

VILLAGE OF MILO

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

VILLAGE OF MILO

DECEMBER 31, 2022

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VILLAGE OF MILO

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended December 31, 2022 and other information contained in this Financial Report are the responsibility of the management of the Village of Milo.

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

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village of Milo is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Village. Scase & Partner was given and had full and free access to Council.



Mayor

 MAY 9, 2023
Date



SCASE & PARTNER
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL VILLAGE OF MILO

We have audited the consolidated financial statements of the Village of Milo, which comprise the consolidated statement of financial position for the year ended December 31, 2022 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated statements present fairly, in all material respects the consolidated financial position of the Village of Milo as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village of Milo in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

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

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

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

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

Auditor's responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Village's audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase



Chartered Professional Accountants

April 12, 2023
Calgary, Alberta


VILLAGE OF MILO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,098,671	\$ 1,019,999
Receivables (Note 3)		
Taxes and grants in place of taxes	8,917	25,839
Receivables from other governments	270,970	237,192
Trade and other receivables	19,176	10,511
Land held for resale (Note 4)	410,916	410,916
Investments	970	895
	<u>1,809,620</u>	<u>1,705,352</u>
LIABILITIES		
Accounts payable and accrued liabilities	14,930	9,829
Deposit liabilities (Note 7)	13,578	6,092
Deferred revenue (Note 7)	757,742	691,294
Long term debt (Note 6)	118,774	125,632
	<u>905,024</u>	<u>832,847</u>
NET FINANCIAL ASSETS (DEBT)	<u>904,596</u>	<u>872,505</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	2,999,190	2,945,940
Inventory for internal consumption	2,438	4,070
	<u>3,001,628</u>	<u>2,950,010</u>
ACCUMULATED SURPLUS (Schedule 1, Note 11)	<u>\$ 3,906,224</u>	<u>\$ 3,822,515</u>

APPROVED:



Mayor



Councilor

The accompanying notes form an integral part of these financial statements

VILLAGE OF MILO

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
REVENUE			
Net municipal taxes (Schedule 3)	\$ 194,236	\$ 192,214	\$ 190,597
User fees and sales of goods	185,198	185,401	190,700
Government transfers for operating (Schedule 4)	13,610	79,512	80,712
Investment income	7,380	7,249	7,319
Penalties and costs of taxes	-	2,980	4,950
Franchise and concession contracts	25,000	25,986	28,902
Alberta Environment & parks	-	80,960	-
Insurance proceeds	-	32,847	-
Other	105,190	40,079	114,557
	530,614	647,228	617,737
EXPENSES			
Legislative	7,400	4,532	5,407
Administration	266,700	323,127	235,154
Fire and disaster	5,000	-	212
Bylaws enforcement	-	2,624	1,748
Common services	96,500	75,757	85,214
Roads, streets, walks, lighting	3,500	60,680	59,998
Water supply and distribution	117,000	137,619	136,428
Wastewater treatment and disposal	-	10,391	9,713
Waste management	27,680	9,258	26,271
Land use planning, zoning and development	3,650	3,502	3,520
Parks and recreation	200	52,013	44,267
	527,630	679,503	607,932
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	2,984	(32,275)	9,805
Government transfers for capital (Schedule 4)	-	115,984	46,240
EXCESS OF REVENUE OVER EXPENSES	2,984	83,709	56,045
ACCUMULATED SURPLUS, beginning of year	3,822,515	3,822,515	3,766,470
ACCUMULATED SURPLUS, end of year	\$ 3,825,499	\$ 3,906,224	\$ 3,822,515

The accompanying notes form an integral part of these financial statements

VILLAGE OF MILO

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
EXCESS OF REVENUES OVER EXPENSES	\$ 2,984	\$ 83,709	\$ 56,045
Acquisition of tangible capital assets	-	(188,104)	(38,886)
Amortization of tangible capital assets	-	134,853	134,059
	-	(53,251)	95,173
Acquisition of supplies inventories	-	(2,438)	(4,070)
Use of supplies inventories	-	4,071	1,590
	-	1,633	(2,480)
INCREASE IN NET FINANCIAL ASSETS	2,984	32,091	148,738
NET FINANCIAL ASSETS, beginning of year	872,504	872,504	723,766
NET FINANCIAL ASSETS, end of year	\$ 875,488	\$ 904,595	\$ 872,504

