

VILLAGE OF MILO

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

VILLAGE OF MILO

DECEMBER 31, 2018

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Scase & Partners

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, 2018 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, 2018, 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 22, 2019
Calgary, Alberta



Professional Accountants

VILLAGE OF MILO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 791,995	\$ 637,288
Receivables		
Taxes and grants in place of taxes (Note 3)	15,311	30,201
Receivables from other governments	21,358	410,968
Trade and other receivables	17,147	21,503
Land held for resale	410,916	410,916
Investments	792	792
	1,257,519	1,511,668
LIABILITIES		
Accounts payable and accrued liabilities	11,446	11,940
Deposit liabilities	996	846
Deferred revenue	533,645	823,392
Long term debt (Note 5)	144,127	149,655
	690,214	985,833
NET FINANCIAL ASSETS	567,305	525,835
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 4)	2,744,242	2,342,206
Inventory for consumption	3,220	3,693
Prepaid expenses	-	820
	2,747,462	2,346,719
ACCUMULATED SURPLUS (Schedule 1, Note 9)	\$ 3,314,767	\$ 2,872,554

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, 2018

	Budget (Unaudited)	2018	2017
REVENUE			
Net municipal taxes (Schedule 3)	\$ 173,962	\$ 176,379	\$ 170,825
User fees and sales of goods	180,090	231,331	176,195
Government transfers for operating (Schedule 4)	49,514	60,769	104,609
Investment income	8,000	11,595	651
Rental income	-	90	70
Penalties and costs of taxes	4,400	2,068	5,430
Other	800	3,320	37,463
Net proceeds on sale of capital asset	-	-	7,605
Franchise	22,750	23,519	22,640
Contributed and donated assets	-	-	82,946
Licenses and permits	3,000	239	3,900
	442,516	509,310	612,334
EXPENSES			
Legislative	9,350	7,681	7,028
Administration	277,765	230,991	177,718
Bylaw	600	26	-
Fire	7,400	5,693	5,928
Common services	13,900	70,549	60,097
Roads, streets, walks, lighting	13,000	23,522	16,077
Water system	42,850	108,084	114,376
Waste management	26,731	25,323	25,971
Subdivision	-	-	30,000
Parks and recreation	4,310	69,023	102,159
Culture	3,000	3,000	3,000
Ambulance	950	-	-
	399,856	543,892	542,354
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER			
Government transfers for capital (Schedule 4)	-	476,795	76,344
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	42,660	442,213	146,324
ACCUMULATED SURPLUS, beginning of year	2,705,524	2,872,554	2,726,230
ACCUMULATED SURPLUS, end of year	\$ 2,748,184	\$ 3,314,767	\$ 2,872,554

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, 2018

	Budget (Unaudited)	2018	2017
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 42,660	\$ 442,213	\$ 146,324
Acquisition of tangible capital assets	(643,550)	(476,795)	(206,594)
Amortization of tangible capital assets	-	74,758	61,581
Proceeds on disposal of tangible capital assets	-	-	47,300
(Gain) loss on sale of tangible capital assets	-	-	(7,605)
	(643,550)	(402,037)	(105,318)
Acquisition of prepaid assets	-	-	(820)
Acquisition of supplies inventories	-	(3,220)	(3,693)
Use of supplies inventories	-	3,693	4,037
Use of prepaid assets	-	820	2,090
	-	1,293	1,614
(INCREASE) DECREASE IN NET DEBT	(600,890)	41,469	42,620
NET FINANCIAL ASSETS, beginning of year	(571,982)	525,836	483,216
NET FINANCIAL ASSETS (DEBT), end of year	\$(1,172,872)	\$ 567,305	\$ 525,836

