in deferred revenue	111,330	(289,747)
CASH PROVIDED BY OPERATING ACTIVITIES	156,734	637,031
INVESTING		
Acquisition of tangible capital assets	(123,906)	(476,794)
Sale of tangible capital assets	47,300	-
CASH APPLIED TO INVESTING TRANSACTIONS	(76,606)	(476,794)
FINANCING		
Long-term debt repaid	(5,839)	(5,531)
CASH APPLIED TO FINANCING TRANSACTIONS	(5,839)	(5,531)
CHANGE IN CASH AND CASH EQUIVALENTS	74,289	154,706
CASH AND CASH EQUIVALENTS, beginning of year	791,995	637,289
CASH AND CASH EQUIVALENTS, end of year	\$ 866,284	\$ 791,995
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ <u>866,284</u>	\$ <u>791,995</u>
INTEREST PAID ON LONG-TERM DEBT	\$ <u>7,779</u>	\$ <u>8,085</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, 2019 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, beginning of year	\$ 714,646	\$ -	\$ 2,600,121	\$ 3,314,767	\$ 2,872,554
(Deficiency) excess of revenues over expenses	39,679	-	-	39,679	442,213
Loss (gain) on disposal of tangible assets	(3,610)	-	3,610	-	-
Current year funds used for tangible capital assets	(123,906)	-	123,906	-	-
Disposal of tangible capital assets	47,300	-	(47,300)	-	-
Annual amortization expense	110,414	-	(110,414)	-	-
Long term debt repaid	(5,839)	-	5,839	-	-
Change in accumulated surplus	64,038	-	(24,359)	39,679	442,213
BALANCE, end of year	\$ 778,684	\$ -	\$ 2,575,762	\$ 3,354,446	\$ 3,314,767

VILLAGE OF MILO

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 2

ENGINEERED STRUCTURES

COST:	ENGINEERED STRUCTURES							2019	2018	
	LAND IMPROVEMENTS	LAND	BUILDINGS	ROADS & STREETS	WATER SYSTEM	WASTEWATER SYSTEM	MACHINERY & EQUIPMENT	VEHICLES		
BALANCE, beginning of year	\$ 66,089	\$ 4,585	\$ 234,951	\$ 1,189,753	\$ 2,098,140	\$ 704,437	\$ 139,619	\$ -	\$ 4,437,575	\$ 3,960,780
Acquisition of tangible capital assets	-	-	-	-	-	-	53,800	-	53,800	39,289
Construction-in-progress	-	-	44,025	5,228	20,853	-	-	-	70,106	437,506
Disposal of tangible capital assets	-	-	-	-	-	-	(51,400)	-	(51,400)	-
Write down of tangible assets	-	-	-	-	-	-	-	-	-	-
BALANCE, end of year	<u>66,089</u>	<u>4,585</u>	<u>278,976</u>	<u>1,194,980</u>	<u>2,118,993</u>	<u>704,438</u>	<u>142,019</u>	<u>-</u>	<u>4,510,081</u>	<u>4,437,575</u>
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	3,515	40,729	396,097	847,950	332,419	72,623	-	1,693,333	1,618,573
Annual amortization	-	306	10,721	50,152	34,777	8,267	6,191	-	110,414	74,758
Amortization adjustment	-	-	-	-	-	-	-	-	-	-
Accum amortization on disposals	-	-	-	-	-	-	(7,710)	-	(7,710)	-
BALANCE, end of year	-	<u>3,821</u>	<u>51,450</u>	<u>446,249</u>	<u>882,727</u>	<u>340,686</u>	<u>71,104</u>	<u>-</u>	<u>1,796,038</u>	<u>1,693,332</u>
NET BOOK VALUE OF										
TANGIBLE CAPITAL ASSETS	\$ 66,089	\$ 764	\$ 227,526	\$ 748,731	\$ 1,236,266	\$ 363,752	\$ 70,915	\$ -	\$ 2,714,043	\$ 2,744,243
2018 NET BOOK VALUE OF										
TANGIBLE CAPITAL ASSETS	\$ 66,089	\$ 1,070	\$ 194,222	\$ 793,658	\$ 1,250,190	\$ 372,018	\$ 66,996	\$ -	\$ 2,744,243	\$ 2,744,243

