

**VILLAGE OF VILNA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2017**

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

*Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the Village of Vilna, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial debt and cash flows and schedules 1 to 6 for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Vilna as at December 31, 2017, the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA  
March 19, 2018

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**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Financial assets</b>		
Cash - general	\$ 469,521	\$ 360,416
Cash - held in trust (note 3)	50	50
Taxes and grants in place receivable (note 2)	94,124	85,383
Receivable from other governments	34,875	39,652
Trade and other receivables	77,952	76,075
Land inventory held for resale	28,000	28,000
Share in Alberta Capital Finance Authority	<u>30</u>	<u>30</u>
	<u>704,552</u>	<u>589,606</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	109,942	128,732
Deposit liabilities and tax sale surplus	8,988	14,860
Funds held in trust (note 3)	50	50
Deferred revenue (note 5)	367,004	321,984
Long-term and callable debt (note 6)	<u>219,145</u>	<u>274,166</u>
	<u>705,129</u>	<u>739,792</u>
<b>Net financial debt</b>	<u>(577)</u>	<u>(150,186)</u>
<b>Non-financial assets</b>		
Tangible capital assets (schedule 2)	3,138,706	3,150,727
Prepaid expenses	<u>1,950</u>	<u>1,455</u>
	<u>3,140,656</u>	<u>3,152,182</u>
<b>Accumulated surplus (note 9)</b>	<u>\$ 3,140,079</u>	<u>\$ 3,001,996</u>
<b>Contingent liabilities (note 12)</b>		

APPROVED BY:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Administrator

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 261,877	\$ 261,876	\$ 265,226
User fees and sales of goods	237,420	220,532	233,027
Government transfers for operating (schedule 4)	82,052	77,770	76,041
Franchise fees	65,000	60,714	59,763
Investment income	500	1,065	667
Penalties and costs on taxes	20,000	14,975	19,661
Licenses and permits	3,000	1,955	2,978
Local improvement charges	33,912	33,912	30,615
Rentals	150	31	71
Other	<u>31,500</u>	<u>31,005</u>	<u>33,193</u>
	<u>735,411</u>	<u>703,835</u>	<u>721,242</u>
<b>Expenses</b>			
Legislative	18,600	18,648	16,052
Administration	170,500	156,276	179,680
Protective services	30,400	31,371	25,561
Roads, streets, walks, lighting	242,100	221,546	232,199
Water supply and distribution	189,800	180,384	192,335
Wastewater treatment and disposal	25,550	36,367	25,717
Waste management	62,200	47,112	58,557
Public health and welfare	15,700	10,640	15,133
Planning and development	8,000	8,713	10,641
Parks and recreation	40,150	37,032	31,008
Culture	<u>25,375</u>	<u>16,393</u>	<u>24,726</u>
	<u>828,375</u>	<u>764,482</u>	<u>811,609</u>
<b>Deficiency of revenues over expenses - before other</b>	(92,964)	(60,647)	(90,367)
<b>Other</b>			
Contributed assets from other local government	--	--	173,759
Government transfers for capital (schedule 4)	<u>500,000</u>	<u>198,730</u>	<u>295,091</u>
<b>Excess of revenues over expenses</b>	407,036	138,083	378,483
<b>Accumulated surplus, beginning of year</b>	<u>3,001,996</u>	<u>3,001,996</u>	<u>2,623,513</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 3,409,032</u>	<u>\$ 3,140,079</u>	<u>\$ 3,001,996</u>

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Excess of revenues over expenses</b>	<b>\$ <u>407,036</u></b>	<b>\$ <u>138,083</u></b>	<b>\$ <u>378,483</u></b>
Acquisition of tangible capital assets	(500,000)	(135,866)	(266,302)
Contributed tangible capital assets	--	--	(173,759)
Amortization of tangible capital assets	<u>150,000</u>	<u>147,887</u>	<u>142,349</u>
	<u>(350,000)</u>	<u>12,021</u>	<u>(297,712)</u>
Use (acquisition) of prepaid expenses	<u>--</u>	<u>(495)</u>	<u>861</u>
<b>Decrease in net financial debt</b>	<b>57,036</b>	<b>149,609</b>	<b>81,632</b>
<b>Net financial debt, beginning of year</b>	<b>(<u>150,186</u>)</b>	<b>(<u>150,186</u>)</b>	<b>(<u>231,818</u>)</b>
<b>Net financial debt, end of year</b>	<b>\$ <u>(93,150)</u></b>	<b>\$ <u>(577)</u></b>	<b>\$ <u>(150,186)</u></b>

