

TOWN OF MILLET
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

TOWN OF MILLET

DECEMBER 31, 2016

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MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Town of Millet.

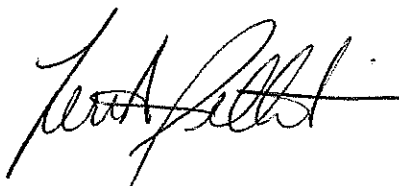
These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented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

The Town 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 the Town's assets are appropriately accounted for and adequately safeguarded.

The elected Council of the Town of Millet are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually 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. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, the external auditors, in accordance with generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Doyle & Company has full and free access to the Town Council.



Chief Administrative Officer
April 26, 2017

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*

* Operates as a Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Members of Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Millet, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, change in net financial assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

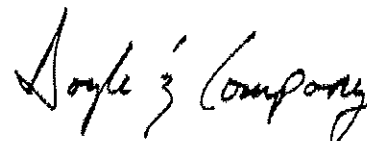
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Millet as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 26, 2017

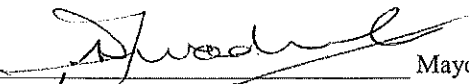


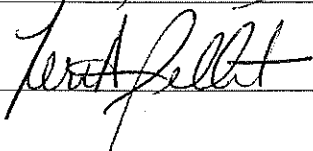
Chartered Professional Accountants

TOWN OF MILLET
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	4,006,373	4,392,564
Accounts receivable:		
Taxes receivable (Note 3)	165,939	178,396
Receivables from other governments	24,047	72,818
Trade and other receivables	177,189	224,912
Other assets (Note 4)	375,000	947,420
	4,748,548	5,816,110
LIABILITIES		
Accounts payable and accrued liabilities	196,664	413,775
Deposit liabilities	8,634	9,205
Deferred revenue	1,293,984	1,832,235
Long-term debt (Note 5)	567,548	607,745
	2,066,830	2,862,960
NET FINANCIAL ASSETS	2,681,718	2,953,150
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2/Note 6)	14,472,393	15,422,404
Inventory for consumption	10,109	5,104
Prepaid expenses	68,588	78,623
Deferred costs (Note 7)	13,551	6,077
Other non-financial assets	3,410	2,787
	14,568,051	15,514,995
ACCUMULATED SURPLUS (NOTE 10)	17,249,769	18,468,145

Approved by Council Resolution:


 _____ Mayor


 _____ Chief Administrative Officer

TOWN OF MILLET
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (Unaudited) \$	2016 Actual \$	2015 Actual \$
REVENUES			
Net taxes available for municipal purposes (Sch. 3)	1,642,589	1,640,947	1,616,768
Sales, user charges and costs recovered:			
General administration and other	11,200	19,122	30,951
Fire and protective services	79,766	73,463	80,288
Water services	424,116	409,158	412,116
Wastewater services	216,490	226,499	191,528
Waste management	209,843	210,725	204,550
Public health and welfare	4,500	5,100	4,246
Planning and development	5,500	9,511	8,581
Recreation, parks and culture	8,800	10,798	8,890
Sale of land inventory	-	-	350,057
Penalties and costs on taxes	54,500	51,758	56,104
Licenses, permits and fines	41,200	32,149	43,809
Franchise and concession contracts	220,570	227,055	205,195
Returns on investments	5,150	6,361	13,487
Rentals	140,402	135,720	143,013
Developer levies	-	4,000	22,146
Gain (loss) on sale of tangible capital assets	-	-	6,940
Provincial governments transfers (Schedule 4)	138,303	129,103	132,803
Local government transfers	78,925	93,492	102,122
TOTAL REVENUE	3,281,854	3,284,961	3,633,594
EXPENSES			
Legislative	105,550	101,235	92,982
Administrative	768,330	689,368	710,403
Fire, police, bylaws enforcement and disaster services	329,375	299,495	301,721
Roads, streets, walks, lighting and storm sewers	454,832	713,673	672,902
Water and wastewater	407,299	524,996	509,782
Waste management	160,250	167,915	154,269
Public health and welfare	75,005	76,762	68,475
Planning and development	196,671	754,165	166,036
Recreation, parks and culture	744,742	864,509	916,441
TOTAL EXPENSES	3,242,054	4,192,118	3,593,011
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER			
	39,800	(907,157)	40,583
OTHER			
Government transfers for capital (Schedule 4)	1,396,248	928,195	1,412,404
EXCESS OF REVENUE OVER EXPENSES	1,436,048	21,038	1,452,987
TRANSFER OF TANGIBLE CAPITAL ASSETS TO CAPITAL REGION SOUTHWEST WATER COMMISSION (Note 18)			
		(1,239,414)	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR		18,468,145	17,015,158
ACCUMULATED SURPLUS, END OF YEAR		17,249,769	18,468,145

