VILLAGE OF MILO

Consolidated Financial Statements

For the year ended December 31, 2023

VILLAGE OF MILO
TABLE OF CONTENTS
For the year ended December 31, 2023

Avail CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Village of Milo

Opinion
We have audited the consolidated financial statements of the Village of Milo which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Milo as at December 31, 2023, the results of its operations, remeasurement gains and losses, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Other Matter
The financial statements of the Village for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements dated April 12, 2023.

Emphasis of Matter
We draw attention to note 2 to the financial statements which describes the amendments made to the prior year's figures as a result of adopting the new accounting standard PS 3280 Asset Retirement Obligations.

We draw attention to note 20 which describes additional amendments made to prior year's figures.

Our audit opinion is not modified in respect to these matters.

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 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 Responsibilities 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 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 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 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 company 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.

Lethbridge, Alberta

Avail LLP

Tuesday, August 6, 2024

Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Milo is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2023 and the results of its operations for the yearend then ended.

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

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the independent external auditors appointed by the Village. The accompanying independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the Village's consolidated financial statements.

Chief Administrative Officer

VILLAGE OF MILO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022 (restated)
Financial assets		
Cash and temporary investments (note 3)	$ 1,140,428	$ 1,002,762
Taxes and grants in place of taxes receivable (note 4)	24,905	8,917
Trade and other receivables (note 5)	269,556	289,285
Land held for resale	410,916	410,916
Investments	1,059	970
	1,846,864	1,712,850
Liabilities		
Accounts payable and accrued liabilities	119,363	14,071
Deposits	24,663	13,578
Deferred revenue (note 6)	589,294	694,818
Long-term debt (note 7)	111,536	118,774
Asset retirement obligation (note 8)	399,680	384,308
	1,244,536	1,225,549
Net financial assets	602,328	487,301
Non-financial assets		
Inventory for consumption	2,794	2,438
Tangible capital assets (schedule 2)	3,309,291	3,298,586
	3,312,085	3,301,024
Accumulated surplus (note 9 and schedule 1)		
Accumulated operating surplus	3,914,413	3,788,325
Accumulated remeasurement gains (losses)	-	-
	$ 3,914,413	$ 3,788,325

Commitments and contingencies (note 18)

Approved on behalf of Council:

Councillor ______________________ Councillor ______________________

VILLAGE OF MILO
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2023

	Budget (Unaudited)	2023	2022 (restated)
Revenue			
Net municipal property taxes (note 11)	$ 225,398	$ 227,576	$ 192,214
User fees and sales of goods	178,200	167,445	185,201
Government transfers for operating (note 12)	27,220	27,244	13,612
Investment income	2,500	15,258	5,085
Penalties and costs of taxes	2,500	3,737	2,980
Gain on disposal of tangible capital assets	-	20,930	-
Franchise and concession contracts	25,000	32,199	25,986
Other	105,200	124,423	152,531
	566,018	618,812	577,609
Expenses (note 13)			
General government			
Legislative	8,900	4,310	4,622
Administration	319,750	303,666	327,583
Protective services			
Emergency measures and disaster services	5,000	1,085	-
Bylaw enforcement	3,630	3,843	2,624
Transportation services			
Common and equipment pool	108,316	62,520	75,757
Roads, streets, walks and lighting	61,739	148,935	60,680
Environmental use and protection			
Water supply and distribution	174,877	166,785	139,168
Waste management	26,096	37,020	37,462
Planning and development			
Land use planning, zoning and development	3,650	3,262	3,502
Recreation and culture			
Parks and recreation	-	2,826	153
	711,958	734,252	651,551
Deficiency of revenue over expenses before capital revenue	(145,940)	(115,440)	(73,942)
Capital revenue			
Government transfers for capital (note 12)	-	241,528	178,908
(Deficiency) excess of revenue over expenses	(145,940)	126,088	104,966
Accumulated operating surplus, beginning of year			
As previously stated	3,821,309	3,821,309	3,761,509
Prior period adjustment (note 20)	-	(32,984)	(78,150)
As restated	3,821,309	3,788,325	3,683,359
Accumulated operating surplus, end of year	$ 3,675,369	$ 3,914,413	$ 3,788,325

VILLAGE OF MILO
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended December 31, 2023

