

**VILLAGE OF VILNA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**



HISTORIC VILNA

A true Alberta boomtown..

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Vilna 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, 2022 and the results of its operations for the year 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 judgements. Such amounts have been determined on a reasonable basis in order to ensure that 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 oversight procedures. Council meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

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

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

A handwritten signature in black ink, appearing to read "Sarah Wager". The signature is written over a horizontal line.

Chief Administrative Officer
Vilna, Alberta
June 14, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Village of Vilna (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net financial assets and cash flows and schedules 1 to 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Municipality 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.

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.

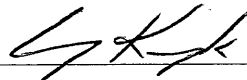
St Paul, Alberta
June 14, 2023


Chartered Professional Accountants

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
Financial assets		
Cash <i>(Note 2)</i>	\$ 456,496	\$ 345,668
Taxes and grants in place receivable <i>(Note 3)</i>	68,449	74,386
Receivable from other governments	354,464	252,279
Trade and other receivables	91,657	84,832
Land inventory held for resale	34,300	34,300
Share in Alberta Capital Finance Authority	30	30
	<u>1,005,396</u>	<u>791,495</u>
Liabilities		
Accounts payable and accrued liabilities <i>(Note 4)</i>	209,363	108,650
Deposit liabilities and tax sale surplus	12,734	8,001
Funds held in trust <i>(Note 2)</i>	52	51
Deferred revenue <i>(Note 5)</i>	484,697	384,614
Callable debt <i>(Note 6)</i>	47,556	61,493
	<u>754,402</u>	<u>562,809</u>
Net financial assets	<u>250,994</u>	<u>228,686</u>
Non-financial assets		
Tangible capital assets <i>(Schedule 2)</i>	3,525,837	3,700,521
Prepaid expenses	455	8,602
	<u>3,526,292</u>	<u>3,709,123</u>
Accumulated surplus <i>(Schedule 1, Note 9)</i>	<u>\$ 3,777,286</u>	<u>\$ 3,937,809</u>
Contingent liabilities <i>(Note 12)</i>		

APPROVED BY:



 Mayor

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

	Budget (unaudited)	2022	2021
Revenues			
Net municipal taxes (schedule 3)	\$ 261,046	\$ 260,513	\$ 242,493
Local improvement charges	73,102	71,928	77,283
User fees and sales of goods	235,700	201,920	225,210
Government transfers for operating (schedule 4)	87,857	293,097	346,473
Franchise fees	65,000	79,473	63,842
Investment income	500	2,663	628
Penalties and costs on taxes	17,000	19,768	16,053
Licenses and permits	1,000	1,519	734
Other	33,856	48,121	38,231
	<u>775,061</u>	<u>979,002</u>	<u>1,010,947</u>
Expenses			
Legislative	39,500	34,971	27,176
Administration	150,107	222,975	205,660
Protective services	38,372	41,101	61,165
Roads, streets, walks, lighting	169,202	270,233	314,009
Water supply and distribution	169,300	266,567	230,494
Wastewater treatment and disposal	29,217	47,946	44,804
Waste management	61,555	61,052	65,919
Public health and welfare	19,865	15,427	13,377
Planning and development	10,000	131,356	96,285
Parks and recreation	41,700	27,358	41,865
Culture	20,460	32,467	20,575
	<u>749,278</u>	<u>1,151,453</u>	<u>1,121,329</u>
Excess (deficiency) of revenues over expenses - before other	25,783	(172,451)	(110,382)
Other			
Government transfers for capital (schedule 4)	133,666	11,928	276,909
Excess (deficiency) of revenues over expenses	159,449	(160,523)	166,527
Accumulated surplus - beginning of year	3,937,809	3,937,809	3,771,282
Accumulated surplus - end of year	<u>\$ 4,097,258</u>	<u>\$ 3,777,286</u>	<u>\$ 3,937,809</u>

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
Excess of revenues over expenses	\$ 159,449	\$ (160,523)	\$ 166,527
Acquisition of tangible capital assets	(100,000)	-	(282,728)
Amortization of tangible capital assets	-	174,684	172,109
	(100,000)	174,684	(110,619)
Use (acquisition) of prepaid expenses	-	8,147	(5,091)
	(100,000)	182,831	(115,710)
Change in net financial assets	59,449	22,308	50,817
Net financial assets - beginning of year	228,686	228,686	177,869
Net financial assets - end of year	\$ 288,135	\$ 250,994	\$ 228,686