VILLAGE OF MILO

SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 3

	Budget (Unaudited)	2019	2018
TAXATION			
Real property taxes	\$ 221,335	\$ 210,142	\$ 202,076
Linear property taxes	-	4,194	4,904
	221,335	214,336	206,980
REQUISITIONS			
Alberta School Foundation Fund	34,406	30,844	28,934
Marquis Foundation	-	2,856	1,667
	34,406	33,700	30,601
NET MUNICIPAL TAXES	\$ 186,929	\$ 180,636	\$ 176,379

VILLAGE OF MILO

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE 4

	Budget (Unaudited)	2019	2018
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 20,000	\$ 23,681	\$ 52,769
Other Local Governments	-	78,746	8,000
	20,000	102,427	60,769
TRANSFERS FOR CAPITAL:			
Provincial Government	-	91,813	476,795
TOTAL GOVERNMENT TRANSFERS	\$ 20,000	194,240	537,564

VILLAGE OF MILO

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 5**

	Budget (Unaudited)	2019	2018
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 179,800	\$ 151,714	\$ 139,325
Contracted and general services	107,950	187,275	195,346
Materials, goods and utilities	96,044	109,754	87,929
Transfers to local boards and agencies	-	-	37,810
Bank charges and short-term interest	750	423	638
Amortization of tangible capital assets	110,413	110,413	74,759
Interest on capital long-term debt	8,500	7,779	8,085
	\$ 503,457	567,358	\$ 543,892

VILLAGE OF MILO

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2019 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	2017 Total
REVENUE								
Net municipal taxes	\$ 180,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,636
Government transfers	73,886	-	25,755	-	73,746	20,853	-	194,240
User fees and sale of goods	27,851	-	-	-	-	139,306	-	167,157
Investment income	13,335	-	-	-	842	-	-	14,177
Other revenue	47,217	-	3,610	-	-	-	-	50,827
	342,925	-	29,365	-	74,588	160,159	-	607,037
EXPENSES								
Contract & general services	114,328	-	17,650	3,535	42,082	9,681	-	187,276
Salaries and wages	139,494	-	-	-	12,220	-	-	151,714
Goods and supplies	56,582	-	12,718	-	30	40,423	-	109,753
Long-term debt interest	-	-	-	-	-	7,779	-	7,779
Other expenses	411	-	-	-	12	-	-	423
	310,815	-	30,368	3,535	54,344	57,883	-	456,945
NET REVENUE BEFORE AMORTIZATION								
	32,110	-	(1,003)	(3,535)	20,244	102,276	-	150,092
Amortization	10,092	-	56,972	-	306	43,043	-	110,413
NET REVENUE	\$ 22,018	\$ -	\$ (57,975)	\$ (3,535)	\$ 19,938	\$ 59,233	\$ -	\$ 39,679

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

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.

(f) 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.

(g) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

(i) 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>2019</u>	<u>2018</u>
Cash	\$ 124,630	\$ 82,468
Temporary investments	<u>741,654</u>	<u>709,527</u>
	<u>\$ 866,284</u>	<u>\$ 791,995</u>
Restricted funds for other than current use	\$ 530,022	\$ 534,641
Unrestricted cash and temporary investments	<u>336,262</u>	<u>257,354</u>
Total cash and temporary investments	<u>\$ 866,284</u>	<u>\$ 791,995</u>

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, 2019

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2019</u>	<u>2018</u>
Current taxes and grants in place of taxes	\$ 12,196	\$ 15,268
Arrears taxes	<u>6,394</u>	<u>43</u>
	18,590	15,311
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 18,590</u>	<u>\$ 15,311</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Net Book Value		
Land	\$ 66,089	\$ 66,089
Land improvements	764	1,070
Buildings	227,527	194,222
Engineered structures		
Roadway system	748,731	793,657
Water distribution system	1,236,265	1,250,189
Wastewater treatment system	363,753	372,020
Machinery, equipment and furnishings	<u>70,915</u>	<u>66,995</u>
	<u>\$ 2,714,044</u>	<u>\$ 2,744,242</u>

5. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Self supported debentures	\$ <u>138,290</u>	\$ <u>144,127</u>
Current portion	\$ <u>6,159</u>	\$ <u>5,836</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 6,159	\$ 7,457	\$ 13,616
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
Thereafter	<u>103,900</u>	<u>32,259</u>	<u>136,159</u>
	<u>\$ 138,290</u>	<u>\$ 65,945</u>	<u>\$ 204,235</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 \$7,779 (2018 - \$8,085).

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

6. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Unearned income:		
Crystal Blue	\$ -	\$ 6,615
MSI capital	542,829	514,953
MSP	-	4,930
Fed gas tax	102,146	2,147
VB development	<u>-</u>	<u>5,000</u>
	<u>\$ 644,975</u>	<u>\$ 533,645</u>

Municipal Sustainability Initiative

Funding in the amount of \$18,750 was received in the current year from the Municipal Sustainability Initiative. Of the \$18,750 received, \$0 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement. The remaining \$18,750 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.

7. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	<u>2019</u>			<u>2018</u>
	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total</u>	<u>Total</u>
Councilor L Headrick	1,295	-	1,295	150
Mayor S. Schroeder	1,150	-	1,150	1,500
Councilor S. Walker	1,300	702	2,002	1,570
Councilor L. Myers	-	-	-	2,164
Chief Administrative Officer	40,000	2,769	42,769	30,041
Chief Administrative Officer	-	-	-	10,347

- (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, 2019

8. 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>2019</u>	<u>2018</u>
Total debt limit	\$ 772,836	\$ 763,966
Total debt	<u>(138,290)</u>	<u>(144,124)</u>
Amount of debt limit unused	<u>\$ 634,546</u>	<u>\$ 619,842</u>
	<u>2019</u>	<u>2018</u>
Debt servicing limit	\$ 128,806	\$ 127,329
Debt servicing	<u>(13,616)</u>	<u>(13,615)</u>
Amount of debt servicing limit unused	<u>\$ 115,190</u>	<u>\$ 113,714</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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 2)	\$ 4,510,081	\$ 4,437,575
Accumulated amortization (Schedule 2)	(1,796,038)	(1,693,332)
Long-term debt (Note 5)	<u>(138,290)</u>	<u>(144,127)</u>
Equity in tangible capital assets	<u>\$ 2,575,753</u>	<u>\$ 2,600,116</u>

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

10. ACCUMULATED SURPLUS

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus (deficit)	\$ 778,684	\$ 714,646
Restricted surplus	-	-
Equity in tangible capital assets	<u>2,575,762</u>	<u>2,600,121</u>
	<u>\$ 3,354,446</u>	<u>\$ 3,314,767</u>

11. 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.

12. 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).

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

14. FINANCIAL STATEMENT BALANCES

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.

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 estimates 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 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 & Partners Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Village. Scase & Partners was given and had full and free access to Council.