**VILLAGE OF VILNA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Net inflow of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenues over expenses	\$ 138,083	\$ 378,483
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	147,887	142,349
Tangible capital assets received as contributions	<u>    --</u>	<u>(173,759)</u>
	285,970	347,073
Decrease (increase) in:		
Taxes and grants in place receivable	(8,741)	20,975
Receivable from other governments	4,777	(7,578)
Trade and other receivables	(1,877)	17,712
Prepaid expenses	(495)	861
Increase (decrease) in:		
Accounts payable and accrued liabilities	(18,790)	36,140
Deposit liabilities and tax sale surplus	(5,872)	465
Deferred revenue	<u>45,020</u>	<u>190,550</u>
	<u>299,992</u>	<u>606,198</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(135,866)	(266,302)
<b>Financing</b>		
Debt repaid	<u>(55,021)</u>	<u>(55,133)</u>
<b>Change in cash during the year</b>	109,105	284,763
<b>Cash, beginning of year</b>	<u>360,466</u>	<u>75,703</u>
<b>Cash, end of year</b>	\$ <u>469,571</u>	\$ <u>360,466</u>
<b>Cash consists of:</b>		
Cash - general	\$ 469,521	\$ 360,416
Cash - held in trust	<u>    50</u>	<u>    50</u>
	\$ <u>469,571</u>	\$ <u>360,466</u>

**VILLAGE OF VILNA**  
**SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted <u>Surplus</u>	Equity in Tangible <u>Capital Assets</u>	<u>2017</u>	<u>2016</u>
<b>Balance, beginning of year</b>	\$ <u>31,221</u>	\$ <u>2,970,775</u>	\$ <u>3,001,996</u>	\$ <u>2,623,513</u>
Excess of revenues over expenses	138,083	--	138,083	378,483
Current year funds used for tangible capital assets	(135,866)	135,866	--	--
Capital debt repaid	(22,089)	22,089	--	--
Annual amortization expense	<u>147,887</u>	<u>(147,887)</u>	--	--
<b>Change in accumulated surplus</b>	<u>128,015</u>	<u>10,068</u>	<u>138,083</u>	<u>378,483</u>
<b>Balance, end of year</b>	\$ <u>159,236</u>	\$ <u>2,980,843</u>	\$ <u>3,140,079</u>	\$ <u>3,001,996</u>

**VILLAGE OF VILNA  
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Land</u>	<u>Cultural Structures</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2017</u>	<u>2016</u>
<b>Cost:</b>									
Balance, beginning of year	\$ 126,273	\$ 27,887	\$ 54,582	\$ 541,243	\$ 4,263,928	\$ 156,427	\$ 38,008	\$ 5,208,348	\$ 4,768,287
Acquisition of tangible capital assets	--	--	--	--	10,300	41,882	--	52,182	172,668
Construction in progress	--	--	--	--	83,684	--	--	83,684	267,393
Disposal of tangible capital assets	--	--	--	--	--	--	--	--	--
Balance, end of year	<u>126,273</u>	<u>27,887</u>	<u>54,582</u>	<u>541,243</u>	<u>4,357,912</u>	<u>198,309</u>	<u>38,008</u>	<u>5,344,214</u>	<u>5,208,348</u>
<b>Accumulated amortization:</b>									
Balance, beginning of year	--	--	43,502	306,829	1,572,372	104,035	30,883	2,057,621	1,915,272
Annual amortization	--	--	3,232	10,642	123,310	9,753	950	147,887	142,349
Accumulated amortization on disposals	--	--	--	--	--	--	--	--	--
Balance, end of year	--	--	<u>46,734</u>	<u>317,471</u>	<u>1,695,682</u>	<u>113,788</u>	<u>31,833</u>	<u>2,205,508</u>	<u>2,057,621</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 126,273</u>	<u>\$ 27,887</u>	<u>\$ 7,848</u>	<u>\$ 223,772</u>	<u>\$ 2,662,230</u>	<u>\$ 84,521</u>	<u>\$ 6,175</u>	<u>\$ 3,138,706</u>	<u>\$ 3,150,727</u>
<b>2016 Net book value of tangible capital assets</b>	<u>\$ 126,273</u>	<u>\$ 27,887</u>	<u>\$ 11,080</u>	<u>\$ 234,414</u>	<u>\$ 2,691,556</u>	<u>\$ 52,392</u>	<u>\$ 7,125</u>	<u>\$ 3,150,727</u>	