VILLAGE OF VILNA
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 (deficiency) of revenues over expenses	\$ (160,523)	\$ 166,527
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	<u>174,684</u>	<u>172,109</u>
	<u>14,161</u>	<u>338,636</u>
Decrease (increase) in:		
Taxes and grants in place receivable	5,937	(1,538)
Receivable from other governments	(102,185)	(126,237)
Trade and other receivables	(6,825)	4,309
Land inventory held for resale	-	(13,600)
Prepaid expenses	8,147	(5,091)
Increase (decrease) in:		
Accounts payable and accrued liabilities	100,711	(1,455)
Deposit liabilities and tax sale surplus	4,733	1,256
Funds held in trust	1	-
Deferred revenue	<u>100,083</u>	<u>14,715</u>
	<u>110,602</u>	<u>(127,641)</u>
	<u>124,763</u>	<u>210,995</u>
Capital		
Acquisition of tangible capital assets	<u>-</u>	<u>(282,728)</u>
Investing		
Decrease in restricted cash	<u>17,150</u>	<u>121,079</u>
Financing		
Debt repaid	<u>(13,936)</u>	<u>(26,478)</u>
Change in cash during the year	<u>127,977</u>	<u>22,868</u>
Cash, beginning of year	<u>146,848</u>	<u>123,980</u>
Cash, end of year	<u>\$ 274,825</u>	<u>\$ 146,848</u>
Cash is made up of:		
Cash	\$ 456,495	\$ 345,668
Cash - restricted cash	<u>(181,670)</u>	<u>(198,820)</u>
	<u>\$ 274,825</u>	<u>\$ 146,848</u>

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

	Unrestricted Surplus	Equity in Tangible Capital Assets	2022	2021
Balance, beginning of year	\$ 298,781	\$ 3,639,028	\$ 3,937,809	\$ 3,771,282
Excess (deficiency) of revenues over expenses	(160,523)	-	(160,523)	166,527
Capital debt repaid	(13,937)	13,937	-	-
Annual amortization expense	174,684	(174,684)	-	-
Change in accumulated surplus	224	(160,747)	(160,523)	166,527
Balance, end of year	\$ 299,005	\$ 3,478,281	\$ 3,777,286	\$ 3,937,809

VILLAGE OF VILNA
 SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Cultural Structures	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
Cost:									
Balance, beginning of year	\$ 126,274	\$ 27,887	\$ 54,582	\$ 532,065	\$ 5,111,347	\$ 231,279	\$ 41,214	\$ 6,124,648	\$ 5,851,098
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-	282,728
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(9,178)
Balance, end of year	126,274	27,887	54,582	532,065	5,111,347	231,279	41,214	6,124,648	6,124,648
Accumulated amortization:									
Balance, beginning of year	-	-	54,082	350,858	1,834,376	155,600	29,211	2,424,127	2,261,196
Annual amortization	-	-	500	10,641	149,920	11,601	2,022	174,684	172,109
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(9,178)
Balance, end of year	-	-	54,582	361,499	1,984,296	167,201	31,233	2,598,811	2,424,127
Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ -	\$ 170,566	\$ 3,127,051	\$ 64,078	\$ 9,981	\$ 3,525,837	\$ 3,700,521
2021 Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ 500	\$ 181,207	\$ 3,276,971	\$ 75,679	\$ 12,003	\$ 3,700,521	

At December 31, 2022, there remained work in progress of \$173,759 (2021 - \$173,759) which is not being amortized. The work in progress is in engineered structures and relates to a water fill system that has not yet been installed.

VILLAGE OF VILNA
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
Levies			
Residential land and improvements and farmland	\$ 220,645	\$ 220,112	\$ 213,672
Non-residential land and improvements and linear	85,503	85,503	74,258
	306,148	305,615	287,930
Requisitions			
Alberta School Foundation Fund	35,917	35,917	36,516
Smoky Lake Foundation	9,185	9,185	8,921
	45,102	45,102	45,437
Net taxes for general municipal purposes	\$ 261,046	\$ 260,513	\$ 242,493

SCHEDULE 4 - GOVERNMENT TRANSFERS

	Budget (Unaudited)	2022	2021
Transfers for operations			
Provincial governments	\$ 55,357	\$ 256,711	\$ 310,034
Other local governments	32,500	36,386	36,439
	87,857	293,097	346,473
Transfers for capital			
Provincial government	133,666	11,928	276,909
Total government transfers	\$ 221,523	\$ 305,025	\$ 623,382