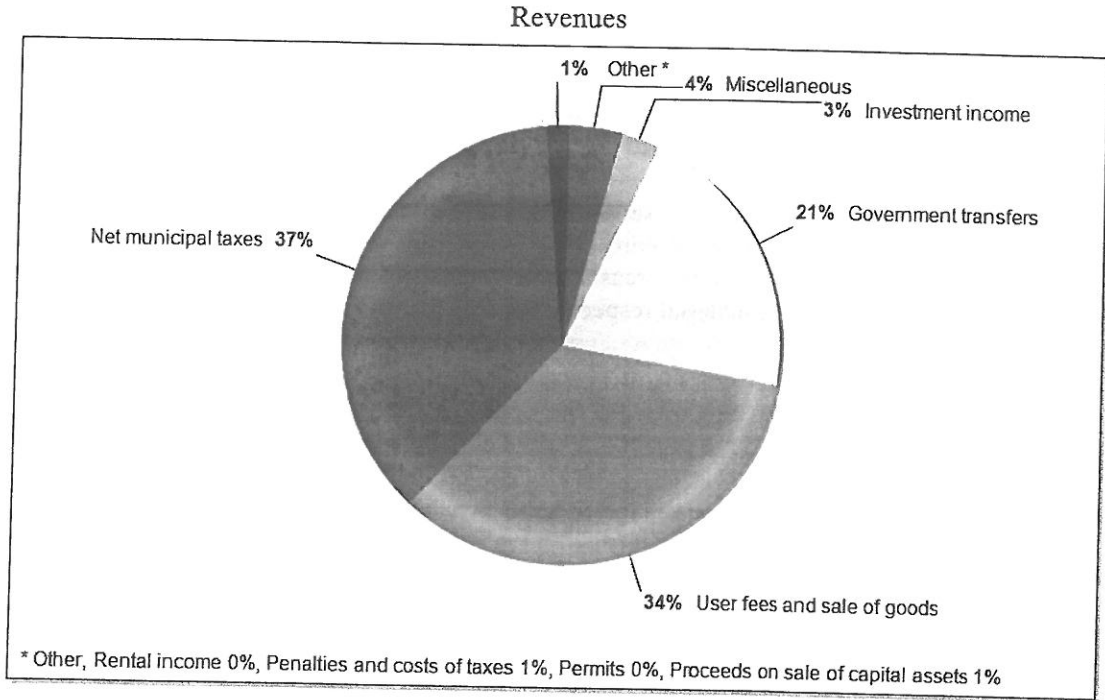
Mayor

APRIL 14 / 2020

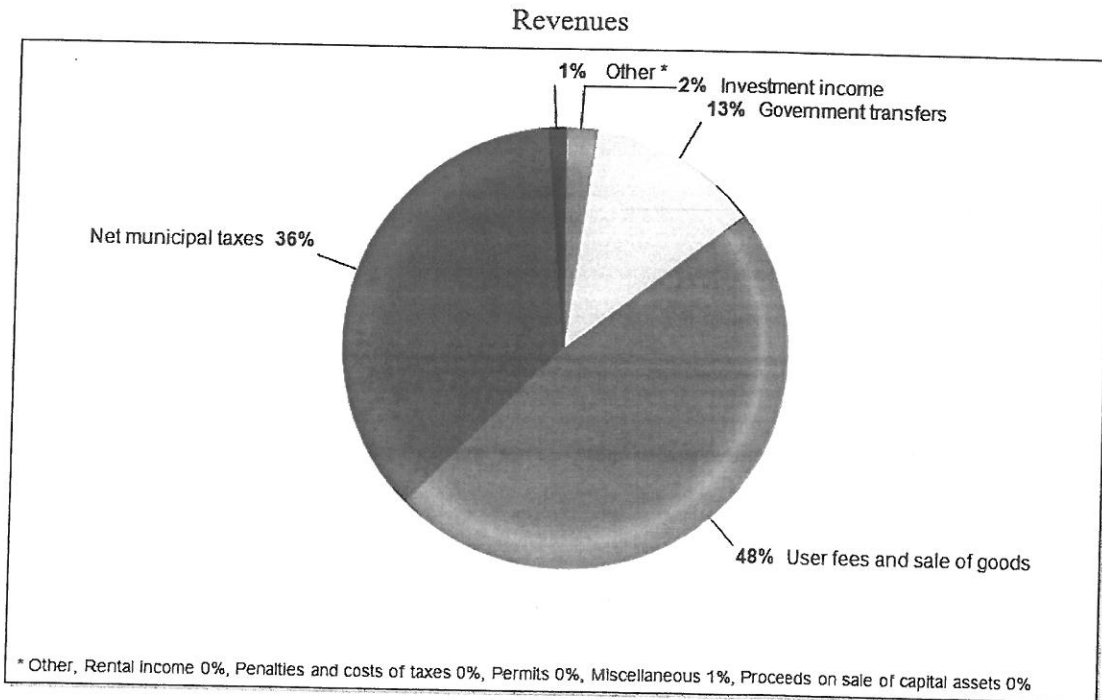
Date

VILLAGE OF MILO

REVENUES FOR YEAR ENDING DECEMBER 31 2019