**VILLAGE OF VILNA  
SCHEDULE 3 - PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>		<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>Levies</b>			
Residential land and improvements and farm land	\$ 235,599	\$ 235,600	\$ 238,670
Non-residential land and improvements and linear	<u>72,610</u>	<u>72,608</u>	<u>73,190</u>
	<u>308,209</u>	<u>308,208</u>	<u>311,860</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	36,718	36,718	36,996
Smoky Lake Foundation	<u>9,614</u>	<u>9,614</u>	<u>9,638</u>
	<u>46,332</u>	<u>46,332</u>	<u>46,634</u>
<b>Net taxes for general municipal purposes</b>	<u>\$ 261,877</u>	<u>\$ 261,876</u>	<u>\$ 265,226</u>

**SCHEDULE 4 - GOVERNMENT TRANSFERS**

<b>Transfers for operating</b>			
Provincial government	\$ 56,552	\$ 50,199	\$ 50,026
Other local governments	<u>25,500</u>	<u>27,571</u>	<u>26,015</u>
	82,052	77,770	76,041
<b>Transfers for capital</b>			
Provincial government	<u>500,000</u>	<u>198,730</u>	<u>295,091</u>
<b>Total government transfers</b>	<u>\$ 582,052</u>	<u>\$ 276,500</u>	<u>\$ 371,132</u>

**SCHEDULE 5 - EXPENDITURES BY TYPE**

<b>Expenditures</b>			
Salaries and benefits	\$ 247,900	\$ 217,617	\$ 239,231
Contracted and general services	123,800	108,292	100,926
Purchases from other governments	93,200	101,353	92,210
Materials, goods, supplies and utilities	159,400	139,894	150,479
Transfers to other governments	28,200	29,328	33,767
Transfers to local boards and agencies	12,375	7,262	10,654
Provision for allowances	--	2,714	29,331
Amortization	150,000	147,887	142,349
Bank charges and short-term interest	1,000	653	1,637
Interest on debt	<u>12,500</u>	<u>9,482</u>	<u>11,025</u>
<b>Total expenditures by type</b>	<u>\$ 828,375</u>	<u>\$ 764,482</u>	<u>\$ 811,609</u>

**VILLAGE OF VILNA  
SCHEDULE 6 – SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Planning and Development</u>	<u>Recreation and Culture</u>	<u>Environmental Services</u>	<u>Public Health and Welfare</u>	<u>Total</u>
<b>Revenue</b>								
Net municipal and improvement taxes	\$ 295,788	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 295,788
Government transfers	4,000	18,733	17,373	703	44,312	181,595	9,784	276,500
User fees and sales of goods	503	--	1,055	--	8,930	209,944	100	220,532
Investment income	1,065	--	--	--	--	--	--	1,065
Other revenues	<u>90,408</u>	<u>--</u>	<u>--</u>	<u>1,000</u>	<u>15,772</u>	<u>1,500</u>	<u>--</u>	<u>108,680</u>
	<u>391,764</u>	<u>18,733</u>	<u>18,428</u>	<u>1,703</u>	<u>69,014</u>	<u>393,039</u>	<u>9,884</u>	<u>902,565</u>
<b>Expenses</b>								
Contract and general services	51,975	14,180	5,210	2,465	5,765	50,099	--	129,694
Salaries and wages	101,022	--	37,072	--	29,380	46,143	4,000	217,617
Goods and supplies	12,883	11,098	76,607	--	8,127	111,130	--	219,845
Transfers	--	--	--	6,248	2,263	21,439	6,640	36,590
Other expenses	<u>7,099</u>	<u>--</u>	<u>3,720</u>	<u>--</u>	<u>--</u>	<u>2,030</u>	<u>--</u>	<u>12,849</u>
	<u>172,979</u>	<u>25,278</u>	<u>122,609</u>	<u>8,713</u>	<u>45,535</u>	<u>230,841</u>	<u>10,640</u>	<u>616,595</u>
Net revenue before amortization	218,785	(6,545)	(104,181)	(7,010)	23,479	162,198	(756)	285,970
Amortization expense	<u>(1,945)</u>	<u>(6,093)</u>	<u>(98,937)</u>	<u>--</u>	<u>(7,890)</u>	<u>(33,022)</u>	<u>--</u>	<u>(147,887)</u>
<b>Net revenue</b>	<u>\$ 216,840</u>	<u>\$ (12,638)</u>	<u>\$ (203,118)</u>	<u>\$ (7,010)</u>	<u>\$ 15,589</u>	<u>\$ 129,176</u>	<u>\$ (756)</u>	<u>\$ 138,083</u>

**VILLAGE OF VILNA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies**

The consolidated financial statements of the Village of Vilna are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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. This 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.