VILLAGE OF VILNA
SCHEDULE 5 - EXPENDITURES BY TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
Expenditures			
Salaries and benefits	\$ 245,304	\$ 264,211	\$ 231,002
Contracted and general services	166,114	341,945	368,333
Purchase from other government	109,500	193,312	103,768
Materials, goods, supplies and utilities	181,050	156,439	147,041
Transfers to other governments	30,500	17,343	44,009
Transfer to local boards and agencies	9,810	10,430	9,805
Provision (recovery) for allowances	4,500	(10,089)	42,268
Amortization	-	174,684	172,109
Bank charges and short-term interest	1,000	798	648
Interest on debt	1,500	2,380	2,346
Total expenditures by type	\$ 749,278	\$ 1,151,453	\$ 1,121,329

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

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Public Health and Welfare	2022
Revenues								
Net municipal and improvement taxes	\$ 332,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,441
Government transfers	79,301	20,172	11,152	129,102	-	55,514	9,784	305,025
User fees and sales of goods	180	-	908	-	-	200,013	819	201,920
Investment income	2,663	-	-	-	-	-	-	2,663
Other revenues	117,384	170	-	-	31,327	-	-	148,881
	531,969	20,342	12,060	129,102	31,327	255,527	10,603	990,930
Expenses								
Contract and general services	57,871	21,019	16,652	129,131	6,060	147,416	1,004	379,153
Salaries and wages	117,987	-	53,016	-	36,228	52,416	4,565	264,212
Goods and supplies	13,084	14,253	92,341	-	8,842	109,348	-	237,868
Transfers	74,673	-	-	2,225	2,140	14,072	9,336	102,446
Other expenses	(9,290)	-	2,380	-	-	-	-	(6,910)
	254,325	35,272	164,389	131,356	53,270	323,252	14,905	976,769
Net revenue before amortization	277,644	(14,930)	(152,329)	(2,254)	(21,943)	(67,725)	(4,302)	14,161
Amortization expense	(3,621)	(5,829)	(105,845)	-	(6,554)	(52,314)	(521)	(174,684)
Net revenue	\$ 274,023	\$ (20,759)	\$ (258,174)	\$ (2,254)	\$ (28,497)	\$ (120,039)	\$ (4,823)	\$ (160,523)

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 Professional Accountants. Significant aspects of the accounting policies adopted by the village are as follows:

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.

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.

Measurement Uncertainty

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. Such estimates include the allowance for uncollectable receivables and providing for amortization of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

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VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Significant Accounting Policies *(continued)*

Cash

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

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.

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.

Land Inventory 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 wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

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.

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.

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.

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VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Significant Accounting Policies (continued)

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.

a) 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.

b) 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.

c) 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.

2. Cash

	<u>2022</u>	<u>2021</u>
Petty cash	\$ 250	\$ 250
Bank accounts	456,194	345,367
Trust accounts	52	51
	\$ 456,496	\$ 345,668

Included in bank accounts is a restricted amount of \$181,670 (2021 - \$198,820) comprised of deferred grant revenue received and not expended (see note 5).

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. Taxes and Grants in Place Receivable

	2022	2021
Current	\$ 43,647	\$ 52,220
Arrears	100,521	107,973
	144,168	160,193
Less: allowance for doubtful accounts	(75,719)	(85,807)
	\$ 68,449	\$ 74,386

4. Accounts Payable and Accrued Liabilities

	2022	2021
Due to other government	\$ 115,468	\$ 68,472
Other payables	86,121	35,264
Vacation and wages payable	7,774	4,914
	\$ 209,363	\$ 108,650

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

	2022	2021
Gas Tax Fund	\$ 227,901	\$ 189,053
Municipal Sustainability Initiative - capital	168,150	101,694
ACP grants	75,748	70,000
ACP grant transfer from local government	10,898	20,000
FCSS	-	2,446
Trans Canada Trail	2,000	1,000
Interest	-	421
	\$ 484,697	\$ 384,614

Funding in the amount of \$251,911 was received and funding in the amount of \$303,027 was allocated (in receivables from other governments) to the municipality 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. Funds received and unexpended are supported by cash in the bank accounts (note 2).