The accompanying notes form an integral part of these financial statements

VILLAGE OF MILO

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenue over expenses	\$ 83,709	\$ 56,045
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	134,853	134,059
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	16,923	(1,295)
Decrease (increase) in trade and other receivables	(8,665)	(1,310)
Decrease (increase) in receivables from other governments	(33,778)	(89,142)
Decrease (increase) in inventory for consumption	1,632	(2,480)
Increase (decrease) in accounts payable and accrued liabilities	5,100	1,784
Increase (decrease) in deposit liabilities	7,486	(2,075)
Increase (decrease) in deferred revenue	66,449	187,387
CASH PROVIDED BY OPERATING ACTIVITIES	273,709	282,973
INVESTING		
Acquisition of tangible capital assets	(188,104)	(38,886)
Decrease (increase) in investments	(75)	(29)
CASH APPLIED TO INVESTING TRANSACTIONS	(188,179)	(38,915)
FINANCING		
Long-term debt repaid	(6,858)	(6,499)
CASH APPLIED TO FINANCING TRANSACTIONS	(6,858)	(6,499)
CHANGE IN CASH AND CASH EQUIVALENTS	78,672	237,559
CASH AND CASH EQUIVALENTS, beginning of year	1,019,999	782,440
CASH AND CASH EQUIVALENTS, end of year	\$ 1,098,671	\$ 1,019,999
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 1,098,671	\$ 1,019,999
INTEREST PAID ON LONG-TERM DEBT	\$ 6,757	\$ 7,116

The accompanying notes form an integral part of these financial statements

VILLAGE OF MILO

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 2

ENGINEERED STRUCTURES

COST	ENGINEERED STRUCTURES							2022	2021	
	LAND	LAND IMPROVEMENTS	BUILDINGS	ROADS & STREETS	WATER SYSTEM	WASTEWATER MACHINERY & EQUIPMENT	VEHICLES			
BALANCE, beginning of year	\$ 66,089	\$ 4,585	\$ 294,846	\$ 1,421,224	\$ 2,278,011	\$ 780,748	\$ 122,044	\$ -	\$ 4,967,547	\$ 4,928,661
Acquisition of assets	-	-	36,911	74,653	38,040	38,500	-	-	188,104	38,886
BALANCE, end of year	66,089	4,585	331,757	1,495,877	2,316,051	819,248	122,044	-	5,155,651	4,967,547
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	4,432	76,962	560,741	962,227	359,263	57,982	-	2,021,607	1,887,548
Annual amortization	-	153	14,446	57,373	43,555	10,391	8,935	-	134,853	134,059
BALANCE, end of year	-	4,585	91,408	618,114	1,005,782	369,654	66,917	-	2,156,460	2,021,607
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 66,089	\$ -	\$ 240,349	\$ 877,763	\$ 1,310,269	\$ 449,594	\$ 55,127	\$ -	\$ 2,999,191	\$ 2,945,940
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 66,089	\$ 153	\$ 217,884	\$ 860,483	\$ 1,315,784	\$ 421,485	\$ 64,062	\$ -	\$ 2,945,940	

VILLAGE OF MILO

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, beginning of year	\$ 1,002,202	\$ -	\$ 2,820,313	\$ 3,822,515	\$ 3,766,470
Excess of revenues over expenses	83,709	-	-	83,709	56,045
Current year funds used for tangible capital assets	(188,104)	-	188,104	-	-
Annual amortization expense	134,853	-	(134,853)	-	-
Long term debt repaid	(6,858)	-	6,858	-	-
Change in accumulated surplus	23,600	-	60,109	83,709	56,045
BALANCE, end of year	\$ 1,025,802	\$ -	\$ 2,880,422	\$ 3,906,224	\$ 3,822,515