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, 2018

	<u>2018</u>	<u>2017</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenue over expenses	\$ 442,213	\$ 146,324
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	74,758	61,581
(Gain) loss on disposal of tangible capital assets	-	(7,605)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	14,890	(15,632)
Decrease (increase) in trade and other receivables	4,356	(1,319)
Decrease (increase) in receivables from other governments	389,609	(127,439)
Decrease (increase) in land held for sale	-	30,000
Decrease (increase) in inventory for consumption	473	344
Decrease (increase) in prepaid expenses	820	1,270
Increase (decrease) in accounts payable and accrued liabilities	(491)	5,695
Increase (decrease) in deposit liabilities	150	(8,372)
Increase (decrease) in deferred revenue	(289,747)	46,575
Cash provided by operating transactions	637,031	131,422
CAPITAL		
Acquisition of tangible capital assets	(476,794)	(206,594)
Sale of tangible capital assets	-	47,300
Cash applied to capital transactions	(476,794)	(159,294)
INVESTING		
Decrease (increase) in investments	-	(18)
FINANCING		
Long-term debt repaid	(5,531)	(5,241)
CHANGE IN CASH AND CASH EQUIVALENTS	154,706	(33,131)
CASH AND CASH EQUIVALENTS, beginning of year	637,289	670,420
CASH AND CASH EQUIVALENTS, end of year	\$ 791,995	\$ 637,289
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 791,995	\$ 637,288
Less: restricted portion (Note 2)	(534,641)	(438,786)
INTEREST PAID ON LONG-TERM DEBT	\$ 8,085	\$ 8,374

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, 2018
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
BALANCE, beginning of year	\$ 680,001	\$ -	\$ 2,192,553	\$ 2,872,554	\$ 2,726,230
(Deficiency) excess of revenues over expenses	442,213	-	-	442,213	146,324
Current year funds used for tangible capital assets	(476,795)	-	476,795	-	-
Annual amortization expense	74,758	-	(74,758)	-	-
Long term debt repaid	(5,531)	-	5,531	-	-
Change in accumulated surplus	34,645	-	407,568	442,213	146,324
BALANCE, end of year	\$ 714,646	\$ -	\$ 2,600,121	\$ 3,314,767	\$ 2,872,554

VILLAGE OF MILO

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE 2

ENGINEERED STRUCTURES

	LAND	LAND IMPROVEMENTS	BUILDINGS	ROADS & STREETS	WATER SYSTEM	WASTEWATER SYSTEM	MACHINERY & EQUIPMENT	VEHICLES	2018	2017
COST:										
BALANCE, beginning of year	\$ 66,089	\$ 4,585	\$ 198,588	\$ 822,023	\$ 2,037,336	\$ 702,369	\$ 129,790	\$ -	\$ 3,960,780	\$ 3,800,889
Acquisition of tangible capital assets	-	-	-	10,000	19,460	-	9,829	-	39,289	159,808
Construction-in-progress	-	-	36,363	357,730	41,344	2,069	-	-	437,506	46,784
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(46,700)
Write down of tangible assets	-	-	-	-	-	-	-	-	-	-
BALANCE, end of year	<u>66,089</u>	<u>4,585</u>	<u>234,951</u>	<u>1,189,753</u>	<u>2,098,140</u>	<u>704,438</u>	<u>139,619</u>	<u>-</u>	<u>4,437,575</u>	<u>3,960,781</u>
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	3,210	32,928	372,573	813,435	332,419	64,009	-	1,618,574	1,564,001
Annual amortization	-	305	7,802	23,522	34,515	-	8,614	-	74,758	61,579
Accum amortization on disposals	-	-	-	-	-	-	-	-	-	(7,005)
BALANCE, end of year	<u>-</u>	<u>3,515</u>	<u>40,730</u>	<u>396,095</u>	<u>847,950</u>	<u>332,419</u>	<u>72,623</u>	<u>-</u>	<u>1,693,333</u>	<u>1,618,575</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>66,089</u>	\$ <u>1,070</u>	\$ <u>194,221</u>	\$ <u>793,658</u>	\$ <u>1,250,190</u>	\$ <u>372,019</u>	\$ <u>66,996</u>	\$ <u>-</u>	\$ <u>2,744,242</u>	\$ <u>2,342,206</u>
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>66,089</u>	\$ <u>1,375</u>	\$ <u>165,659</u>	\$ <u>449,450</u>	\$ <u>1,223,901</u>	\$ <u>369,951</u>	\$ <u>65,781</u>	\$ <u>-</u>	\$ <u>2,342,206</u>	