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

6. Callable Debt

	2022	2021
Tax supported callable capital loan	<u>\$ 47,556</u>	<u>\$ 61,493</u>

Principal and interest repayments for each of the next four years are as follows:

	Principal	Interest	Total
2023	\$ 12,650	\$ 3,210	\$ 15,860
2024	13,504	2,356	15,860
2025	14,415	1,445	15,860
2026	6,987	471	7,458
	<u>\$ 47,556</u>	<u>\$ 7,482</u>	<u>\$ 55,038</u>

The callable debt due within the next year is \$12,650 (2021 - \$14,169).

The callable loans are repayable to ATB Financial and bear a floating rate of interest of bank prime plus 0.30%. The average annual interest rate is 4.36% for 2022 (2.79% for 2021). 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 2022 was \$1,924 (2021 - \$2,861).

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:

	2022	2021
Total debt limit	\$ 1,468,503	\$ 1,516,419
Total debt	<u>(47,556)</u>	<u>(61,493)</u>
Amount of debt limit remaining	<u>\$ 1,420,947</u>	<u>\$ 1,454,926</u>
Debt servicing limit	\$ 244,750	\$ 252,737
Debt servicing	<u>(15,860)</u>	<u>(15,860)</u>
Amount of debt servicing limit unused	<u>\$ 228,890</u>	<u>\$ 236,877</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.

VILLAGE OF VILNA
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8. Equity in Tangible Capital Assets

	2022	2021
Tangible capital assets (schedule 2)	\$ 6,124,648	\$ 6,124,648
Accumulated amortization (schedule 2)	(2,598,811)	(2,424,127)
Tax supported callable capital loan (note 6)	(47,556)	(61,493)
	\$ 3,478,281	\$ 3,639,028

9. Accumulated Surplus

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

	2022	2021
Unrestricted surplus	\$ 299,005	\$ 298,781
Equity in tangible capital assets (note 8)	3,478,281	3,639,028
	\$ 3,777,286	\$ 3,937,809

10. Commitment

The Village currently leases a photocopier. The future lease payments under this operating lease are \$1,198 for 2023 and \$599 for 2024.

The Village entered into a contract with a third party to provide GIS software maintenance for \$1,950 per year until 2024. The Village has entered into a contract with a third party to provide safety codes services until 2027.

11. Segmented Disclosure

The Village of Vilna 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 Schedule of Segmented Disclosure (schedule 6).

VILLAGE OF VILNA
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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.

The Village had engineers study the water reservoir and it was determined that the reservoir will need to be repaired or replaced in the near future. The village has received approval for an Alberta Municipal Water/Wastewater Partnership grant to a maximum of \$3,562,500. The preliminary estimate of the project is \$5 million. The project costs and related grants will be recognized when the project expenses are incurred.

13. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2022	2021
Mayor - Kunyk	\$ 13,600	\$ 897	\$ 14,497	\$ 1,829
Mayor - Chapdelaine	-	-	-	12,907
Deputy Mayor - Thompson	12,250	2,006	14,256	2,446
Deputy Mayor - Romanko	-	-	-	4,950
Councillor - Miranda	5,250	749	5,999	933
Councillor - Dyck	-	-	-	750
CAO - Wagar	85,367	1,334	86,701	80,231
Designated officer (contract assessor)	5,437	-	5,437	5,955

- (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 and callable debt. It is management's opinion that the village is not exposed to significant currency risks arising from these financial instruments.

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 village has recorded a total allowance of \$83,856 (2021 - \$93,945) 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.

VILLAGE OF VILNA
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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 on the daily outstanding principal at the Alberta Treasury Branches prime rate plus 1%.

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 Branches prime rate plus 2%.

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

16. Contaminated Sites Liability

The village has adopted PS3260 Liability for Contaminated Sites. The village did not identify any financial liabilities in 2022 (2021 – \$nil) as a result of this standard.

17. Approval of Financial Statements

Council and Management have approved these financial statements.

18. Budget Amounts

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

19. Recent Accounting Pronouncements Published But Not Yet Adopted

Conceptual Framework for Financial Reporting in the Public Sector

This standard describes the concepts underlying the development and use of accounting principles in government financial statements. It also identifies the objectives of government financial statements that are generally acceptable to the users and preparers of the statements. It applies to years beginning on or after April 1, 2026.

PSAS Section 3160, Public Private Partnerships

This standard establishes standards on how to account for public private partnership arrangements. It applies in years beginning on or after April 1, 2023.

PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2023.

