

**TOWN OF MILLET**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

COUNCIL MEETING

APR 24 2019

ITEM # 11.3

# TOWN OF MILLET

DECEMBER 31, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Town of Millet

### Option

We have audited Consolidated Financial Statements of the **Town of Millet**, which comprise the statement of financial position as at December 31, 2018 and the results of its operations, change in its net financial assets and cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying Consolidated Financial Statements present fairly in all material respects, the financial position of the Town of Millet as at December 31, 2018, the results of its operations, changes in its net financial assets 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### Auditor's Responsibility for the Consolidated 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 financial statements.

## INDEPENDENT AUDITORS' REPORT - continued

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

- Identify and assess the risks of material misstatement of the financial information return, 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial information return, and whether the financial information return represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Auditor's Responsibility for the Consolidated Financial Statements

#### Debt Limit Regulation

In accordance with Alberta Regulation 255/2000, we confirm that the municipality in compliance with the Debt Limit Regulation, a detailed account of the Entity's debt limit can be found in Note 11.

#### Supplementary Accounting Principles and Standard Regulations

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standard Regulations and note the information required can be found in Note 12.

The engagement partner on the audit resulting in this independent auditor's report is Allan Grykuliak, CPA, CA

Edmonton, Alberta  
April 24, 2019

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Chartered Professional Accountants

**TOWN OF MILLET**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	4,016,443	3,781,004
Accounts receivable:		
Taxes receivable (Note 3)	276,839	237,772
Receivables from other governments	-	63,683
Trade and other receivables	312,862	222,476
Other assets (Note 4)	375,000	375,000
	<b>4,981,144</b>	<b>4,679,935</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	409,778	256,296
Deposit liabilities	11,656	18,306
Deferred revenue	961,046	849,388
Long-term debt (Note 5)	484,366	525,209
	<b>1,866,846</b>	<b>1,649,199</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,114,298</b>	<b>3,030,736</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2/Note 6)	14,900,228	15,105,859
Inventory for consumption	25,201	10,839
Prepaid expenses	67,665	71,518
Deferred costs (Note 7)	3,829	476
Other non-financial assets	3,410	3,410
	<b>15,000,333</b>	<b>15,192,102</b>
<b>ACCUMULATED SURPLUS (NOTE 10)</b>	<b>18,114,631</b>	<b>18,222,838</b>

Approved by Council Resolution:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Chief Administrative Officer

**TOWN OF MILLET**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>REVENUES</b>			
Net taxes available for municipal purposes (Sch. 3)	1,770,606	1,769,420	1,705,199
Sales, user charges and costs recovered:			
General administration and other	6,300	18,868	9,316
Fire and protective services	95,300	131,347	93,594
Water services	466,000	459,770	442,109
Wastewater services	239,000	236,989	238,604
Waste management	240,110	239,616	235,479
Public health and welfare	4,700	4,677	4,688
Planning and development	33,500	45,885	33,791
Recreation, parks and culture	9,800	10,169	11,950
Penalties and costs on taxes	69,000	86,319	70,874
Licenses, permits and fines	49,800	48,045	48,147
Franchise and concession contracts	263,200	245,177	243,768
Returns on investments	16,000	69,063	34,054
Rentals	151,587	186,535	138,750
Gain (loss) on sale of tangible capital assets	-	-	388
Provincial governments transfers (Schedule 4)	138,230	140,299	168,110
Local government transfers	88,150	88,883	89,111
<b>TOTAL REVENUE</b>	<b>3,641,283</b>	<b>3,781,062</b>	<b>3,567,932</b>
<b>EXPENSES</b>			
Legislative	109,800	108,950	107,012
Administrative	665,417	678,350	690,920
Fire, police, bylaws enforcement and disaster services	337,900	361,860	332,062
Roads, streets, walks, lighting and storm sewers	442,088	646,429	601,352
Water and wastewater	796,408	939,146	720,890
Waste management	170,900	150,795	159,419
Public health and welfare	76,400	77,130	76,498
Planning and development	307,273	281,243	199,490
Recreation, parks and culture	836,097	920,880	834,983
<b>TOTAL EXPENSES</b>	<b>3,742,283</b>	<b>4,164,783</b>	<b>3,722,626</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>(101,000)</b>	<b>(383,721)</b>	<b>(154,694)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	373,438	275,514	1,127,763
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>272,438</b>	<b>(108,207)</b>	<b>973,069</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>18,222,838</b>	<b>17,249,769</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>18,114,631</b>	<b>18,222,838</b>

The accompanying notes form part of the financial statements.