VILLAGE OF MILO

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 3

	Budget (Unaudited)	2022	2021
TAXATION			
Real property taxes, net of requisitions	\$ 194,236	\$ 188,917	\$ 187,324
Linear property taxes, net of requisitions	-	3,297	3,273
Net municipal taxes	\$ 194,236	\$ 192,214	\$ 190,597
REQUISITIONS			
Alberta School Foundation Fund	34,734	35,157	34,830
Marquis Foundation	4,098	4,002	4,098
Total requisitions	\$ 38,832	\$ 39,159	\$ 38,928

VILLAGE OF MILO

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 4

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 13,610	\$ 13,612	\$ 15,612
Other Local Governments	-	65,900	65,100
	13,610	79,512	80,712
TRANSFERS FOR CAPITAL:			
Provincial Government	-	115,984	46,240
	-	115,984	46,240
TOTAL GOVERNMENT TRANSFERS	\$ 13,610	195,496	126,952

VILLAGE OF MILO

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 5

	Budget (Unaudited)	2022	2021
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 209,000	\$ 186,203	\$ 148,391
Contracted and general services	169,880	182,339	199,598
Materials, goods and utilities	134,200	127,904	89,734
Transfers to local boards and agencies	-	40,620	28,500
Bank charges and short-term interest	550	827	532
Amortization of tangible capital assets	-	134,852	134,061
Interest on capital long-term debt	14,000	6,757	7,116
	\$ 527,630	679,502	\$ 607,932

VILLAGE OF MILO

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 192,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,214
Government transfers	18,756	6,673	27,627	-	65,900	76,540	-	195,496
User fees and sale of goods	22,526	-	-	-	200	162,676	-	185,402
Investment income	5,085	-	-	-	2,164	-	-	7,249
Other revenue	149,302	32,847	-	-	-	703	-	182,852
	387,883	39,520	27,627	-	68,264	239,919	-	763,213
EXPENSES								
Contract & general services	129,373	2,624	8,157	3,502	11,239	27,443	-	182,338
Salaries and wages	108,977	-	20,461	-	-	56,764	-	186,202
Goods and supplies	96,396	-	19,151	-	-	12,359	-	127,906
Transfers to local boards	-	-	-	-	40,620	-	-	40,620
Long-term debt interest	-	-	-	-	-	6,757	-	6,757
Other expenses	828	-	-	-	-	-	-	828
	335,574	2,624	47,769	3,502	51,859	103,323	-	544,651
NET REVENUE BEFORE AMORTIZATION	52,309	36,896	(20,142)	(3,502)	16,405	136,596	-	218,562
Amortization	12,585	-	68,169	-	153	53,946	-	134,853
NET REVENUE	\$ 39,724	\$ 36,896	\$ (88,311)	\$ (3,502)	\$ 16,252	\$ 82,650	\$ -	\$ 83,709

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Milo are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are therefore, accountable to the Village Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Village of Milo Recreation Board

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions, and other amounts are received from third parties pursuant to legislation, regulation, or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

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

Land improvements	15-20 years
Buildings	25-50 years
Engineered structures	
Water system	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(g) Leases

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

(h) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special 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 repay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

(i) Fund Accounting

Management funds consists of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues

(j) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(k) Requisition Over-levies and Under-levies

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the operating fund while transfers to and/or from capital reserves are shown as an adjustment to the respective fund.

(m) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(n) Liability for contamination of sites.

Contaminated sites are result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under environmental standard. This standard relates to that are not in productive use and site in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sites is recognized when all of the following criteria is met:

- an environmental standard exists
- contamination exceeds environmental standard
- the town is directly responsible or accepts responsibility
- the town expects the future economic benefits will be given up
- a reasonable estimate of the amount can be made

The town has determined that all of the above criteria have not been met and as such no amounts have been accrued.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
Cash	\$ 899,354	\$ 822,988
Temporary investments	<u>199,317</u>	<u>197,011</u>
	<u>\$ 1,098,671</u>	<u>\$ 1,019,999</u>
Restricted funds for other than current use	\$ 503,486	\$ 461,978
Unrestricted cash and temporary investments	<u>595,185</u>	<u>558,021</u>
Total cash and temporary investments	<u>\$ 1,098,671</u>	<u>\$ 1,019,999</u>

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. CASH AND TEMPORARY INVESTMENTS, continued

Temporary investments are investments with maturities in the normal operating cycle of the municipality. Interest rates for the investments vary from 0.2% to 2.45%.

