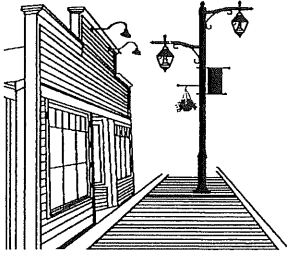


**VILLAGE OF VILNA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**



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, 2023 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.



Chief Administrative Officer
Vilna, Alberta
June 04, 2024



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, 2023, 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, 2023, 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

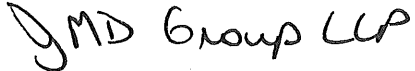
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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.

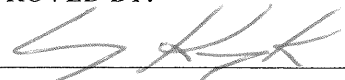
St Paul, Alberta
June 4, 2024


Chartered Professional Accountants

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
Financial assets		
Cash (Note 2)	\$ 544,581	\$ 456,495
Taxes and grants in place receivable (Note 3)	83,315	68,449
Receivable from other governments	463,899	354,465
Trade and other receivables	111,892	91,657
Land inventory held for resale	34,300	34,300
Share in Alberta Capital Finance Authority	-	30
	<u>1,237,987</u>	<u>1,005,396</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	95,659	209,363
Deposit liabilities and tax sale surplus	12,359	12,734
Funds held in trust (Note 2)	310	52
Deferred revenue (Note 5)	780,733	484,697
Callable debt (Note 6)	34,810	47,556
	<u>923,871</u>	<u>754,402</u>
Net financial assets	<u>314,116</u>	<u>250,994</u>
Non-financial assets		
Tangible capital assets (Schedule 2)	3,442,940	3,525,837
Prepaid expenses	7,681	454
	<u>3,450,621</u>	<u>3,526,291</u>
Accumulated surplus (Schedule 1, Note 9)	<u>\$ 3,764,737</u>	<u>\$ 3,777,285</u>
Contingent liabilities (Note 12)		

APPROVED BY:



 Mayor

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
Revenues			
Net municipal taxes (schedule 3)	\$ 286,103	\$ 283,848	\$ 260,513
Local improvement charges	72,738	71,928	71,928
User fees and sales of goods	246,750	212,637	201,920
Government transfers for operating (schedule 4)	108,357	344,303	293,097
Franchise fees	82,000	79,056	79,473
Investment income	2,000	7,573	2,663
Penalties and costs on taxes	18,500	18,234	19,768
Licenses and permits	1,000	676	1,519
Other	58,815	61,464	48,121
	<u>876,263</u>	<u>1,079,719</u>	<u>979,002</u>
Expenses			
Legislative	50,350	34,159	34,971
Administration	176,774	320,604	222,975
Protective services	51,450	41,883	41,101
Roads, streets, walks, lighting	160,000	257,928	270,233
Water supply and distribution	179,150	216,537	266,567
Wastewater treatment and disposal	27,750	42,394	47,946
Waste management	57,805	65,971	61,052
Public health and welfare	13,345	14,320	15,427
Planning and development	20,358	8,369	131,356
Parks and recreation	44,095	35,305	27,358
Culture	50,979	55,365	32,467
	<u>832,056</u>	<u>1,092,835</u>	<u>1,151,453</u>
Excess (deficiency) of revenues over expenses - before other	<u>44,207</u>	<u>(13,116)</u>	<u>(172,451)</u>
Other			
Government transfers for capital (schedule 4)	-	2,000	11,928
Loss on disposal of tangible capital assets	-	(1,432)	-
	<u>-</u>	<u>568</u>	<u>11,928</u>
Excess (deficiency) of revenues over expenses	44,207	(12,548)	(160,523)
Accumulated surplus - beginning of year	<u>3,777,285</u>	<u>3,777,285</u>	<u>3,937,808</u>
Accumulated surplus - end of year	<u>\$ 3,821,492</u>	<u>\$ 3,764,737</u>	<u>\$ 3,777,285</u>

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
Excess (deficiency) of revenues over expenses	\$ 44,207	\$ (12,548)	\$ (160,523)
Acquisition of tangible capital assets	(117,233)	(97,729)	-
Amortization of tangible capital assets	-	176,194	174,684
Proceeds on disposal of tangible capital assets	-	3,000	-
Loss on disposal of tangible capital assets	-	1,432	-
	(117,233)	82,897	174,684
Use (acquisition) of prepaid expenses	-	(7,227)	8,147
	(117,233)	75,670	182,831
Change in net financial assets	(73,026)	63,122	22,308
Net financial assets - beginning of year	250,994	250,994	228,686
Net financial assets - end of year	\$ 177,968	\$ 314,116	\$ 250,994