The schedule of taxes levied also includes requisitions for education 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 or the tangible capital assets are acquired.

(c) 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 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.

(d) Cash

Cash is defined as petty cash plus cash in bank accounts adjusted for outstanding items.

**VILLAGE OF VILNA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies – continued**

(e) Investments

Investments 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.

(f) 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.

(g) Land Inventory Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(h) Government Transfers

Government transfers are the transfer of assets from senior levels of government and other local governments 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.

(i) 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 a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(j) 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.

**VILLAGE OF VILNA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies – continued**

**(k) 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 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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Land improvements	10-20
Buildings	50
Engineered structures	
Roadway system	10-30
Water system	40-75
Wastewater system	35-75
Machinery and equipment	10-15
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition. 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.

	<u>2017</u>	<u>2016</u>
<b>2. Taxes and Grants in Place Receivable</b>		
Current	\$ 54,229	\$ 48,114
Arrears	<u>114,147</u>	<u>107,544</u>
	168,376	155,658
Less: allowance for doubtful accounts	<u>(74,252)</u>	<u>(70,275)</u>
	<u>\$ 94,124</u>	<u>\$ 85,383</u>

**VILLAGE OF VILNA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**3. Funds Held in Trust**

The village has collected donations on behalf of the Vilna and District Senior Citizen's Society. These funds are held in a separate bank account in trust.

**4. Accounts Payable and Accrued Liabilities and Employee Benefit Obligation**

	<u>2017</u>	<u>2016</u>
Due to other government	\$ 55,318	\$ 55,552
Vacation accrual	12,072	6,906
Other payables	<u>42,552</u>	<u>66,274</u>
	<u>\$ 109,942</u>	<u>\$ 128,732</u>

The vacation accrual is comprised of the vacation pay and banked time that employees have earned and are deferring to next year.

**5. Deferred Revenue**

	<u>2017</u>	<u>2016</u>
Municipal Sustainability Initiative - capital	\$ 231,183	\$ 321,984
Alberta Transportation - AMWWP	<u>135,821</u>	<u>--</u>
	<u>\$ 367,004</u>	<u>\$ 321,984</u>

Funding in the amount of \$367,004 was received in the current and previous years from various grant programs. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements.

**6. Long-Term and Callable debt**

	<u>2017</u>	<u>2016</u>
Tax supported debentures	\$ 46,307	\$ 56,202
Tax supported callable capital loan	111,556	123,750
Tax supported callable operating loan	<u>61,282</u>	<u>94,214</u>
	<u>\$ 219,145</u>	<u>\$ 274,166</u>

Principal and interest repayments for each of the next five years and to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 55,959	\$ 8,780	\$ 64,739
2019	50,946	6,423	57,369
2020	24,528	4,811	29,339
2021	25,754	3,584	29,338
2022	13,568	2,292	15,860
Thereafter	<u>48,390</u>	<u>3,960</u>	<u>52,350</u>
	<u>\$ 219,145</u>	<u>\$ 29,850</u>	<u>\$ 248,995</u>

The current portion of the debentures amounts to \$10,527 (2016 - \$9,896).

The callable debt due within the next year is \$45,432 (2016 - \$46,818).

**VILLAGE OF VILNA  
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**6. Long-Term and Callable debt (continued)**

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 6.375% per annum, and matures in 2021. The average annual interest rate is 6.42% for 2017 (6.41% for 2016). Debenture debt is issued on the credit and security of the Village of Vilna at large.

The callable loans are repayable to ATB Financial and bear a floating rate of interest of bank prime plus 0.25%. The average annual interest rate is 3.17% for 2017 (2.96% for 2016). Interest is accrued monthly and the loans are callable at the option of the lender. The callable debt is issued on the credit and security of the Village of Vilna at large and by a \$275,000 land mortgage.

The village's total cash payments for interest in 2017 was \$9,718 (2016 - \$11,514).

**7. 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 Vilna be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 1,055,752	\$ 1,081,863
Total debt	<u>219,145</u>	<u>274,166</u>
Amount of debt limit unused	\$ <u>836,607</u>	\$ <u>807,697</u>
Debt servicing limit	\$ 175,959	\$ 180,311
Debt servicing	<u>64,739</u>	<u>66,280</u>
Amount of debt servicing limit unused	\$ <u>111,220</u>	\$ <u>114,031</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities 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.