The accompanying notes from part of the financial statements.

TOWN OF MILLET

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (Unaudited) \$	2016 Actual \$	2015 Actual \$
EXCESS OF REVENUES OVER EXPENSES	1,436,048	21,038	1,452,987
Acquisition of tangible capital assets	(1,396,248)	(975,529)	(1,453,787)
Proceeds on disposal of tangible capital assets	-	10	12,176
Amortization of tangible capital assets	-	686,126	680,862
(Gain) Loss on sale of tangible capital assets	-	(10)	(6,940)
	(1,396,248)	(289,403)	(767,689)
(Acquisition) use of prepaid assets	-	10,035	10,866
(Acquisition) use of deferred costs	-	(7,474)	(5,767)
(Acquisition) use of supplies inventories	-	(5,005)	(697)
(Acquisition) use of other assets	-	(623)	-
	-	(3,067)	4,402
INCREASE (DECREASE) IN NET ASSETS	39,800	(271,432)	689,700
NET FINANCIAL ASSETS, BEGINNING OF YEAR		2,953,150	2,263,450
NET FINANCIAL ASSETS, END OF YEAR		2,681,718	2,953,150

The accompanying notes from part of the financial statements.

TOWN OF MILLET
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Amount received from residents, customers and other governments	3,461,562	5,290,376
Amount paid to vendors, suppliers and other governments	(1,472,503)	(1,205,188)
Amount paid to employees	(1,354,155)	(1,338,446)
Interest received	6,361	13,487
Interest paid on long-term debt	(11,730)	(33,827)
	<u>629,535</u>	<u>2,726,402</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(975,529)	(1,495,957)
FINANCING ACTIVITIES		
Repayment of long-term debt	(40,197)	(38,167)
NET CHANGE TO CASH	(386,191)	1,192,278
CASH - BEGINNING OF YEAR	4,392,564	3,200,286
CASH - END OF YEAR	4,006,373	4,392,564

The accompanying notes from part of the financial statements.

TOWN OF MILLET

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS - SCHEDULE I FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016 \$	2015 \$
Balance, Beginning of Year	200,994	3,452,492	14,814,659	18,468,145	17,015,158
Excess of revenue over expenses	21,038	-	-	21,038	1,452,987
Unrestricted funds designated for future use	107,568	(107,568)	-	-	-
Current years funds used for tangible capital assets	(975,529)	-	975,529	-	-
Annual amortization expenses	686,126	-	(686,126)	-	-
Transfer assets at cost to Capital Region Southwest Water Commission (Note 18)	-	-	(1,239,414)	(1,239,414)	-
Long-term liabilities repaid	(40,197)	-	40,197	-	-
Change in accumulated surplus	(200,994)	(107,568)	(909,814)	(1,218,376)	1,452,987
Balance, End of Year	-	3,344,924	13,904,845	17,249,769	18,468,145

The accompanying notes form part of the financial statements.