VILLAGE OF VILNA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Net inflow (outflow) of cash related to the following activities:		
Operating		
Deficiency of revenues over expenses	\$ (12,548)	\$ (160,523)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	176,194	174,684
Loss on disposal of tangible capital assets	1,432	-
	<u>165,078</u>	<u>14,161</u>
Decrease (increase) in:		
Taxes and grants in place receivable	(14,866)	5,937
Receivable from other governments	(109,435)	(102,185)
Trade and other receivables	(20,235)	(6,825)
Prepaid expenses	(7,226)	8,147
Increase (decrease) in:		
Accounts payable and accrued liabilities	(113,704)	100,711
Deposit liabilities and tax sale surplus	(375)	4,733
Funds held in trust	258	1
Deferred revenue	296,036	100,083
	<u>30,453</u>	<u>110,602</u>
	<u>195,531</u>	<u>124,763</u>
Capital		
Acquisition of tangible capital assets	(97,729)	-
Proceeds on disposal of tangible capital assets	3,000	-
	<u>(94,729)</u>	<u>-</u>
Investing		
Decrease (increase) in restricted cash	(178,803)	17,150
Share in Alberta Capital Finance Authority	30	-
	<u>(178,773)</u>	<u>17,150</u>
Financing		
Debt repaid	(12,746)	(13,936)
Change in cash during the year	<u>(90,717)</u>	<u>127,977</u>
Cash, beginning of year	<u>274,825</u>	<u>146,848</u>
Cash, end of year	<u>\$ 184,108</u>	<u>\$ 274,825</u>
Cash is made up of:		
Cash	\$ 544,581	\$ 456,495
Cash - restricted cash	(360,473)	(181,670)
	<u>\$ 184,108</u>	<u>\$ 274,825</u>

VILLAGE OF VILNA
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Equity in Tangible Capital Assets	2023	2022
Balance, beginning of year	\$ 299,004	\$ 3,478,281	\$ 3,777,285	\$ 3,937,808
Deficiency of revenues over expenses	(12,548)	-	(12,548)	(160,523)
Capital debt repaid	(12,746)	12,746	-	-
Annual amortization expense	176,194	(176,194)	-	-
Capital additions	\$ (97,729)	\$ 97,729	\$ -	\$ -
NBV of disposals	\$ 4,432	\$ (4,432)	\$ -	\$ -
Change in accumulated surplus	<u>57,603</u>	<u>(70,151)</u>	<u>(12,548)</u>	<u>(160,523)</u>
Balance, end of year	<u>\$ 356,607</u>	<u>\$ 3,408,130</u>	<u>\$ 3,764,737</u>	<u>\$ 3,777,285</u>

VILLAGE OF YILNA
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Cultural Structures	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022
Cost:									
Balance, beginning of year	\$ 126,274	\$ 27,887	\$ 54,582	\$ 532,065	\$ 5,111,347	\$ 231,279	\$ 41,214	\$ 6,124,648	\$ 6,124,648
Acquisition of tangible capital assets	-	-	-	-	-	4,499	93,230	97,729	-
Disposal of tangible capital assets	-	-	-	-	-	-	(10,214)	(10,214)	-
Balance, end of year	126,274	27,887	54,582	532,065	5,111,347	235,778	124,230	6,212,163	6,124,648
Accumulated amortization:									
Balance, beginning of year	-	-	54,582	361,499	1,984,296	167,201	31,233	2,598,811	2,424,127
Annual amortization	-	-	-	10,641	149,920	9,471	6,162	176,194	174,684
Accumulated amortization on disposals	-	-	-	-	-	-	(5,782)	(5,782)	-
Balance, end of year	-	-	54,582	372,140	2,134,216	176,672	31,613	2,769,223	2,598,811
Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ -	\$ 159,925	\$ 2,977,131	\$ 59,106	\$ 92,617	\$ 3,442,940	\$ 3,525,837
2022 Net book value of tangible capital assets	\$ 126,274	\$ 27,887	\$ -	\$ 170,566	\$ 3,127,051	\$ 64,078	\$ 9,981	\$ 3,525,837	

At December 31, 2023, there remained work in progress of \$173,759 (2022 - \$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, 2023