# TOWN OF MILLET

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	272,438	(108,207)	973,069
Acquisition of tangible capital assets	(272,438)	(385,943)	(1,219,281)
Proceeds on disposal of tangible capital assets	-	-	2,100
Amortization of tangible capital assets	-	591,574	584,101
(Gain) Loss on sale of tangible capital assets	-	-	(386)
	(272,438)	205,631	(633,466)
(Acquisition) use of prepaid assets	-	3,853	(2,930)
(Acquisition ) use of deferred costs	-	(3,353)	13,075
(Acquisition) use of supplies inventories	-	(14,362)	(730)
	-	(13,862)	9,415
<b>INCREASE (DECREASE) IN NET ASSETS</b>	-	83,562	349,018
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		3,030,736	2,681,718
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		3,114,298	3,030,736

The accompanying notes from part of the financial statements.

**TOWN OF MILLET**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Amount received from residents, customers and other governments	4,631,921	4,094,343
Amount paid to vendors, suppliers and other governments	(2,465,213)	(1,608,567)
Amount paid to employees	(1,554,818)	(1,460,650)
Interest received	69,063	34,054
Interest paid on long-term debt	(18,729)	(22,929)
	<u>662,224</u>	<u>1,036,251</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(385,943)	(1,219,281)
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(40,842)	(42,339)
<b>NET CHANGE TO CASH</b>	<b>235,439</b>	<b>(225,369)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>3,781,004</b>	<b>4,006,373</b>
<b>CASH - END OF YEAR</b>	<b>4,016,443</b>	<b>3,781,004</b>

The accompanying notes from part of the financial statements.



# TOWN OF MILLET

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS - SCHEDULE 1

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
<b>Balance, Beginning of Year</b>	-	3,642,186	14,580,652	18,222,838	17,249,769
Excess of revenue over expenses	(108,207)	-	-	(108,207)	973,069
Unrestricted funds designated for future use	(56,582)	56,582	-	-	-
Current years funds used for tangible capital assets	(385,943)	-	385,943	-	-
Annual amortization expenses	591,574	-	(591,574)	-	-
Transfer assets at cost to Capital Region Southwest Water	-	-	-	-	-
Long-term liabilities repaid	(40,842)	-	40,842	-	-
<b>Change in accumulated surplus</b>	-	56,582	(164,789)	(108,207)	973,069
<b>Balance, End of Year</b>	-	3,698,768	14,415,863	18,114,631	18,222,838

The accompanying notes from part of the financial statements.

**TOWN OF MILLET**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS - SCHEDULE 2**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

						2018	2017
	Land & Land Improvements	Buildings	Engineering Structures	Machinery and Equipment	Vehicles	\$	\$
<b>COST:</b>							
Balance, Beginning of Year	2,387,884	2,734,157	19,707,849	1,738,480	563,191	27,131,561	25,929,900
Acquisition of tangible capital assets	35,569	7,700	267,814	50,860	24,000	385,943	1,219,281
Disposal of tangible capital assets	-	-	-	-	-	-	(17,620)
<b>Balance, End of Year</b>	<b>2,423,453</b>	<b>2,741,857</b>	<b>19,975,663</b>	<b>1,789,340</b>	<b>587,191</b>	<b>27,517,504</b>	<b>27,131,561</b>
<b>ACCUMULATED AMORTIZATION:</b>							
Balance, Beginning of Year	752,976	1,701,991	8,206,207	970,369	394,159	12,025,702	11,457,507
Annual amortization	28,853	52,015	391,761	88,289	30,656	591,574	584,101
Accumulated amortization on disposals	-	-	-	-	-	-	(15,906)
<b>Balance, End of Year</b>	<b>781,829</b>	<b>1,754,006</b>	<b>8,597,968</b>	<b>1,058,658</b>	<b>424,815</b>	<b>12,617,276</b>	<b>12,025,702</b>
<b>NET BOOK VALUE</b>	<b>1,641,624</b>	<b>987,851</b>	<b>11,377,695</b>	<b>730,682</b>	<b>162,376</b>	<b>14,900,228</b>	<b>15,105,859</b>