TOWN OF MILLET
SCHEDULE OF TANGIBLE CAPITAL ASSETS - SCHEDULE 2
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015				
	Land & Land Improvements	Buildings	Engineering Structures	Machinery and Equipment	Vehicles	\$	\$
COST:							
Balance, Beginning of Year	2,196,946	2,648,488	19,093,709	1,773,044	536,019	26,248,206	24,812,039
Acquisition of tangible capital assets	71,316	-	858,212	-	46,001	975,529	1,453,787
Disposal of tangible capital assets	-	-	-	(34,564)	(19,857)	(54,421)	(17,620)
Transfer of tangible capital assets to Capital Region Southwest Water Commission (Note 18)	-	-	(1,239,414)	-	-	(1,239,414)	-
Balance, End of Year	2,268,262	2,648,488	18,712,507	1,738,480	562,163	25,929,900	26,248,206
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	703,721	1,599,971	7,334,924	817,201	369,985	10,825,802	10,157,324
Annual amortization	21,668	50,154	490,240	94,147	29,917	686,126	680,862
Accumulated amortization on disposals	-	-	-	(34,564)	(19,857)	(54,421)	(12,384)
Balance, End of Year	725,389	1,650,125	7,825,164	876,784	380,045	11,457,507	10,825,802
NET BOOK VALUE	1,542,873	998,363	10,887,343	861,696	182,118	14,472,393	15,422,404

The accompanying notes form part of the financial statements.

TOWN OF MILLET
SCHEDULE OF PROPERTY TAXES - SCHEDULE 3
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (Unaudited) \$	2016 Actual \$	2015 Actual \$
TAXATION			
Real property taxes - residential	1,960,027	1,959,017	1,921,595
- non-residential	236,992	236,992	227,538
Linear property taxes	48,676	48,661	48,106
Provincial and Federal grants in lieu of property taxes	2,183	2,178	2,916
	2,247,878	2,246,848	2,200,155
REQUISITIONS			
Alberta School Foundation Fund	562,589	562,589	540,687
Seniors' Homes & Community Housing Foundation	42,700	43,312	42,700
	605,289	605,901	583,387
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	1,642,589	1,640,947	1,616,768

The accompanying notes from part of the financial statements.

TOWN OF MILLET
SCHEDULE OF GOVERNMENT TRANSFERS - SCHEDULE 4
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget (Unaudited) \$	2016 \$	2015 \$
TRANSFER FOR OPERATING			
Provincial Government	138,303	129,103	132,803
TRANSFERS FOR CAPITAL			
Provincial Government	1,396,248	928,195	1,412,404
TOTAL GOVERNMENT TRANSFER	1,534,551	1,057,298	1,545,207

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, 2016

	2016 Budget (Unaudited) \$	2016 Actual \$	2015 Actual \$
EXPENSES			
Salaries, wages and benefits	1,355,283	1,385,252	1,347,677
Contracted and general services	1,026,334	759,046	747,078
Materials, goods, supplies and utilities	713,070	614,526	537,881
Cost of land sold	-	-	145,902
Provision for allowances	1,300	612,727	1,222
Transfers to local boards, individuals & organizations	116,106	119,468	95,682
Bank charges and short-term interest	4,500	3,243	2,880
Interest on long-term debt	25,461	11,730	33,827
Amortization	-	686,126	680,862
TOTAL EXPENSES	3,242,054	4,192,118	3,593,011

The accompanying notes from part of the financial statements.

TOWN OF MILLET
SCHEDULE OF SEGMENTED DISCLOSURE - SCHEDULE 6
FOR THE YEAR ENDED DECEMBER 31, 2016

	Administrative & Legislative Services \$	Protective Services \$	Transportation Services \$	Water & Sewer Services \$	Waste Management Services \$	Planning & Development Services \$
REVENUE						
Net municipal taxes	1,640,947	-	-	-	-	-
Government transfer	67,843	-	3,900	-	-	-
Local government transfers	-	7,826	-	-	-	-
Investment income	6,313	-	41	-	-	1,561
Sales and user fees	320,271	80,296	-	640,508	210,725	-
Other revenue	-	-	4,789	-	-	15,741
	2,035,374	88,122	8,730	640,508	210,725	17,302
EXPENSES						
Salaries, wages and benefits	461,602	160,177	80,414	197,548	-	64,865
Contract and general services	221,677	71,402	43,461	55,885	159,013	29,531
Materials, goods and utilities	58,285	32,921	231,588	81,130	3,490	15,508
Provision for allowances (Note 4)	40,307	-	-	-	-	572,420
Transfers to local boards and agencies	-	1,000	-	-	5,412	71,841
Bank charges and short term interest	3,243	-	-	-	-	-
Interest on long-term liabilities	-	2,410	3,021	1,462	-	-
	785,114	267,910	358,484	336,025	167,915	754,165
NET REVENUE BEFORE AMORTIZATION	1,250,260	(179,788)	(349,754)	304,483	42,810	(736,863)
Amortization expense	5,489	31,585	355,189	188,971	-	-
NET REVENUE	1,244,771	(211,373)	(704,943)	115,512	42,810	(736,863)

The accompanying notes form part of the financial statements.

