

# **Community of Miltonvale Park**

Financial Statements  
**December 31, 2010**



March 8, 2011

## **Auditor's Report**

### **To the Residents of Community of Miltonvale Park**

We have audited the accompanying financial statements of Community of Miltonvale Park, which comprise the statement of financial position as at December 31, 2010, and the statement of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community of Miltonvale Park as at December 31, 2010, and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The prior year figures were audited by another firm of chartered accountants.

*Arsenault Best Cameron Ellis*

**Chartered Accountants**

# Community of Miltonvale Park

## Statement of Financial Position

As at December 31, 2010

	2010 \$	2009 \$
<b>Financial assets</b>		
Cash	283,161	29,985
Short-term deposits	38,022	365,327
Accounts receivable	29,582	19,448
Prepaid expenses	1,731	2,410
Communities 13 Inc. facility contribution (note 2)	-	87,752
<b>Total financial assets</b>	<u>352,496</u>	<u>504,922</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,226	12,169
Deferred revenues (note 4)	18,635	-
Long-term debt (note 5)	-	87,752
<b>Total liabilities</b>	<u>23,861</u>	<u>99,921</u>
<b>Net financial assets</b>	<u>328,635</u>	<u>405,001</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 6)	123,527	94,983
Deferred contributions (note 7)	(69,712)	(50,368)
	<u>53,815</u>	<u>44,615</u>
<b>Accumulated surplus</b>	<u>382,450</u>	<u>449,616</u>

Approved by the Council

\_\_\_\_\_ Councillor

\_\_\_\_\_ Councillor

# Community of Miltonvale Park

## Statement of Operations

For the year ended December 31, 2010

	<b>Budget (Unaudited)</b> \$	<b>2010</b> \$	<b>2009</b> \$
<b>Revenue</b>			
Taxation	132,310	135,206	131,929
Infrastructure funding	80,800	21,469	37,397
Equalization - municipal support grant	14,400	14,399	13,239
Development fees	3,000	3,300	5,781
Interest	5,000	4,599	5,155
Wage assistance	4,500	5,769	4,384
Rentals (note 9)	2,200	2,000	2,300
Donations	-	3,211	725
Canada Day grant	350	350	350
	<u>242,560</u>	<u>190,303</u>	<u>201,260</u>
<b>Expenses</b>			
Administrative (Schedule 1)	41,980	43,615	36,319
Facilities and public property (Schedule 1)	24,320	112,856	31,472
Fire protection	43,330	43,328	42,876
Municipal services and events (Schedule 1)	22,000	20,409	39,814
Professional services and memberships (Schedule 2)	11,275	6,901	6,276
Public works (Schedule 2)	45,650	20,826	6,320
Recreation and parks (Schedule 2)	69,975	9,534	9,477
	<u>258,530</u>	<u>257,469</u>	<u>172,554</u>
<b>Annual surplus (deficit)</b>	<u>(15,970)</u>	(67,166)	28,706
<b>Accumulated surplus - Beginning of year</b>		<u>449,616</u>	<u>420,910</u>
<b>Accumulated surplus - End of year</b>		<u>382,450</u>	<u>449,616</u>

# Community of Miltonvale Park

## Schedule of Expenditures

For the year ended December 31, 2010

Schedule 1

	Budget (Unaudited) \$	2010 \$	2009 \$
<b>Administrative</b>			
Advertising	1,000	693	1,199
Councilor honorarium and expenses	7,850	8,340	5,960
Deed registration	-	-	371
Grants	500	350	375
Insurance	5,305	5,985	4,251
Interest and bank charges	500	828	489
Office and printing	2,200	1,588	1,620
Telephone	2,000	1,409	1,945
Training and seminars	1,000	149	834
Travel and meetings	1,600	1,433	1,270
Wages and benefits	18,525	21,915	16,672
Website	500	348	347
Amortization	1,000	577	986
	<u>41,980</u>	<u>43,615</u>	<u>36,319</u>
<b>Facilities and Public Property</b>			
Communities 13 facility contribution	2,755	87,752	10,931
Community hall	1,200	4,329	1,925
Community shelter and pasture (note 9)	1,500	1	829
Electricity	2,200	1,709	1,934
Insurance	550	546	487
Maintenance - community park	5,000	5,529	4,591
Property taxes	675	698	665
Rent	4,500	4,500	4,450
Sewer	540	275	270
Amortization - net	5,400	7,517	5,390
	<u>24,320</u>	<u>112,856</u>	<u>31,472</u>
<b>Municipal services and events</b>			
Canada Day	1,400	1,174	1,196
Community beautification and promotion	2,500	1,685	1,302
Emergency measures	1,000	348	308
Green initiatives	3,000	500	200
Planning services	14,100	16,702	36,808
	<u>22,000</u>	<u>20,409</u>	<u>39,814</u>