**8. Equity in Tangible Capital Assets**

	<u>2017</u>	<u>2016</u>
Tangible capital assets (schedule 2)	\$ 5,344,214	\$ 5,208,348
Accumulated amortization (schedule 2)	(2,205,508)	(2,057,621)
Capital debentures (note 6)	(46,307)	(56,202)
Capital callable debt (note 6)	<u>(111,556)</u>	<u>(123,750)</u>
	\$ <u>2,980,843</u>	\$ <u>2,970,775</u>

**VILLAGE OF VILNA  
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**9. Accumulated Surplus**

Accumulated surplus consists of the unrestricted surplus (deficit) and equity in tangible capital assets as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 159,236	\$ 31,221
Equity in tangible capital assets (note 8)	<u>2,980,843</u>	<u>2,970,775</u>
	<u>\$ 3,140,079</u>	<u>\$ 3,001,996</u>

**10. Commitment**

The Village currently leases a photocopier. The future lease payments under this operating lease are as follows:

2018	\$ 1,392
2019	1,392
2020	1,392
2021	1,392

**11. Segmented Disclosure**

The Village of Vilna provides a range of services to its ratepayers. For each 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 6).

**12. Contingent Liabilities**

The Village of Vilna is a member of the Evergreen Regional Waste Management Services Commission. Each participating municipality funds a portion of the Commission's deficit based on their proportionate tippage for the year. The expense is accounted for as a current transaction in the year the village is invoiced.

The Village of Vilna is a member of Highway 28/63 Regional Water Services Commission. Each participating municipality would be responsible for their proportionate share of any unfunded deficit. The expense would be accounted for as a current transaction in the year the village is invoiced.



**VILLAGE OF VILNA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**13. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	2017			2016
	Salary	Benefits & Allow.	Total	Total
	(1)	(2)		
Mayor – Romanko	\$ 3,770	\$ 941	\$ 4,711	\$ 4,140
Mayor – Chapdelaine	520	177	697	--
Deputy Mayor – Barry	4,905	1,535	6,440	7,834
Deputy Mayor – Dyck	595	214	809	--
Councillor – Dyck	2,935	453	3,388	5,878
Councillor – Romanko	790	237	1,027	--
CAO – Leslie	61,214	6,186	67,400	65,857
Assistant CAO – Wagar	21,185	483	21,668	29,766

(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 Canada Pension Plan, Employment Insurance, health care, dental coverage and group life insurance plus mileage.

**14. Financial Instruments**

The village's financial instruments consist of cash, receivables, investment, accounts payable and accrued liabilities, deferred revenue and long-term and callable debt. It is management's opinion that the village is not exposed to significant currency risk arising from these financial instruments.

The village is subject to credit risk with respect to taxes and grants in place 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 village has recorded a total allowance of \$75,107 (2016 - \$91,360) against taxes and grants in place receivable and other receivables.

The village is subject to interest rate risk with respect to its operating line-of-credit and debt. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.

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

**15. Other Credit Facilities**

The village has an operating line-of-credit with the Alberta Treasury Branches with a limit of \$75,000. Interest is calculated from the date or dates funds are advanced on the daily outstanding principal at the Alberta Treasury Branches prime rate plus 0.25%.

**VILLAGE OF VILNA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**15. Other Credit Facilities (continued)**

The village also has an Alberta Treasury Branches MasterCard with a limit of \$10,000. Interest is calculated on principal owing beyond one month at the Alberta Treasury Branch prime rate plus 2%.

The security over callable loans described in note 6 also secures these other credit facilities.

**16. Related Party Transactions**

The village purchased a truck from an employee of the village in the amount of \$2,500 in 2016. The village paid a councillor \$2,130 (2016 - \$1,800) for trail maintenance and paid an employee \$1,300 (2016 - \$Nil) for equipment rent. The village sold a truck to an employee for \$1,000 including GST in 2017. The amounts recorded were measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

**17. Contaminated Sites Liability**

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2017 (2016 - \$Nil) as a result of this standard.

**18. Approval of Financial Statements**

Council and Management have approved these financial statements.

**19. Budget Amounts**

Budget amounts are included for information purposes only and are not audited.

**20. Recent Accounting Pronouncements Published But Not Yet Adopted**

PSAB Section 1201, Financial Statement Presentation

Revised standard is effective in 2019, when Sections PS2601 and PS3450 are adopted.

PSAB Section 2601, Foreign Currency Transaction

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statement and is effective in 2019.

PSAB Section 3041, Portfolio Investments

This standard is effective for the 2019 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2019 fiscal year.