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SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE 3

	Budget (Unaudited)	2018	2017
TAXATION			
Real property taxes	\$ 206,399	\$ 202,076	\$ 195,669
Linear property taxes	-	4,904	3,853
	206,399	206,980	199,522
REQUISITIONS			
Alberta School Foundation Fund	30,805	28,934	27,169
Marquis Foundation	1,632	1,667	1,528
	32,437	30,601	28,697
NET MUNICIPAL TAXES	\$ 173,962	\$ 176,379	\$ 170,825

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SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE 4

	Budget (Unaudited)	2018	2017
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 32,514	\$ 52,769	\$ 20,205
Other Local Governments	17,000	8,000	84,404
	49,514	60,769	104,609
TRANSFERS FOR CAPITAL:			
Provincial Government	-	476,795	76,344
TOTAL GOVERNMENT TRANSFERS	\$ 49,514	537,564	180,953

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**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 5**

	Budget (Unaudited)	2018	2017
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 107,590	\$ 139,325	\$ 131,910
Contracted and general services	177,056	195,346	158,457
Materials, goods and utilities	92,600	87,929	74,220
Transfers to local boards and agencies	12,610	37,810	75,904
Bank charges and short-term interest	1,500	638	1,912
Amortization of tangible capital assets	-	74,759	61,577
Interest on capital long-term debt	8,500	8,085	8,374
Other expenditures - cost of land sold	-	-	30,000
	\$ 399,856	543,892	\$ 542,354

VILLAGE OF MILO

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	2017 Total
REVENUE								
Net municipal taxes	\$ 176,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,379
Government transfers	98,961	-	367,730	-	8,000	62,873	-	537,564
User fees and sale of goods	35,409	-	2,144	-	78,835	114,943	-	231,331
Investment income	11,094	-	-	-	501	-	-	11,595
Other revenue	29,146	-	-	-	-	90	-	29,236
	350,989	-	369,874	-	87,336	177,906	-	986,105
EXPENSES								
Contract & general services	100,671	5,718	31,680	16,153	13,447	27,679	-	195,348
Salaries and wages	76,142	-	7,931	-	19,460	35,791	-	139,324
Goods and supplies	37,956	-	21,645	-	992	27,337	-	87,930
Transfers to local boards	-	-	-	-	37,810	-	-	37,810
Long-term debt interest	-	-	-	-	-	8,085	-	8,085
Other expenses	638	-	-	-	-	-	-	638
	215,407	5,718	61,256	16,153	71,709	98,892	-	469,135
NET REVENUE BEFORE AMORTIZATION								
	135,582	(5,718)	308,618	(16,153)	15,627	79,014	-	516,970
Amortization	7,122	-	32,816	-	306	34,515	-	74,759
NET REVENUE	\$ 128,460	\$ (5,718)	\$ 275,802	\$ (16,153)	\$ 15,321	\$ 44,499	\$ -	\$ 442,211

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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, 2018