# Community of Miltonvale Park

## Schedule of Expenses

For the year ended December 31, 2010

Schedule 2

	Budget (Unaudited) \$	2010 \$	2009 \$
<b>Professional services and memberships</b>			
Municipal federation dues	2,450	2,281	2,132
Professional fees	8,825	4,620	4,144
	<hr/>	<hr/>	<hr/>
	11,275	6,901	6,276
	<hr/>	<hr/>	<hr/>
<b>Public works</b>			
Administration	650	455	383
Engineering services	45,000	20,371	5,937
	<hr/>	<hr/>	<hr/>
	45,650	20,826	6,320
	<hr/>	<hr/>	<hr/>
<b>Recreation and parks</b>			
Bursaries	2,750	1,949	2,530
Parks	60,425	516	728
Wages and benefits	6,800	7,069	6,219
	<hr/>	<hr/>	<hr/>
	69,975	9,534	9,477
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**Community of Miltonvale Park**  
**Statement of Change in Net Financial Assets**  
**For the year ended December 31, 2010**

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	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Annual surplus (deficit)</b>	(67,166)	28,706
Acquisition of tangible capital assets	(46,250)	(2,417)
Amortization of tangible capital assets	17,706	13,093
Increase in deferred contributions	28,956	-
Amortization of deferred contributions	(9,612)	(6,717)
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<b>Increase (decrease) in net financial assets</b>	(76,366)	32,665
<b>Net financial assets - Beginning of year</b>	405,001	372,336
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<b>Net financial assets - End of year</b>	328,635	405,001
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# Community of Miltonvale Park

## Statement of Cash Flows

For the year ended December 31, 2010

	2010	2009
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit) for the year	(67,166)	28,706
Item not affecting cash		
Amortization	8,094	6,376
	<u>(59,072)</u>	<u>35,082</u>
Net change in non-cash working capital items		
Increase in accounts receivable	(10,134)	(7,976)
Decrease (increase) in prepaid expenses	679	(149)
Decrease (increase) in short-term deposits	327,305	(4,303)
Decrease in accounts payable and accrued liabilities	(6,943)	(1,846)
Increase (decrease) in deferred revenue	18,635	(37,397)
	<u>329,542</u>	<u>(51,671)</u>
	<u>270,470</u>	<u>(16,589)</u>
<b>Financing activities</b>		
Repayment of long-term debt	(87,752)	(4,446)
Increase in deferred contributions	28,956	-
	<u>(58,796)</u>	<u>(4,446)</u>
<b>Investing activities</b>		
Acquisition of tangible capital assets	(46,250)	(2,417)
Decrease in Communities 13 Inc. facility contribution	87,752	4,446
	<u>41,502</u>	<u>2,029</u>
<b>Increase (decrease) in cash</b>	<b>253,176</b>	<b>(19,006)</b>
<b>Cash - Beginning of year</b>	<b>29,985</b>	<b>48,991</b>
<b>Cash - End of year</b>	<b><u>283,161</u></b>	<b><u>29,985</u></b>

# Community of Miltonvale Park

Notes to Financial Statements

December 31, 2010

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## 1 Summary of significant accounting policies

The financial statements of the Community of Miltonvale Park are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Community are as follows:

### Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenses and changes in net financial assets and in financial position of the reporting entity. The reporting entity is comprised of all organizations and committees that are accountable to the Community for administration of their financial affairs and resources, and which are owned or controlled by the Community.

### Basis of accounting

The accrual basis of accounting is used for all funds. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

### Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

### Fair value of financial instruments

Financial instruments are comprised of cash, short-term deposits, accounts receivable and accounts payable and accrued liabilities. Due to their short-term nature, all financial instruments are carried at amounts which are considered to approximate their fair value.