The restricted surplus would be cash and temporary investments set aside by the Village council, the purpose of which would be to provide funds for future planned projects, or other contingencies.

The restricted funds are set aside from unused conditional grants received by the Village that have not yet been used for the purpose they were advanced for. As conditions for the grants are met by the Village, the funds are available for the Village to use and the amount of restricted funds is reduced.

3. RECEIVABLES

<u>Property taxes</u>	<u>2022</u>	<u>2021</u>
Current taxes and grants in place of taxes	\$ 6,280	\$ 22,031
Arrears taxes	<u>2,637</u>	<u>3,809</u>
	8,917	25,840
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Total property taxes	<u>\$ 8,917</u>	<u>\$ 25,840</u>
<u>Other</u>		
GST	\$ 3,136	\$ 1,784
Grants	<u>267,834</u>	<u>235,408</u>
	270,970	237,192
<u>Trade receivables</u>	<u>19,176</u>	<u>10,511</u>
	290,146	247,703
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Total other and trade receivables	<u>\$ 290,146</u>	<u>\$ 247,703</u>
Total all receivables	<u>\$ 299,063</u>	<u>\$ 273,543</u>

4. INVENTORY

Land held for resale

Inventory is comprised of land purchased by the Village for future subdivision purposes. The land is recorded at the lower of cost or net realizable value. The cost includes the original purchase price and incidental costs expended by the Village during the balance of the year. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function. The land is recorded as a financial asset as it meets the requirements for such classification under the public sector standards.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

5. TANGIBLE CAPITAL ASSETS

	Net Book Value	<u>2022</u>	<u>2021</u>
Land		\$ 66,089	\$ 66,089
Land improvements		-	153
Buildings		240,348	217,884
Engineered structures			
Roadway system		877,763	860,483
Water distribution system		1,310,269	1,315,783
Wastewater treatment system		449,594	421,486
Machinery, equipment and furnishings		<u>55,127</u>	<u>64,062</u>
		<u>\$ 2,999,190</u>	<u>\$ 2,945,940</u>

6. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
ACFA debentures	\$ <u>118,774</u>	\$ <u>125,632</u>
Current portion	\$ <u>7,237</u>	\$ <u>6,858</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 7,237	\$ 6,378	\$ 13,615
2024	7,637	5,978	13,615
2025	8,059	5,556	13,615
2026	8,505	5,111	13,616
2027	8,505	4,641	13,146
Thereafter	<u>78,831</u>	<u>16,952</u>	<u>95,783</u>
	<u>\$ 118,774</u>	<u>\$ 44,616</u>	<u>\$ 163,390</u>

Debenture debt is repayable to Alberta Capital Finance Authority and matures in 2034 with an annual interest rate of 5.452%. The payments for the debenture are made semi-annually in March and September of each year. Debenture debt is issued on the credit and security of the Village of Milo at large.

	<u>2022</u>	<u>2021</u>
Interest on long-term debt	\$ <u>6,757</u>	\$ <u>7,116</u>

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2022</u>	<u>2021</u>
Unearned income		
Prepaid tax and utilities	\$ 8,344	\$ 3,609
Water deposits	<u>5,233</u>	<u>2,483</u>
	13,577	6,092
Deferred revenue	<u>757,742</u>	<u>691,294</u>
	<u>\$ 771,319</u>	<u>\$ 697,386</u>
Deferred revenue consists of:		
MSI capital	\$ 543,719	\$ 582,646
CCRF and MCCAC	62,924	-
CCBF	151,099	101,098
ACP	<u>-</u>	<u>7,550</u>
	<u>\$ 757,742</u>	<u>\$ 691,294</u>

8. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313-2000 is as follows:

