

INDEPENDENT AUDITOR'S REPORT

To the Council of the Town of Milestone:

Qualified Opinion

We have audited the financial statements of the Town of Milestone (the Municipality), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As outlined in Note 10 to the financial statements, the Municipality maintains a solid waste landfill site for which it has not recorded an estimate of its closure and post-closure liabilities. This constitutes a departure from Canadian public sector accounting standards, which require the closure and post-closure liabilities to be recognized on a volumetric basis as the landfill site capacity is used, beginning when the site first accepts waste. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were not able to determine whether any adjustments might be necessary to the surplus of revenues over expenses and cash flows from operations for the year ended December 31, 2020, landfill closure and post-closure liabilities as at December 31, 2020 and net assets as at January 1 and December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified because of the effects of this departure from Canadian public sector accounting standards.

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

Emphasis of Matter

We draw attention to Note 24 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Other Matters - Supplemental Information

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. Schedules 1, 2, 3, 7, 9 and 10 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Municipality'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 liquidate the Municipality or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. 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 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 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 financial statements, including the disclosures, and whether the financial statements 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.

Weyburn, Saskatchewan
May 11, 2021



Chartered Professional Accountants

Town of Milestone
SYNOPSIS OF ANNUAL FINANCIAL STATEMENT

Statement of Financial Position

As at December 31, 2020

Statement 1

	2020	2019 <small>Restated - see note 24</small>
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	\$ 161,460	\$ 282,872
Taxes Receivable - Municipal (Note 3)	52,773	88,083
Other Accounts Receivable (Note 4)	111,312	100,358
Land for Resale (Note 5)	-	-
Investments (Note 6)	31,129	34,596
Debt Charges Recoverable (Note 7)	-	-
Other (Specify)	-	-
Total financial assets	356,674	505,909
LIABILITIES		
Bank indebtedness (Note 8)	-	-
Accounts Payable	29,166	358,978
Accrued Liabilities Payable	120,411	133,344
Deposits	-	-
Deferred Revenue (Note 9)	122,626	9,136
Accrued Landfill Costs (Note 10)	-	-
Liability for Contaminated Sites (Note 11)	-	-
Other Liabilities	-	-
Long-Term Debt (Note 12)	2,108,387	2,173,179
Lease Obligations (Note 13)	6,163	8,943
Total liabilities	2,386,753	2,683,580
NET FINANCIAL DEBT	(2,030,079)	(2,177,671)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	4,106,412	4,231,417
Prepayments and Deferred Charges	318	503
Stock and Supplies	-	-
Other (Note 14)	-	-
Total Non-Financial Assets	4,106,730	4,231,920
ACCUMULATED SURPLUS (Schedule 8)	\$ 1,975,651	\$ 2,054,249

Statement of Operations and Accumulated Surplus

As at December 31, 2020

Statement 2

	Budget	2020	2019 <small>Restated - see note 24</small>
REVENUES OTHER THAN PROVINCIAL/FEDERAL CAPITAL GRANTS AND CONTRIBUTIONS			
Taxes and Other Unconditional Revenue (Schedule 1)	\$ 703,762	\$ 705,792	\$ 678,510
Fees and Charges (Schedule 4, 5)	331,290	333,286	301,642
Conditional Grants (Schedule 4, 5)	1,315	16,270	-
Tangible Capital Assets Sales - Gain (Loss) (Schedule 4, 5)	-	-	-
Land Sales - Gain (Loss) (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	500	3,074	2,624
Restructurings (Schedule 4, 5)	-	-	-
Other Revenues (Schedule 4, 5)	-	-	-
Total Revenues other than Provincial/Federal Capital Grants and Contributions	1,036,867	1,058,422	982,776
EXPENSES			
General Government Services (Schedule 3)	122,295	220,897	124,770
Protective Services (Schedule 3)	77,632	77,192	86,482
Transportation Services (Schedule 3)	343,436	315,365	299,348
Environmental and Public Health Services (Schedule 3)	80,260	102,447	69,991
Planning and Development Services (Schedule 3)	1,000	8,870	3,628
Recreation and Cultural Services (Schedule 3)	71,306	72,627	72,461
Utility Services (Schedule 3)	307,559	310,166	337,032
Restructurings (Schedule 3)	-	-	-
Total Expenses	1,003,488	1,107,564	993,712
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	33,379	(49,142)	(10,936)
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	46,041	71,544	85,462
Surplus (Deficit) of Revenues over Expenses	79,420	22,402	74,526
Accumulated Surplus, Beginning of Year (as previously reported)	2,054,249	2,054,250	2,074,308
Prior Period Adjustment	-	(101,001)	(94,585)
Accumulated Surplus, Beginning of Year (as restated)	2,054,249	1,953,249	1,979,723
ACCUMULATED SURPLUS - END OF YEAR	\$ 2,133,669	\$ 1,975,651	\$ 2,054,249