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	$ -	$ -
Unrealized gains (losses) attributable to:		
Amounts reclassified to statements of operations:		
Net remeasurement gains (losses) for the year	$ -	$ -

VILLAGE OF MILO
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2023

	Budget (Unaudited)	2023	2022 (restated)
(Deficiency) excess of revenue over expenses	$ (145,940)	$ 126,088	$ 104,966
Acquisition of tangible capital assets	-	(190,315)	(188,103)
Amortization of tangible capital assets	145,940	145,940	143,980
(Gain) loss on disposal of tangible capital assets	-	(20,930)	-
Proceeds on disposal of tangible capital assets	-	54,600	-
	145,940	(10,705)	(44,123)
Net change in inventory for consumption	-	(356)	1,631
Increase in net financial assets	-	115,027	62,474
Net financial assets, beginning of year	487,301	487,301	424,827
Net financial assets, end of year	$ 487,301	$ 602,328	$ 487,301

VILLAGE OF MILO
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2023

	2023	2022 (restated)
Operating transactions		
(Deficiency) excess of revenue over expenses	$ 126,088	$ 104,966
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(20,930)	-
Amortization of tangible capital assets	145,940	143,980
Accretion of asset retirement obligation	15,372	14,782
	266,470	263,728
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(15,988)	16,922
Trade and other receivables	19,728	(41,582)
Investments	(89)	(75)
Inventory for consumption	(356)	1,631
Accounts payable and accrued liabilities	105,292	4,240
Deposits	11,085	7,486
Deferred revenue	(105,524)	3,524
Cash provided by operating transactions	280,618	255,874
Capital transactions		
Proceeds on disposal of tangible capital assets	54,600	-
Acquisition of tangible capital assets	(190,315)	(188,103)
Cash applied to capital transactions	(135,715)	(188,103)
Financing transactions		
Repayment of long-term debt	(7,237)	(6,858)
Increase in cash and temporary investments	137,666	60,913
Cash and temporary investments, beginning of year	1,002,762	941,849
Cash and temporary investments, end of year	$ 1,140,428	$ 1,002,762

1. Significant accounting policies

The consolidated financial statements of the Village of Milo are the representations of management prepared in accordance with generally accepted accounting principles 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, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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. Interdepartmental and organizational transactions and balances are eliminated.

(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/goods provided or the tangible capital assets are acquired.

(c) Land held for resale
Land held for resale is recorded at the lower of cost and 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.

1. Significant accounting policies, continued

(d) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis 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) Deferred revenue

Deferred revenue represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(f) Long-term debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

(g) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the town reviews the carrying amount of the liability. The town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. Significant accounting policies, continued

(h) Contaminated sites liability
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when when the Village is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(i) 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 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 assets is amortized over the estimated useful life as follows:

	Years
Buildings	20-50
Engineered structures	10-75
Machinery and equipment	5-20

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) 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.

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

(v) Cultural and historical tangible capital assets
Works of art for display are not recorded as tangible capital assets but are disclosed.

(j) Valuation of financial assets and liabilities
The Village's financial assets and financial liabilities are measured as follows:

1. **Significant accounting policies, continued**

(j) Valuation of financial assets and liabilities, continued

Financial statement component	Measurement
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

(k) Use of estimates

The preparation of financial statements in conformity with Canadian 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 revenue and expense 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.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

(l) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

1. Significant accounting policies, continued

(m) 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.

(n) 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.

(o) Requisition over-levy and under-levy
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.

(p) Future change in accounting policy
The following summarizes upcoming changes to Canadian public sector accounting standards. In 2023, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

a) Revenue
PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

b) Purchased Intangibles
PSG-8, Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

c) Public Private Partnerships
PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

2. Change in accounting policy

Effective January 1, 2023, the Village adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Village recognized the following to confirm to the new standard:

- asset retirement obligations, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of the accumulated surplus/deficit.