	<u>2022</u>			<u>2021</u>	
	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total</u>	<u>Total</u>	
Mayor S. Schroeder	\$ 1,450	\$ 306	\$ 1,756	\$ 1,402	
Councilor D. Melnyk	\$ -	\$ -	\$ -	\$ 199	
Councilor P. Wiens	\$ 750	\$ 1,058	\$ 1,808	\$ 2,100	
Chief Administrative Officer	\$ 41,196	\$ 3,616	\$ 44,812	\$ 33,999	
Designated Officer - Assessor	\$ 5,775	\$ -	\$ 5,775	\$ 5,253	

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement services, concession loans, travel allowances, car allowances and club memberships.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Milo be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 970,842	\$ 926,606
Total debt	<u>(118,774)</u>	<u>(125,632)</u>
Amount of debt limit unused	<u>\$ 852,068</u>	<u>\$ 800,974</u>
	<u>2022</u>	<u>2021</u>
Debt servicing limit	\$ 161,807	\$ 154,434
Debt servicing	<u>(13,615)</u>	<u>(13,615)</u>
Amount of debt servicing limit unused	<u>\$ 148,192</u>	<u>\$ 140,819</u>

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	\$ 5,155,651	\$ 4,967,547
Accumulated amortization (Schedule 2)	(2,156,460)	(2,021,607)
Long-term debt (Note 6)	<u>(118,774)</u>	<u>(125,632)</u>
Equity in tangible capital assets	<u>\$ 2,880,417</u>	<u>\$ 2,820,308</u>

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

11. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus (Schedule 1)	\$ 1,025,802	\$ 1,002,202
Equity in TCAs (Schedule 1)	<u>2,880,422</u>	<u>2,820,313</u>
	<u>\$ 3,906,224</u>	<u>\$ 3,822,515</u>

12. CONTINGENCIES

The Village of Milo is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village of Milo could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

COVID - 19

COVID-19 arose in the first part of the 2020 fiscal year. Management and village council had evaluated the potential impact on the operations. The evaluation included the source of revenue for the village and the impact that the shutdown would have on the continued ability to provide services to all citizens and businesses of the community.

Both the federal and provincial governments have reduced, and some cases ended the restriction subsequent to the current year ended. Village management and council remain conscious of the ongoing risks with COVID and have ensured compliance with appropriate controls to minimize any potential new outbreaks.

13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from these financial instruments. Financial instruments that are traded on an exchange are reported at fair market value at the reporting date. The adjustment to fair value at the reporting period is reported as an unrealized gain or loss in the statement of operations. All other financial instruments are reported at amortized cost unless there is a permanent decline in value at which time the adjustment to fair value is recorded as an unrealized loss in the statement of operations.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimize the credit risk.

Unless otherwise noted, the stated of these financial instruments approximate fair value.

VILLAGE OF MILO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

14. COMMITMENTS

The Village has commitments as follows:

Agreement with Benchmark Assessment Consultants Inc. to provide general assessment services for municipal property. The agreement is for the period August 1, 2019 to July 31, 2024. Annual fixed cost for the service is \$5,500 plus applicable taxes. Additional services outside the scope of the general assessment would be charged at an agreed upon fee.

Agreement with the Province of Alberta to manage and maintain the Lake McGregor provincial recreational area. The agreement was for the period of May 1, 2021 to October 31, 2021 with an option to extend the service for an additional 24 months. The agreement would be effective until terminated and commitment for each year is \$79,010.

Vulcan County Waster Commission. The village is a member of the commission that provides for the removal of solid waster from the community. The community pays the commission for these services. Any repair and capital expenditures necessary for the upkeep of the commission's property and equipment that is not funded by the province will be born on a pro rata basis by each community.

Canada Post Dealership Agreement. The village provides postal service for the community at large and all staff necessary to provide the service. The agreement is ongoing with an annual feed paid to the community of approximately \$11,500.

15. SEGMENTED DISCLOSURE

The Village of Milo provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Schedule 6 reports the segmented revenues and expenditures for the year ended December 31, 2022.

16. COMPARATIVE INFORMATION

Certain 2021 comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

17. ROUNDING

Certain balances within the consolidated financial statements and the supporting schedules and notes to the financial statements may not agree due to rounding as a result of the use of formulas.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.