Statement of Change in Net Financial Debt

As at December 31, 2020

Statement 3

	Budget 2020	2020	2019 <i>Restated - see note 24</i>
Surplus	\$ 79,420	\$ 22,401	\$ 74,526
(Acquisition) of tangible capital assets	-	-	(438,447)
Amortization of tangible capital assets	-	125,006	125,006
Proceeds on disposal of tangible capital assets	-	-	-
Loss (gain) on the disposal of tangible capital assets	-	-	-
Transfer of assets/liabilities in restructuring transactions	-	-	-
Surplus (Deficit) of capital expenses over expenditures	-	125,006	(313,441)
(Acquisition) of supplies inventories	-	-	-
(Acquisition) of prepaid expense	-	(318)	(503)
Consumption of supplies inventory	-	-	-
Use of prepaid expense	-	503	359
Surplus (Deficit) of expenses of other non-financial over expenditures	-	185	(144)
Increase/Decrease in Net Financial Assets	79,420	147,592	(239,059)
Net Financial Debt - Beginning of Year	(2,177,671)	(2,177,671)	(1,938,612)
Net Financial Debt - End of Year	\$ (2,098,251)	\$ (2,030,079)	\$ (2,177,671)

Schedule of Council Remuneration

As at December 31, 2020

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	Jeff Brown	\$ 1,400	\$ -	\$ 1,400
Councillor	Rena Ohrt	1,040	-	1,040
Councillor	Mike Gallias	960	-	960
Councillor	Judy Moorhead	800	-	800
Councillor	Mike Sjodin	1,040	-	1,040
Councillor	Greg Treleaven	880	-	880
Councillor	Kevin Siebert	80	-	80
Councillor	Jamey Wolfe	80	-	80
Councillor	Ian Wourms	-	-	-
Conference fees		-	3,978	3,978
Total		\$ 6,280	\$ 3,978	\$ 10,258

Statement of Cash Flows

As at December 31, 2020

Statement 4

Cash provided by (used for) the following activities

	2020	2019 <i>Restated - see note 24</i>
Operating:		
Surplus (Deficit)	\$ 22,402	\$ 74,526
Amortization	125,006	125,006
Loss (gain) on disposal of tangible capital assets	-	-
	147,408	199,532
Change in assets/liabilities		
Taxes Receivable - Municipal	35,310	(5,095)
Other Receivables	(10,954)	(2,336)
Accrued Liabilities Payable	(12,933)	(163,978)
Accounts Payable	(329,812)	293,843
Deferred Revenue	113,490	7,028
Prepayments and Deferred Charges	185	(140)
	(204,714)	129,322
Cash provided by operating transactions	(57,306)	328,854
Capital:		
Acquisition of capital assets	-	(438,447)
Cash applied to capital transactions	-	(438,447)
Investing:		
Investments	3,467	(535)
Other	-	-
Cash provided by (applied to) investing transactions	3,467	(535)
Financing:		
Debt charges recovered	-	-
Long-term debt issued	-	-
Long-term debt repaid	-	-
Other financing	-	-
Proceeds from callable debt financing	-	550,000
Repayment of callable debt	(64,792)	(51,657)
Repayment of obligations under capital lease	(2,781)	(2,779)
Cash provided by (applied to) financing transactions	(67,573)	495,564
Change in Cash and Temporary Investments during the year	(121,412)	385,436
Cash and Temporary Investments - Beginning of Year	282,872	(102,564)
Cash and Temporary Investments - End of Year (Note 2)	\$ 161,460	\$ 282,872