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>2018</u>	<u>2017</u>
Cash	\$ 82,468	\$ 587,296
Temporary investments	<u>709,527</u>	<u>49,992</u>
	<u>\$ 791,995</u>	<u>\$ 637,288</u>
Restricted funds for other than current use	\$ 534,641	\$ 438,786
Unrestricted cash and temporary investments	<u>257,354</u>	<u>198,502</u>
Total cash and temporary investments	<u>\$ 791,995</u>	<u>\$ 637,288</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.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2018</u>	<u>2017</u>
Current taxes and grants in place of taxes	\$ 15,268	\$ 19,455
Arrears taxes	<u>43</u>	<u>10,745</u>
	15,311	30,200
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 15,311</u>	<u>\$ 30,200</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Net Book Value		
Land	\$ 66,089	\$ 66,089
Land improvements	1,070	1,375
Buildings	194,222	165,659
Engineered structures		
Roadway system	793,657	449,450
Water distribution system	1,250,189	1,223,901
Wastewater treatment system	372,020	369,951
Machinery, equipment and furnishings	<u>66,995</u>	<u>65,781</u>
	<u>\$ 2,744,242</u>	<u>\$ 2,342,206</u>

5. LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>
Self supported debentures	\$ <u>144,127</u>	\$ <u>149,655</u>
Current portion	\$ <u>5,836</u>	\$ <u>5,531</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,836	\$ 7,779	\$ 13,615
2020	6,159	7,456	13,615
2021	6,499	7,116	13,615
2022	6,858	6,757	13,615
2023	7,237	6,378	13,615
Thereafter	<u>1,111,538</u>	<u>38,234</u>	<u>1,149,772</u>
	<u>\$ 1,144,127</u>	<u>\$ 73,720</u>	<u>\$ 1,217,847</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 \$8,085 (2017 - \$8,374).

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

6. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
Unearned income:		
Crystal Blue	\$ 6,615	\$ 6,615
MSI capital	514,953	606,054
MSP	4,930	4,930
Fed gas tax	2,147	200,793
VB development	<u>5,000</u>	<u>5,000</u>
	<u>\$ 533,645</u>	<u>\$ 823,392</u>

Municipal Sustainability Initiative

Funding in the amount of \$442,742 was received in the current year from the Municipal Sustainability Initiative. Of the \$442,742 received, \$402,473 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement. The remaining \$40,269 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>2018</u>			<u>2017</u>
	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total</u>	<u>Total</u>
Mayor B Monner	\$ -	\$ -	\$ -	\$ 791
Councilor L Headrick	150	-	150	-
Councilor S. Schroeder	1,500	-	1,500	1,150
Councilor S. Walker	1,400	170	1,570	770
Councilor L. Myers	1,350	814	2,164	2,610
Chief Administrative Officer	28,638	1,403	30,041	35,343
Chief Administrative Officer	10,000	347	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, 2018

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>2018</u>	<u>2017</u>
Total debt limit	\$ 763,965	\$ 918,501
Total debt	<u>(144,124)</u>	<u>(149,655)</u>
Amount of debt limit unused	<u>\$ 619,841</u>	<u>\$ 768,846</u>
	<u>2018</u>	<u>2017</u>
Debt servicing limit	\$ 127,328	\$ 153,084
Debt servicing	<u>(13,615)</u>	<u>(13,616)</u>
Amount of debt servicing limit unused	<u>\$ 113,713</u>	<u>\$ 139,468</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>2018</u>	<u>2017</u>
Tangible capital assets (Schedule 2)	\$ 4,437,575	\$ 3,960,783
Accumulated amortization (Schedule 2)	(1,693,333)	(1,618,577)
Long-term debt (Note 5)	<u>(144,127)</u>	<u>(149,655)</u>
Net book value	<u>\$ 2,600,115</u>	<u>\$ 2,192,551</u>

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

10. ACCUMULATED SURPLUS

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

	<u>2018</u>	<u>2017</u>
Unrestricted surplus (deficit)	\$ 714,646	\$ 680,001
Restricted surplus	-	-
Equity in tangible capital assets	<u>2,600,115</u>	<u>2,192,551</u>
	<u>\$ 3,314,761</u>	<u>\$ 2,872,552</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, 2018 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 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.