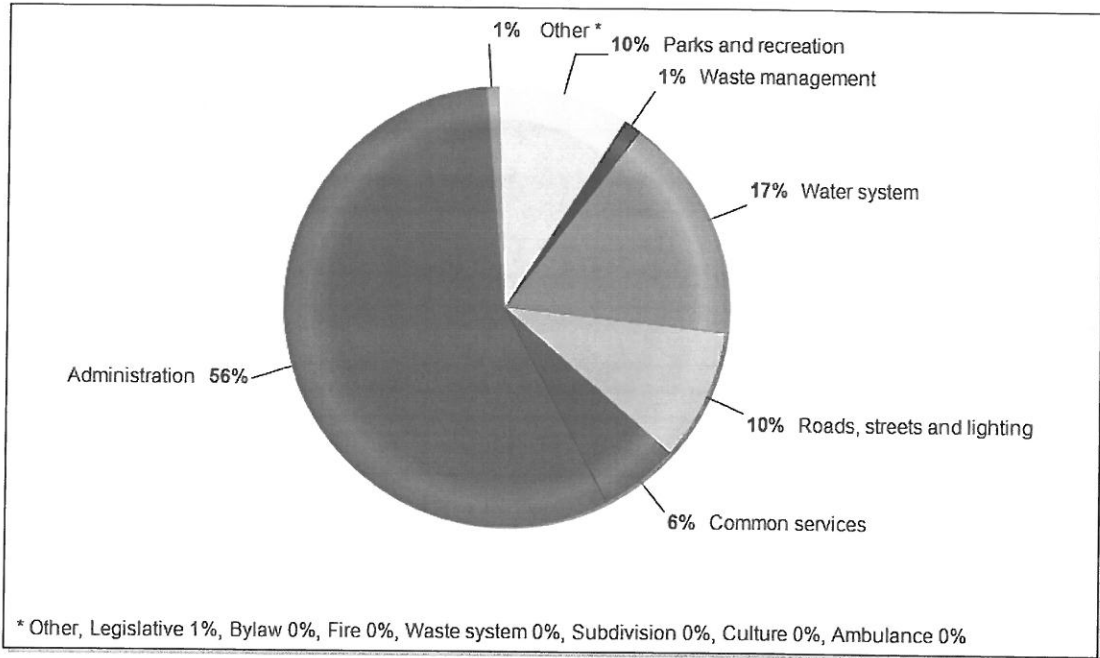
REVENUES FOR YEAR ENDING DECEMBER 31 2018



VILLAGE OF MILO

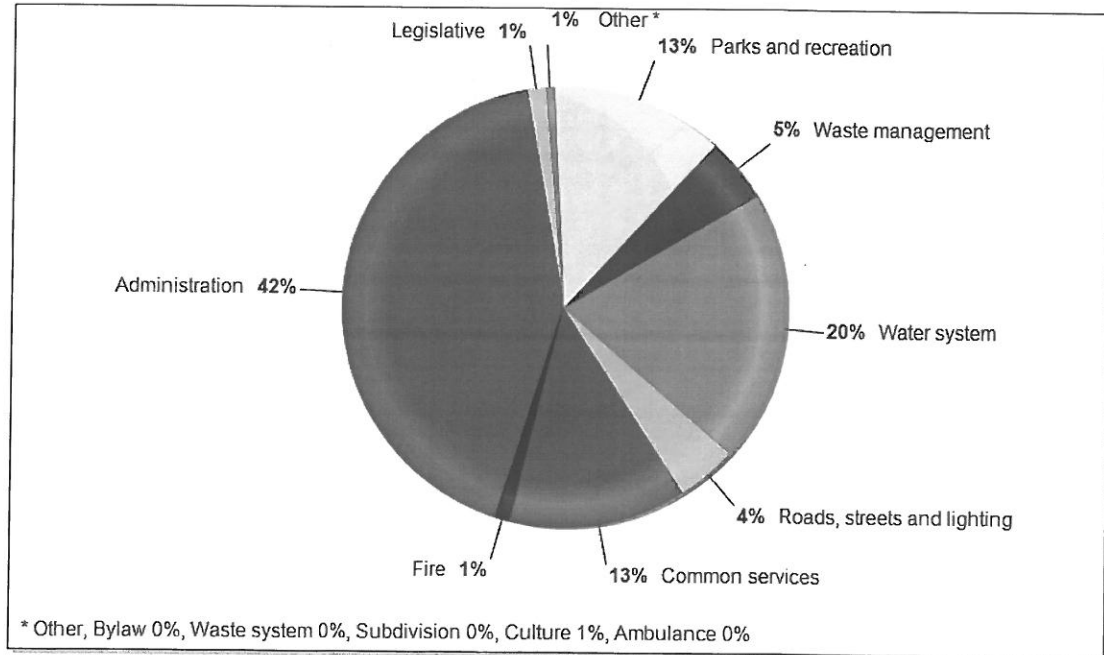
EXPENDITURES BY FUNCTION FOR YEAR ENDING DECEMBER 31 2019