The accompanying notes from part of the financial statements.

**TOWN OF MILLET**  
**SCHEDULE OF PROPERTY TAXES - SCHEDULE 3**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>TAXATION</b>			
Real property taxes - residential	1,994,646	1,994,518	2,016,790
- non-residential	360,867	359,534	260,915
Linear property taxes	53,782	53,969	51,981
Provincial and Federal grants in lieu of property taxes	2,428	2,514	2,378
	2,411,723	2,410,535	2,332,064
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	596,947	596,947	582,898
Seniors' Homes & Community Housing Foundation	44,046	44,044	43,967
Designated Industrial	124	124	-
	641,117	641,115	626,865
<b>NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES</b>	1,770,606	1,769,420	1,705,199

The accompanying notes form part of the financial statements.

# TOWN OF MILLET

## SCHEDULE OF GOVERNMENT TRANSFERS - SCHEDULE 4

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited) \$	2018 \$	2017 \$
<b>TRANSFER FOR OPERATING</b>			
Provincial Government	138,230	140,299	168,110
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	373,438	275,514	1,127,763
<b>TOTAL GOVERNMENT TRANSFER</b>	<b>511,668</b>	<b>415,813</b>	<b>1,295,873</b>

The accompanying notes from part of the financial statements.

# TOWN OF MILLET

## STATEMENT OF CONSOLIDATED EXPENSES BY OBJECT - SCHEDULE 5 FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>EXPENSES</b>			
Salaries, wages and benefits	1,565,177	1,554,818	1,462,648
Contracted and general services	885,780	758,579	728,953
Materials, goods, supplies and utilities	1,085,504	1,047,214	768,015
Provision for allowances	11,500	21,694	11,536
Transfers to local boards, individuals & organizations	168,967	166,932	140,267
Bank charges and short-term interest	4,300	5,244	4,177
Interest on long-term debt	21,055	18,728	22,929
Amortization	-	591,574	584,101
<b>TOTAL EXPENSES</b>	<b>3,742,283</b>	<b>4,164,783</b>	<b>3,722,626</b>

The accompanying notes from part of the financial statements.

**TOWN OF MILLET**  
**SCHEDULE OF SEGMENTED DISCLOSURE - SCHEDULE 6**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Administrative & Legislative Services \$	Protective Services \$	Transportation Services \$	Water & Sewer Services \$	Waste Management Services \$	Planning & Development Services \$
<b>REVENUE</b>						
Net municipal taxes	1,769,420	-	-	-	-	-
Government transfer	76,439	-	6,500	-	-	-
Local government transfers	-	-	-	-	-	-
Investment income	68,970	-	58	-	-	-
Sales and user fees	365,602	157,629	28,087	696,758	239,616	50,138
Other revenue	-	-	-	-	-	-
	2,280,431	157,629	34,645	696,758	239,616	50,138
<b>EXPENSES</b>						
Salaries, wages and benefits	492,375	208,698	94,117	219,834	-	93,721
Contract and general services	200,741	82,449	37,329	72,379	141,794	39,656
Materials, goods and utilities	61,753	32,219	260,229	453,699	3,491	18,867
Provision for allowances (Note 4)	21,694	-	-	-	-	-
Transfers to local boards and agencies	1,000	-	5	-	5,509	50,000
Bank charges and short term interest	5,244	-	-	-	-	-
Interest on long-term liabilities	-	1,940	1,578	5,188	-	-
	782,807	325,306	393,258	751,100	150,794	202,244
<b>NET REVENUE BEFORE AMORTIZATION</b>	1,497,624	(167,677)	(358,613)	(54,342)	88,822	(152,106)
Amortization expense	5,489	24,555	264,175	188,046	-	-
<b>NET REVENUE</b>	1,492,135	(192,232)	(622,788)	(242,388)	88,822	(152,106)

The accompanying notes from part of the financial statements.