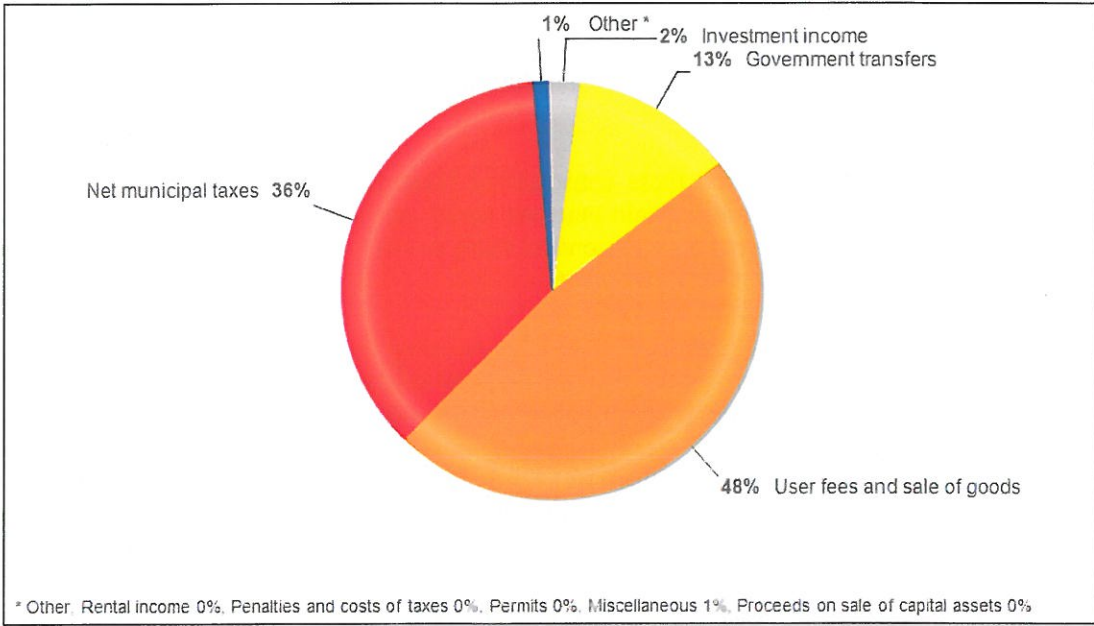
Mayor

 MAY 14 / 19
Date

VILLAGE OF MILO

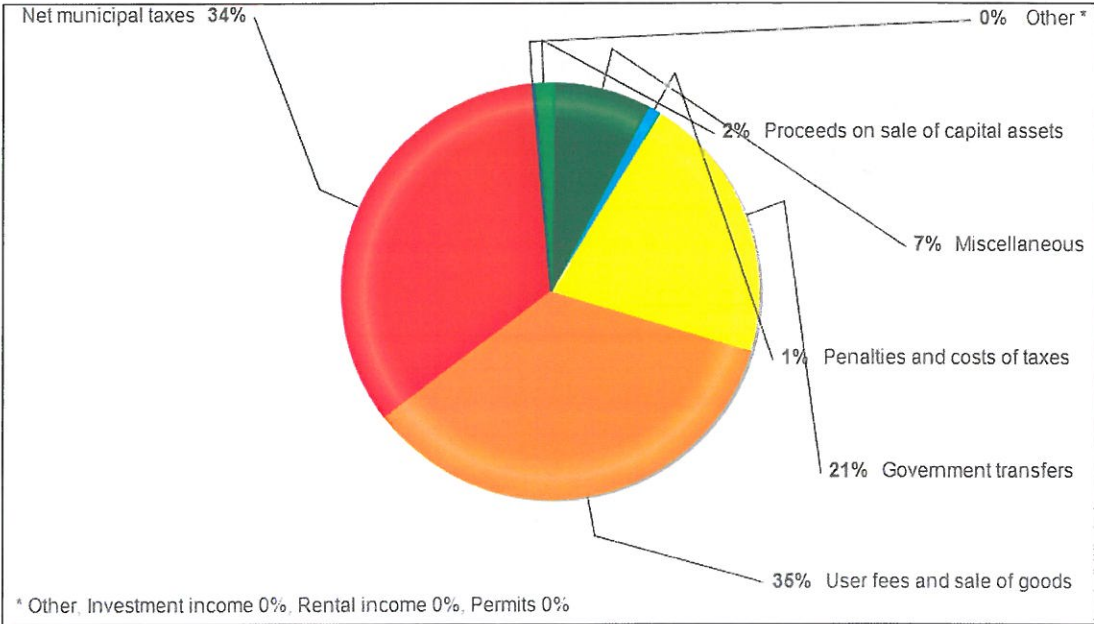
Revenues

Current year



Revenues