Expenses by function



EXPENDITURES BY FUNCTION FOR YEAR ENDING DECEMBER 31 2018

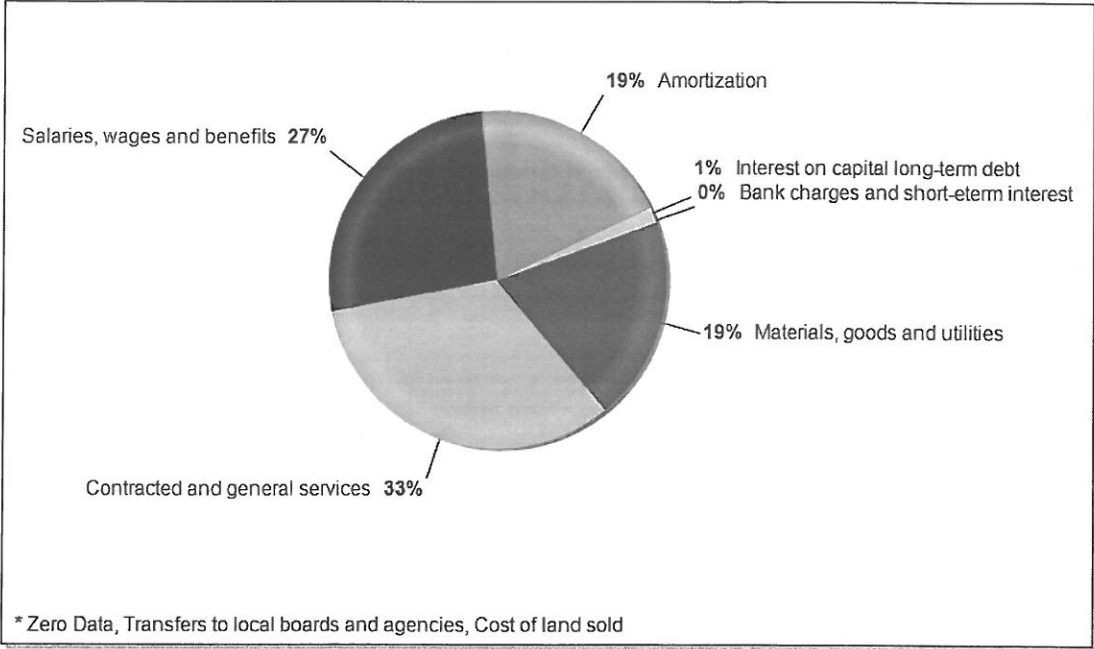
Expenses by function



VILLAGE OF MILO

EXPENDITURES BY OBJECT FOR YEAR ENDING DECEMBER 31 2019

Expenses by object



EXPENDITURES BY OBJECT FOR YEAR ENDING DECEMBER 31 2018

Expenses by object