**TOWN OF MILLET**  
**SCHEDULE OF SEGMENTED DISCLOSURE - SCHEDULE 6**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Community Services	Parks & Recreation Services	2018	2017
	\$	\$	\$	\$
<b>REVENUE</b>				
Net municipal taxes	-	-	1,769,420	1,705,199
Government transfers	57,360	-	140,299	168,110
Local government transfers	1,530	87,353	88,883	89,111
Investment income	35	-	69,063	34,054
Sales and user fees	11,052	164,515	1,713,397	1,571,070
Other revenue	-	-	-	388
	69,977	251,868	3,781,062	3,567,932
<b>EXPENSES</b>				
Salaries, wages and benefits	35,844	410,229	1,554,818	1,462,648
Contract and general services	52,704	131,527	758,579	728,953
Materials, goods and utilities	1,500	215,456	1,047,214	768,015
Provision for allowances	-	-	21,694	11,536
Transfers to local boards and agencies	110,418	-	166,932	140,267
Bank charges and interest	-	-	5,244	4,177
Interest on long-term liabilities	-	10,022	18,728	22,929
	200,466	767,234	3,573,209	3,138,525
<b>NET REVENUE BEFORE AMORTIZATION</b>	(130,489)	(515,366)	207,853	429,407
Amortization expense	-	109,309	591,574	584,101
<b>NET REVENUE</b>	(130,489)	(624,675)	(383,721)	(154,694)

The accompanying notes from part of the financial statements.

**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Millet are the representations of management prepared in accordance with 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 town are as follows:

**a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and cash flows of the reporting entity. This entity is composed of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of property 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 received from third parties pursuant to legislation, regulations 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) Use of Estimates**

The preparation of financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and 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.



**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**d) Cash and Cash Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

**e) 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 edibility criteria have been met, and reasonable estimates of the amounts can be determined.

**f) Taxes Receivable**

Taxes receivable consists of tax levies which remain outstanding at December 31, 2018.

**g) Inventories**

Inventories of consumable supplies are valued at cost.

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 waste water services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

**h) 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 revenue over expenditures, provides the consolidated Change in Net Financial Assets for the year.

**i) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual 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 prepay the outstanding local improvement charges, such amounts are recorded as prepaid local improvements recognized into revenue on a straight line basis over the remaining term of the related borrowing.

# TOWN OF MILLET

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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**j) Tangible Capital Assets**

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

**i) Amortization**

	Years
Land Improvements	20
Buildings	50
Engineering Structures	
Roads	25
Curbs, Gutters, Signs, Sidewalks	30
Storm Sewer	75
Water Systems	45 - 75
Sewer Systems	45 - 75
Machinery, Equipment and Furniture	5 - 20
Vehicles	10 - 25

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) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental of 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.

**k) Deferred revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

# TOWN OF MILLET

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

### l) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. The reserve funds are reflected as a component of the accumulated surplus of the municipality.

### m) Equity in Tangible Capital Assets

Equity in tangible capital assets represents the net investment in total tangible capital assets after deducting the portion financed by third parties. The equity in tangible capital assets is reflected as a component of the accumulated surplus of the municipality.

## 2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
	\$	\$
Cash	1,452,287	1,269,851
Term deposits	2,564,156	2,511,153
	<b>4,016,443</b>	<b>3,781,004</b>

Term deposits consist of several individual ATB Financial deposits that can be withdrawn at any time. Interest earned on the term deposits is between 2.3 and 2.5%.