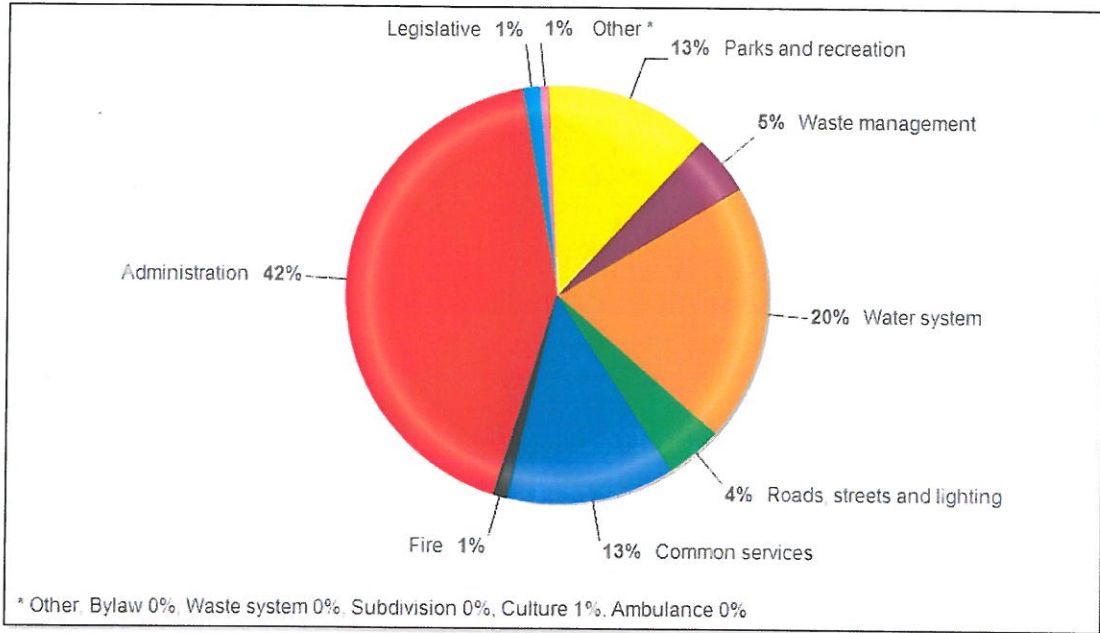
Prior year



VILLAGE OF MILO

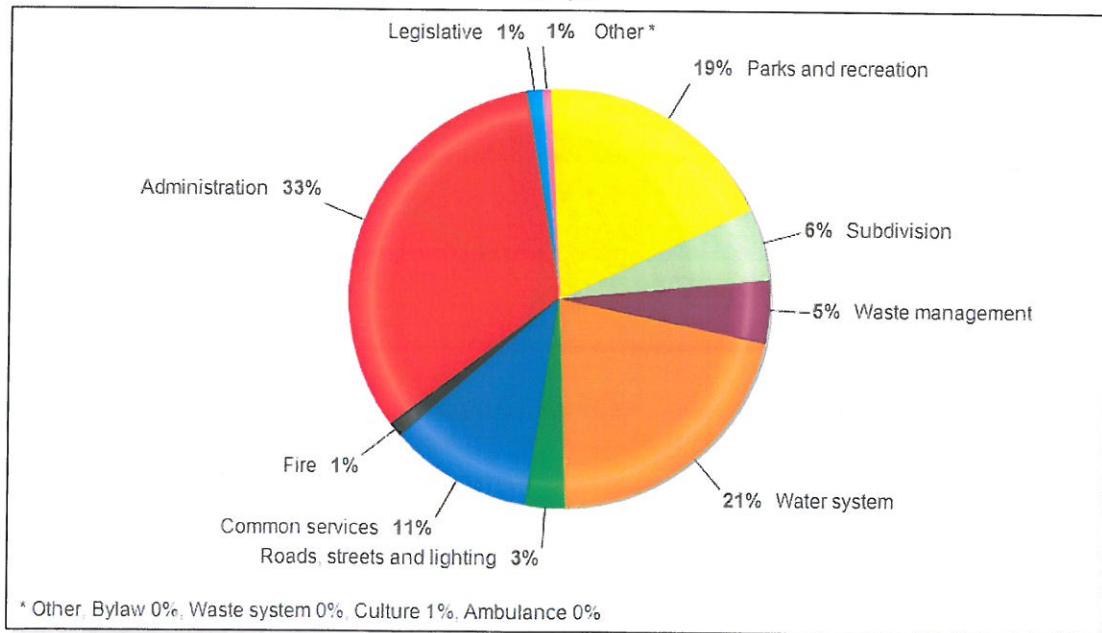
Expenses by function

Current year