Amounts are measured using information, assumptions and discount rates where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

Impact on the prior year's financial statements as a result of the change in accounting policy is as follows:

	2022		
	As previously reported	Adjustment recognized	As restated
Statement of operations			
Revenue	647,228	-	647,228
Expenses	679,503	23,909	703,412
Capital revenue	115,984	-	115,984
(Deficiency) excess of revenue over expenses	83,709	(23,909)	59,800
Accumulated surplus (deficit), beginning of year	3,822,515	(61,003)	3,761,512
Accumulated surplus (deficit), end of year	3,906,224	(84,912)	3,821,312
Statement of financial position			
Financial assets	1,809,620	-	1,809,620
Liabilities	905,024	(384,308)	1,289,332
Net financial assets (net debt)	904,596	384,308	520,288
Non-financial assets	3,001,628	299,396	3,301,024
Accumulated surplus (deficit), end of year	3,906,224	(84,912)	3,821,312
Statement of change in net financial assets (net debt)			
(Deficiency) excess of revenue over expenses	83,709	(23,909)	59,800
Net financial assets (net debt), beginning of year	872,505	(369,527)	502,978
Net financial assets (net debt), end of year	904,596	(384,308)	520,288

3. Cash and temporary investments

	2023	2022 (restated)
Cash	$ 1,039,165	$ 803,445
Temporary investments	101,263	199,317
	$ 1,140,428	$ 1,002,762

Temporary investments consists of a guaranteed investment certificate with an effective interest rate of 2.59% and matures January 15, 2024.

4. Taxes and grants in place of taxes receivables

	2023	2022
Current taxes and grants in place of taxes	$ 18,764	$ 6,280
Arrears taxes	6,141	2,637
	24,905	8,917
	$ 24,905	$ 8,917

5. Trade and other receivables

	2023	2022
Due from provincial government	$ 254,911	$ 267,834
Goods and Services Tax (GST)	7,091	2,275
Other receivables	5,960	13,328
Utilities	1,594	5,848
	$ 269,556	$ 289,285

6. Deferred revenue

	2023	2022 (restated)
Municipal Sustainability Initiative (MSI) - Capital	$ 395,955	$ 543,719
Canada Community Building Fund (CCBF)	193,339	151,099
	$ 589,294	$ 694,818

Deferred revenue is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

7. **Long-term debt**

	2023	2022
Tax supported debenture - capital	$ 111,536	$ 118,774
Current portion	$ 7,637	$ 7,237

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2024	$ 7,637	$ 5,978	$ 13,615
2025	8,059	5,556	13,615
2026	8,505	5,111	13,616
2027	8,975	4,641	13,616
2028	9,471	4,145	13,616
Thereafter	68,889	12,807	81,696
	$ 111,536	$ 38,238	$ 149,774

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 5.452% per annum and matures in 2034.

Debenture debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to $8,144 (2022 - $6,757).

The Village's total cash payments for interest in 2023 were $6,378 (2022 - $6,757).

8. Asset retirement obligation

Asbestos abatement
The Village owns a building and water treatment plant which contain asbestos and, therefore, the Village is legally required to perform abatement activities upon renovation or demolition of the building and plant. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

Engineering Structures
The Village owns and operates a sewage lagoon where there is a legal obligation for decommissioning and land reclamation upon the permanent retirement of such asset from services. Retirement costs include de-weeding, draining, and dredging the lagoon, removal of lining, and reclamation of land surface.

At December 31, 2023, the undiscounted amount (2022 - discounted) of future cash flows required to settle these obligations are $399,680 (2022 - $384,308) and is discounted using a discount rate of 4.0%.

The Village has not designated assets for settling the asset retirement activities.

Asset retirement obligations are expected to be settled over the next 12 to 40 years.

	2023	2022 (restated - see note 2)
Balance, beginning of year	$ 384,308	$ 369,527
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Accretion expenses	15,372	14,781
Balance, end of year	$ 399,680	$ 384,308

9. Accumulated operating surplus

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

	2023	2022 (restated)
Unrestricted surplus	$ 1,116,338	$ 992,821
Equity in tangible capital assets (note 10)	2,798,075	2,795,504
	$ 3,914,413	$ 3,788,325

10. Equity in tangible capital assets

	2023	2022 (restated)
Tangible capital assets (schedule 2)	$ 5,642,878	$ 5,504,363
Accumulated amortization (schedule 2)	(2,333,587)	(2,205,777)
Asset retirement obligation (note 8)	(399,680)	(384,308)
Long-term debt (note 7)	(111,536)	(118,774)
	$ 2,798,075	$ 2,795,504