## 3. TAXES RECEIVABLE

	2018	2017
	\$	\$
Current:		
Current taxes	168,416	149,584
Non-current:		
Tax arrears	108,423	88,188
	<b>276,839</b>	<b>237,772</b>

## 4. OTHER ASSETS

Other assets consists of property development costs incurred by the Town of Millet which will be recovered once the property is developed. The amount has been written down to net realizable value of \$375,000 in 2016. The loss of \$572,420 was expensed in 2016 in the Planning and Development Services department.

**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

5. LONG-TERM DEBT	2018	2017
	\$	\$
Long-term debt consists of the following:		
Tax supported debentures	38,610	58,902
Self-supported debentures	445,756	466,307
	<b>484,366</b>	<b>525,209</b>

Interest paid on long-term debt for the year amounted to \$18,729.

Future minimum principal repayments required to meet existing obligations are as follows:

	Principal	Interest	Total
	\$	\$	\$
2019	42,983	18,916	61,899
2020	39,398	16,659	56,057
2021	23,300	14,658	37,958
2022	24,300	13,658	37,958
2023	25,343	12,614	37,957
Thereafter	329,042	97,369	426,411
	<b>484,366</b>	<b>173,874</b>	<b>658,240</b>

Debenture debt, repayable to Alberta Capital Finance Authority, bears interest at rates ranging from 3.23% to 6.625% per annum. Debenture debt is issued on the credit and security of the Town of Millet at large.

# TOWN OF MILLET

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

### 6. TANGIBLE CAPITAL ASSETS

Net book value of tangible capital assets is as follows:

	2018	2017
	\$	\$
Land and Land Improvements		
Land	1,385,979	1,375,674
Land Improvements	255,646	259,234
	<b>1,641,625</b>	<b>1,634,908</b>
Buildings	987,843	1,032,166
Engineering Structures:		
Roads	3,295,656	3,214,369
Curbs, Gutters, Signs, Sidewalks	312,120	329,304
Storm Sewer	848,739	863,407
Water Systems	2,444,924	2,515,112
Sewer Systems	4,476,259	4,579,450
	<b>11,377,698</b>	<b>11,501,642</b>
Machinery Equipment and Furniture	730,685	768,111
Vehicles	162,377	169,032
	<b>14,900,228</b>	<b>15,105,859</b>

### 7. DEFERRED COSTS

	2018	2017
	\$	\$
Prepaid administration costs	3,829	476

**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**8. EQUITY IN CAPITAL ASSETS**

	2018 \$	2017 \$
Capital assets (Schedule 2)	27,517,504	27,131,561
Accumulated amortization (Schedule 2)	(12,617,275)	(12,025,700)
Long term debt (Note 5)	(484,366)	(525,209)
	<b>14,415,863</b>	<b>14,580,652</b>

**9. TRUST FUNDS**

The Town of Millet holds the following funds in trust:

	2018 \$	2017 \$
<b>Cemetery Perpetual Care Reserve</b>		
Balance - beginning of year	8,686	7,676
Transactions during the year	735	1,010
Balance - end of year	<b>9,421</b>	<b>8,686</b>

# TOWN OF MILLET

## NOTES TO THE 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:

	2018	2017
	\$	\$
Restricted surplus:		
Operating reserves		
General Operating	184,014	204,421
Crime Reward Reserve	2,000	2,000
Transportation Reserve	1,429	1,429
Utility/Insurable Reserve	235,144	325,144
Cemetery Maintenance Reserve	2,710	2,710
Recreation - Land Sale Reserve	202,587	227,851
Tourism Reserve	6,000	-
	<u>633,884</u>	<u>763,555</u>
Capital reserves		
General	1,785,029	1,728,700
Street Improvement Program	4,127	4,127
Water Offsite Reserve	147,484	144,789
Sewer Offsite Reserve	67,799	66,560
Tennis Court	1,558	1,558
Capital Equipment Replacement	769,492	702,071
Major Facility	124,978	109,856
Agridplex	123,136	99,689
WDMML Closure Reserve	40,000	20,000
Other	1,281	1,281
	<u>3,064,884</u>	<u>2,878,631</u>
Total restricted surplus	<u>3,698,768</u>	<u>3,642,186</u>
Equity in tangible capital assets (Note 8)	<u>14,415,863</u>	<u>14,580,652</u>
	<u>18,114,631</u>	<u>18,222,838</u>