Expenses by function

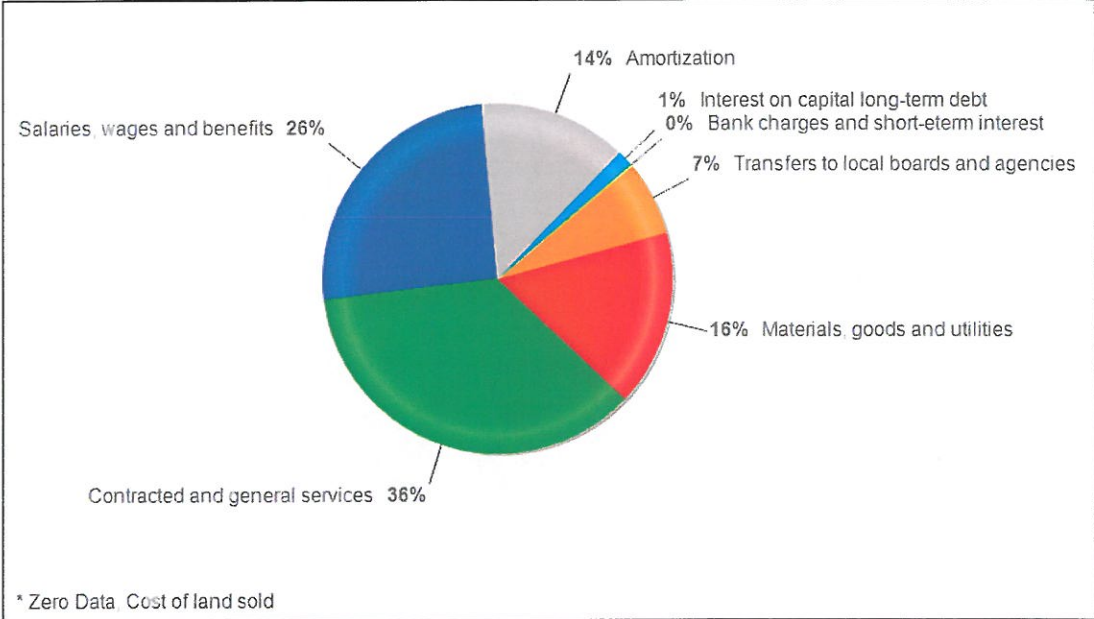
Prior year



VILLAGE OF MILO

Expenses by object

Current year



Expenses by object

Prior year