TOWN OF MILLET
SCHEDULE OF SEGMENTED DISCLOSURE - SCHEDULE 6
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community Services \$	Parks & Recreation Services \$	2016 \$	2015 \$
REVENUE				
Net municipal taxes	-	-	1,640,947	1,616,768
Government transfers	57,360	-	129,103	132,803
Local government transfers	1,510	82,595	93,492	102,122
Investment income	7	-	6,361	13,487
Sales and user fees	5,100	137,628	1,410,269	1,411,417
Other revenue	-	-	4,789	356,997
	63,977	220,223	3,284,961	3,633,594
EXPENSES				
Salaries, wages and benefits	29,732	390,914	1,385,252	1,347,677
Contract and general services	45,530	132,547	759,046	747,078
Materials, goods and utilities	1,500	190,104	614,526	537,881
Cost of land sold	-	-	-	145,902
Provision for allowances	-	-	612,727	1,222
Transfers to local boards and agencies	-	41,215	119,468	95,682
Bank charges and interest	-	-	3,243	2,880
Interest on long-term liabilities	-	4,837	11,730	33,827
	76,762	759,617	3,505,992	2,912,149
NET REVENUE BEFORE AMORTIZATION	(12,785)	(539,394)	(221,031)	721,445
Amortization expense	-	104,892	686,126	680,862
NET REVENUE	(12,785)	(644,286)	(907,157)	40,583

The accompanying notes form part of the financial statements.

TOWN OF MILLET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016

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, 2016.

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, 2016

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, 2016

D) 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

	2016	2015
	\$	\$
Cash	2,379,673	2,770,874
Term deposits	1,626,700	1,621,690
	4,006,373	4,392,564

Term deposits consist of several individual ATB Financial deposits that can be withdrawn at any time.

3. TAXES RECEIVABLE

	2016	2015
	\$	\$
Current:		
Current taxes	109,745	107,068
Non-current:		
Tax arrears	56,194	71,328
	165,939	178,396

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 during the year. The loss of \$572,420 has been expensed in the current year in the Planning and Development Services department.

TOWN OF MILLET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5. LONG-TERM DEBT

	2016	2015
	\$	\$
Long-term debt consists of the following:		
Tax supported debentures	81,532	102,823
Self-supported debentures	486,016	504,922
	567,548	607,745

Interest paid on long-term debt for the year amounted to \$11,730.

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

	Principal	Interest	Total
	\$	\$	\$
2017	42,339	23,318	65,657
2018	40,843	21,056	61,899
2019	42,983	18,916	61,899
2020	39,398	16,659	56,057
2021	23,300	14,658	37,958
Thereafter	378,685	123,642	502,327
	567,548	218,249	785,797

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, 2016

6. TANGIBLE CAPITAL ASSETS

Net book value of tangible capital assets is as follows:

	2016	2015
	\$	\$*
Land and Land Improvements		
Land	1,374,441	1,373,107
Land Improvements	168,431	120,118
	1,542,872	1,493,225
Buildings	998,362	1,048,516
Engineering Structures:		
Roads	2,480,720	2,767,639
Curbs, Gutters, Signs, Sidewalks	346,487	363,671
Storm Sewer	878,076	892,744
Water Systems	2,585,299	3,082,246
Sewer Systems	4,596,761	4,652,484
	10,887,343	11,758,784
Machinery Equipment and Furniture	861,697	955,844
Vehicles	182,119	166,035
	14,472,393	15,422,404