**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**11. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by regulation for the Town of Millet be disclosed as follow:

	2018	2017
	\$	\$
Total Debt Limit	5,671,593	5,351,898
Total Debt (Note 5)	484,366	525,209
Debt Limit Available	5,187,227	4,826,689
Debt Service Limit	945,266	891,983
Debt Service (Note 5)	61,899	61,899
Debt Service Limit Available	883,367	830,084

The debt limit is calculated at 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 which 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.



**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**12. SALARY AND BENEFITS DISCLOSURE**

		2018		2017	
	# of months	Salary (1) \$	Benefits & Allowances (2) \$	Total \$	Total \$
Mayor - Anthony Wadsworth	12	14,968	891	15,859	15,063
Councilors:					
Eleanor Pydde	-	-	-	-	8,788
Patricia Garrett	12	11,902	598	12,500	12,759
Victoria Pyle	12	11,434	734	12,168	11,539
Doug Peel	12	11,586	544	12,130	11,437
Carol Sadoroszney	12	11,422	220	11,642	12,114
Mike Storey	12	11,638	293	11,931	11,188
Robin Brooks	12	11,534	426	11,960	3,015
Chief Administrative Officer:					
Teri-Ann Pelletier	12	126,108	32,651	158,759	152,134

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, severance pay, 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 contributions to the pension plan, health care, dental coverage, group life insurance, long and short term disability plans, professional memberships, tuition and travel.

**TOWN OF MILLET**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**13. CONTINGENCIES**

During 2012 the Town of Millet expropriated land for the development of a municipal campground. As a result, an application for Determination of Compensation has been made to the Land Compensation Board seeking additional market value compensation and damages in the amount of \$2,700,000. The likelihood and amount of loss is undeterminable at this time and therefore a provision for loss has not been recorded in the records of the town.

A statement of claim was filed against the town and others claiming compensation for alleged acts of negligence arising from an expropriation in 1985. Total value of damages and compensation claimed is \$8,350,000. The likelihood and amount of loss, if any, is undeterminable at this time and therefore a provision for loss has not been recorded in the records of the town.

The Town of Millet is a member of the West Dried Meat Lake Regional Solid Waste Authority. Because of the Authority's legal status as an organization, its members are potentially liable if the Authority is unable to meet its obligations.

The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites.

The restricted surplus and landfill closure liability recorded at December 31, 2017 by the Authority is \$6,744,174 (2016 - \$5,940,743) and represents the Authority's estimate of the present value of the closure and post-closure costs. Closure will involve covering the site with topsoil, vegetation, and the installation of groundwater monitoring wells. Post-closure care activities are expected to occur for twenty-five years, and will involve surface and ground water monitoring, and landfill cover maintenance. The liability for closure and post-closure costs estimated at December 31, 2018 was not available at the time we finalized the financial statements.

**14. FINANCIAL INSTRUMENTS**

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deposit liabilities, deferred revenue and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values

**15. BUDGET FIGURES**

The 2018 budget figures which appear in these financial statements have been approved by council.

# TOWN OF MILLET

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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### 16. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

For the year ended December 31, 2018 the Town did not include amortization in the preparation of its budget. As a result of this, the reconciliation below has been provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the information provided on the statement of operations.

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
Excess of revenue over expenditures before other	(101,000)	(383,721)	(154,694)
Add:			
Amortization	-	591,574	584,101
Results of operations - previous method	(101,000)	207,853	429,407

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### 17. LEASE COMMITMENT

The Town of Millet leases a photocopier with Ricoh which expires May 2022, the total remaining commitment under this lease is \$18,400

### 18. CONTAMINATED SITES LIABILITY

On January 1, 2016, the town adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the town.