### Capital disclosures

The Community considers its capital to be its accumulated surplus. The entity's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to provide services to the public. Annual budgets are developed and monitored to ensure the Community's capital is maintained at an appropriate level. The Community has no external restrictions imposed on its capital.

### Government assistance

Government assistance received for tangible capital assets is deferred and amortized to income at the same rate as the tangible capital assets to which the assistance related. During the year, government assistance of \$28,956 (2009 - nil) was received for tangible capital assets.

Government assistance for operating expenses is recognized as revenue in the year in which the related expenses are incurred.

# Community of Miltonvale Park

Notes to Financial Statements

December 31, 2010

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## Financial risk management objectives and policies

Consistent with similar entities, the Community of Miltonvale Park's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. As part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Community's exposure.

## Tangible capital assets

Effective January 1, 2009, the Community adopted Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to tangible capital assets.

During 2008, the Community established the historical capital cost, assistance received in regard to the tangible capital assets and the estimated useful life of the assets. These assets have been recorded on the Community's records at historical cost with accumulated amortization recorded as of December 31, 2009. Amortization expense has been recorded on a prospective basis commencing in 2009, calculated using the straight-line method, using the rates outlined in note 6.

## 2 Communities 13 Inc. facility contribution

The Community's original contribution of \$115,788 to Communities 13 Inc. was being expensed into operations as the offsetting loan was repaid. The loan was repaid in full in 2010.

## 3 Line of credit

The Community has an available line of credit of \$80,000 bearing interest at Prime + 1%. The line of credit is secured by cash deposits at the lending institution. The balance of the line of credit at December 31, 2010 is nil (2009 - nil).

## 4 Deferred revenues

	2010	2009
	\$	\$
Balance - Beginning of year	-	37,397
Provincial funding received	38,635	-
Eligible expenditures incurred	(20,000)	(37,397)
	<hr/>	<hr/>
Balance - End of year	18,635	-

# Community of Miltonvale Park

Notes to Financial Statements

December 31, 2010

## 5 Long-term debt

	2010	2009
	\$	\$
Provincial Treasury of PEI 7.25% debenture, repaid during the year	-	87,752

## 6 Tangible capital assets

				2010	2009
Amortization rate	Cost	Accumulated amortization	Net	Net	Net
	\$	\$	\$	\$	\$
Land	11,500	-	11,500	11,500	11,500
Computer equipment 3 yr	2,545	2,378	167	333	333
Equipment - community 5 yr	4,991	4,991	-	411	411
Equipment - park 5 yr	9,917	3,652	6,265	1,291	1,291
Building - park 10 yr	103,287	35,878	67,409	77,738	77,738
Land improvements - park 10 yr	52,906	14,720	38,186	3,710	3,710
	185,146	61,619	123,527	94,983	94,983

## 7 Deferred contributions

				2010	2009
Amortization rate	Cost	Accumulated amortization	Net	Net	Net
	\$	\$	\$	\$	\$
Provincial 10 yr	48,848	13,280	35,568	25,184	25,184
Federal 10 yr	47,266	13,122	34,144	25,184	25,184
	96,114	26,402	69,712	50,368	50,368

# Community of Miltonvale Park

Notes to Financial Statements

December 31, 2010

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## 8 Funds held in trust

The Island Waste Management Corporation (IWMC) has placed \$200,000 in trust with a third party. This funding is to provide residents of Miltonvale Park with domestic water services under authority of the Charlottetown Water and Sewer Utility. In the event that IWMC is unable to substantially commence the undertaking, the Council may demand payment of these funds, including accrued interest, from the Trustee. The balance of these funds at December 31, 2010 was \$244,219 (2009 - \$242,840).

## 9 Commitments

The Community has entered into a lease commitment with the Province of Prince Edward Island to lease the Community Pasture for a period of six years ending 2015 for an amount of \$1 per year.

The Community has entered into a five year lease to rent the Community Pasture for a period of five years ending 2012. The annual lease revenues are \$2,000 per year under this agreement.

## 10 Comparative amounts

Certain comparative amounts have been restated to conform to the presentation changes adopted in the current year.