7. DEFERRED COSTS

	2016	2015
	\$	\$
Prepaid administration costs	13,551	6,077

TOWN OF MILLET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

8. EQUITY IN CAPITAL ASSETS

	2016	2015
	\$	\$
Capital assets (Schedule 2)	25,929,900	26,248,206
Accumulated amortization (Schedule 2)	(11,457,507)	(10,825,802)
Long term debt (Note 5)	(567,548)	(607,745)
	13,904,845	14,814,659

9. TRUST FUNDS

The Town of Millet holds the following funds in trust:

	2016	2015
	\$	\$
Cemetery Perpetual Care Reserve		
Balance - beginning of year	7,612	4,898
Transactions during the year	64	2,714
Balance - end of year	7,676	7,612

TOWN OF MILLET

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

10. ACCUMULATED SURPLUS

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

	2016	2015
	\$	\$
Unrestricted surplus	-	200,994
Restricted surplus:		
Operating reserves		
General Operating	135,969	293,037
Crime Reward Reserve	2,000	2,000
Transportation Reserve	1,429	1,429
Utility/Insurable Reserve	415,144	415,144
Cemetery Maintenance Reserve	2,000	2,000
Recreation - Land Sale Reserve	245,527	245,527
	802,069	959,137
Capital reserves		
General	1,469,895	1,468,262
Street Improvement Program	53,208	49,081
Water Offsite Reserve	144,789	144,789
Sewer Offsite Reserve	66,560	64,192
Tennis Court	1,558	1,558
Capital Equipment Replacement	610,384	566,385
Major Facility	96,936	96,936
Agridplex	96,744	100,871
Other	2,781	1,281
	2,542,855	2,493,355
Total restricted surplus	3,344,924	3,452,492
Equity in tangible capital assets (Note 8)	13,904,845	14,814,659
	17,249,769	18,468,145

TOWN OF MILLET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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:

	2016	2015
	\$	\$
Total Debt Limit	4,927,442	5,450,391
Total Debt (Note 5)	567,548	607,745
Debt Limit Available	4,359,894	4,842,646
Debt Service Limit	821,240	908,399
Debt Service (Note 5)	65,657	65,657
Debt Service Limit Available	755,583	842,742

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, 2016

12. SALARY AND BENEFITS DISCLOSURE

	2016			2015	
	# of months	Salary (1) \$	Benefits & Allowances (2) \$	Total \$	Total \$
Mayor - Anthony Wadsworth	12	13,652	452	14,104	2,668
Mayor - Rob Lorensen	-	-	-	-	7,491
Councilors:					
Eleanor Pydde	12	11,708	304	12,012	12,050
Patricia Garrett	12	11,304	815	12,119	12,760
Victoria Pyle	12	11,456	438	11,894	10,783
Doug Peel	12	11,158	275	11,433	11,092
Carol Sadoroszney	12	11,406	206	11,612	10,835
Mike Storey	12	10,404	112	10,516	1,700
Anthony Wadsworth	-	-	-	-	7,012
Chief Administrative Officer:					
Teri-Ann Pelletier	12	125,269	31,850	157,119	145,179

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, 2016

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 recorded at December 31, 2015 by the Authority is \$3,994,868 (2014 - \$3,263,664) 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, 2016 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 2016 budget figures which appear in these financial statements have not been audited.

TOWN OF MILLET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

16. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

For the year ended December 31, 2016 the Town did no 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.

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
	\$	\$	\$
Excess of revenue over expenditures before other	39,800	(907,157)	40,583
Add:			
Amortization	-	686,126	680,862
Results of operations - previous method	39,800	(221,031)	721,445

17. LEASE COMMITMENT

The Town of Millet leases a photocopier with Ricoh which expires May 2022, the total remaining commitment under this lease is \$24,880

18. TRANSFER OF TANGIBLE CAPITAL ASSETS

On January 27, 2016 the Town of Millet Council entered into an agreement with the Capital Region Southwest Water Services Commission, the County of Leduc and the City of Leduc. The purpose of the agreement was for the financing and completion of the Regional Waterline. Throughout the construction and upon completion of the the project the waterline will remain the property of the Commission and the Commission will assume operation and maintenance responsibility immediately upon commissioning. Waterline costs incurred by the Town of Millet in the amount of \$1,239,414 were transferred to the Capital Region Southwest Water Services Commission during the year.

19. 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.