11. Net municipal property taxes

	Budget (Unaudited)	2023	2022
Net municipal taxes (after requisitions)			
Real property taxes	$ 225,398	$ 224,055	$ 188,917
Linear property taxes	-	3,521	3,297
	225,398	227,576	192,214
Requisitions			
Alberta School Foundation Fund	35,000	34,953	35,157
Marquis Foundation	4,500	4,355	4,002
	$ 39,500	$ 39,308	$ 39,159

12. Government transfers

	Budget (Unaudited)	2023	2022 (restated)
Transfers for operating:			
Provincial government	$ 27,220	$ 27,244	$ 13,612
Transfers for capital:			
Provincial government	-	241,528	147,750
Federal government	-	-	31,158
	$ 27,220	$ 268,772	$ 192,520

13. Expenses by object

	Budget (Unaudited)	2023	2022 (restated)
Salaries, wages and benefits	$ 211,818	$ 189,172	$ 179,458
Contracted and general services	199,600	244,208	161,646
Materials, goods, and utilities	139,750	130,565	144,100
Bank charges and short term interest	850	851	828
Interest on long term debt	14,000	8,144	6,757
Amortization of tangible capital assets	145,940	145,940	143,980
Accretion of asset retirement obligation	-	15,372	14,782
	$ 711,958	$ 734,252	$ 651,551

14. Debt limits and debt servicing limit

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

	2023	2022
Total debt limit	$ 928,218	$ 866,415
Total debt	111,536	118,774
	$ 816,682	$ 747,641
Debt servicing limit	$ 154,703	$ 144,403
Debt servicing	13,615	13,615
	$ 141,088	$ 130,788

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (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.

15. 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:

	(1) Salary	(2) Benefits & allowances	2023	2022
Council				
Schroeder, Scott	$ 1,150	$ -	$ 1,150	$ 1,756
Wiens, Patrick	2,205	-	2,205	1,808
Chief Administrative Officer (1)	$ 41,196	$ 2,914	$ 44,110	$ 44,812

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

16. Segmented disclosure

The Village 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.

Refer to the schedule of segmented disclosure (schedule 3).

17. Budget amounts

The 2023 budget for the Village was approved by Council on May 9, 2023 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount

Budgeted deficit per financial statements		$	(145,940)
Add:	Amortization		145,940
Equals:	Balanced budget	$	-

18. Commitments and contingencies

(a) The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village could be 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.

(b) The Village has a dealership agreement with Canada Post and provides postal service for the community at large. The agreement is ongoing with an annual fee paid to Canada Post.

(c) The Village has an agreement with Benchmark Assessment Consultants Inc. to provide assessment services. Assessment services are required by the municipalities in order to carry out the assessment of property within each municipality, primarily for taxation purposes. The contract is from August 1, 2024 to July 31, 2029. Under the terms of the agreement the Village is committed to $32,000 plus applicable taxes over the next 5 years.

19. Contaminated sites liability

The Village adopted PS 3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2023 (2022 - nil) as a result of this standard.

20. Prior period adjustment

The prior year numbers have been adjusted to recognize capital grants spent on capital projects and to remove banker board balances and transactions. The effects of these adjustments are as follows:
- A decrease in unrestricted surplus of $78,150 as of January 1, 2022.
- A decrease in unrestricted surplus of $32,984 of January 1, 2023.
- A decrease in deferred revenue of $62,924 as of December 31, 2022.
- An increase in government transfers for capital of $62,924 as of December 31, 2022.
- A decrease in cash of $95,909 as of December 31, 2022.
- A decrease in government transfers for operating of $65,900 as of December 31, 2022.
- A decrease in investment income of $2,164 as of December 31, 2022.
- A decrease in user fees and sale of goods of $1,555 as of December 31, 2022.
- A decrease in parks and recreation expense of $51,860 as of December 31, 2022.

21. Financial instruments

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or risk arising from these financial instruments.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

22. Approval of financial statements

These financial statements were approved by Council and Management.

23. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Schedule of changes in accumulated operating surplus **Schedule 1**

	Unrestricted	Restricted reserves	Equity in tangible capital assets	2023	2022 (restated)
Balance, beginning of year					
As previously stated	$ 1,025,805	$ -	$ 2,795,504	$ 3,821,309	$ 3,761,509
Prior period adjustment (note 20)	(32,984)	-	-	(32,984)	(78,150)
As restated	992,821	-	2,795,504	3,788,325	3,683,359
Excess of revenue over expenses	126,088	-	-	126,088	104,966
Current year funds used for tangible capital assets	(190,315)	-	190,315	-	-
Disposal of tangible capital assets	33,669	-	(33,669)	-	-
Amortization of tangible capital assets	145,940	-	(145,940)	-	-
Asset retirement obligation accretion expense	15,372	-	(15,372)	-	-
Long-term debt related to tangible capital assets repaid	(7,237)	-	7,237	-	-
Change in accumulated surplus	123,517	-	2,571	126,088	104,966
Balance, end of year	$ 1,116,338	$ -	$ 2,798,075	$ 3,914,413	$ 3,788,325

Schedule of tangible capital assets **Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2023	2022 (restated)
Cost:									
Balance, beginning of year	$ 66,089	$ 4,585	$ 381,377	$ 4,930,268	$ 122,044	$ -	$ -	$ 5,504,363	$ 5,316,260
Acquisitions	-	7,761	-	113,584	68,970	-	-	190,315	188,103
Disposals	-	-	-	-	(51,800)	-	-	(51,800)	-
Balance, end of year	66,089	12,346	381,377	5,043,852	139,214	-	-	5,642,878	5,504,363
Accumulated amortization:									
Balance, beginning of year	-	4,585	103,813	2,030,462	66,917	-	-	2,205,777	2,061,797
Annual amortization	-	-	16,941	121,944	7,055	-	-	145,940	143,980
Disposals	-	-	-	-	(18,130)	-	-	(18,130)	-
Balance, end of year	-	4,585	120,754	2,152,406	55,842	-	-	2,333,587	2,205,777
Net book value	$ 66,089	$ 7,761	$ 260,623	$ 2,891,446	$ 83,372	$ -	$ -	$ 3,309,291	$ 3,298,586
2022 net book value (restated)	$ 66,089	$ -	$ 277,563	$ 2,899,806	$ 55,127	$ -	$ -	$ 3,298,586	

Schedule of segmented disclosure **Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Other	Housing	Total
Revenue										
Net municipal property taxes	$ 227,576	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 227,576
User fees and sales of goods	21,965	-	-	145,480	-	-	-	-	-	167,445
Government transfers for operating	27,244	-	-	-	-	-	-	-	-	27,244
Investment income	15,258	-	-	-	-	-	-	-	-	15,258
Penalties and costs of taxes	3,032	-	-	705	-	-	-	-	-	3,737
Gain on disposal of capital assets	-	-	20,930	-	-	-	-	-	-	20,930
Franchise and concession contracts	32,199	-	-	-	-	-	-	-	-	32,199
Other	44,423	-	-	-	-	-	80,000	-	-	124,423
	371,697	-	20,930	146,185	-	-	80,000	-	-	618,812
Expenses										
Salaries, wages and benefits	106,391	-	14,331	68,450	-	-	-	-	-	189,172
Contracted and general services	112,147	4,928	113,362	7,928	-	3,017	2,826	-	-	244,208
Materials, goods, and utilities	71,507	-	15,458	43,355	-	245	-	-	-	130,565
Bank charges and short term interest	851	-	-	-	-	-	-	-	-	851
Interest on long term debt	-	-	-	8,144	-	-	-	-	-	8,144
Amortization of tangible capital assets	14,931	-	68,304	62,705	-	-	-	-	-	145,940
Accretion of asset retirement obligation	2,149	-	-	13,223	-	-	-	-	-	15,372
	307,976	4,928	211,455	203,805	-	3,262	2,826	-	-	734,252
Excess (deficiency) of revenue over expenses before capital revenue	63,721	(4,928)	(190,525)	(57,620)	-	(3,262)	77,174	-	-	(115,440)
Other										
Government transfers for capital	6,454	-	96,878	128,840	-	-	9,356	-	-	241,528
Excess (deficiency) of revenue over expenses	$ 70,175	$ (4,928)	$ (93,647)	$ 71,220	$ -	$ (3,262)	$ 86,530	$ -	$ -	$ 126,088