	Budget (Unaudited)	2023	2022
Levies			
Residential land and improvements and farmland	\$ 237,893	\$ 235,285	\$ 220,112
Non-residential land and improvements and linear	92,369	92,723	85,503
	<u>330,262</u>	<u>328,008</u>	<u>305,615</u>
Requisitions			
Alberta School Foundation Fund	35,049	35,050	35,917
Smoky Lake Foundation	9,110	9,110	9,185
	<u>44,159</u>	<u>44,160</u>	<u>45,102</u>
Net taxes for general municipal purposes	<u>\$ 286,103</u>	<u>\$ 283,848</u>	<u>\$ 260,513</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

	Budget (Unaudited)	2023	2022
Transfers for operations			
Provincial governments	\$ 73,357	\$ 317,541	\$ 256,711
Other local governments	35,000	26,762	36,386
	<u>108,357</u>	<u>344,303</u>	<u>293,097</u>
Transfers for capital			
Provincial government	-	2,000	11,928
Total government transfers	<u>\$ 108,357</u>	<u>\$ 346,303</u>	<u>\$ 305,025</u>

VILLAGE OF VILNA
SCHEDULE 5 - EXPENDITURES BY TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
Expenditures			
Salaries and benefits	\$ 328,809	\$ 306,557	\$ 264,211
Contracted and general services	154,720	226,770	341,945
Purchase from other government	100,500	198,744	193,312
Materials, goods, supplies and utilities	188,700	137,594	156,439
Transfers to other governments	20,538	13,024	17,343
Transfer to local boards and agencies	9,829	9,829	10,430
Provision (recovery) for allowances	1,000	17,240	(10,089)
Amortization	-	176,194	174,684
Bank charges and short-term interest	1,000	3,840	798
Interest on debt	26,960	3,043	2,380
Total expenditures by type	\$ 832,056	\$ 1,092,835	\$ 1,151,453

VILLAGE OF VILNA

SCHEDULE 6 - SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Public Health and Welfare	2023
Revenues								
Net municipal and improvement taxes	\$ 355,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,776
Government transfers	129,623	8,862	14,000	-	1,999	181,704	10,114	346,302
User fees and sales of goods	140	-	-	-	5,258	207,189	50	212,637
Investment income	7,573	-	-	-	-	-	-	7,573
Other revenues	105,865	242	-	-	53,324	-	-	159,431
	598,977	9,104	14,000	-	60,581	388,893	10,164	1,081,719
Expenses								
Contract and general services	64,435	24,040	11,111	7,176	11,723	132,176	-	250,661
Salaries and wages	138,057	-	44,780	-	64,626	54,121	4,975	306,559
Goods and supplies	12,481	12,459	89,958	-	6,101	75,866	-	196,865
Transfers	115,580	-	-	1,193	2,164	10,151	9,345	138,433
Other expenses	20,589	215	3,043	-	-	276	-	24,123
Loss on disposal of assets	1,432	-	-	-	-	-	-	1,432
	352,574	36,714	148,892	8,369	84,614	272,590	14,320	918,073
Net revenue before amortization	246,403	(27,610)	(134,892)	(8,369)	(24,033)	116,303	(4,156)	163,646
Amortization expense	(3,621)	(5,168)	(109,037)	-	(6,054)	(52,314)	-	(176,194)
Net revenue	\$ 242,782	\$ (32,778)	\$ (243,929)	\$ (8,369)	\$ (30,087)	\$ 63,989	\$ (4,156)	\$ (12,548)

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued and subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

(continues)

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

(continues)

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

Asset Retirement Obligations

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 village 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.

(continues)

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. Significant Accounting Policies (continued)

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 village reviews the carrying amount of the liability. The village 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 village 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.

2. Cash

	2023	2022
Petty cash	\$ 250	\$ 250
Bank accounts	544,021	456,193
Trust accounts	310	52
	\$ 544,581	\$ 456,495

Included in bank accounts is a restricted amount of \$360,473 (2022 - \$181,670) comprised of deferred grant revenue received and not expended (see note 5).

3. Taxes and Grants in Place Receivable

	2023	2022
Current	\$ 68,666	\$ 43,647
Arrears	106,189	100,521
	174,855	144,168
Less: allowance for doubtful accounts	(91,540)	(75,719)
	\$ 83,315	\$ 68,449

4. Accounts Payable and Accrued Liabilities

	2023	2022
Other payables	\$ 47,223	\$ 86,121
Due to other government	37,778	115,468
Vacation and wages payable	7,487	7,774
Tax requisition over-levy	3,171	-
	\$ 95,659	\$ 209,363

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

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. Deferred Revenue

	2022	Received/ Receivable	Recognized	2023
Canada Community Building Fund	\$ 227,901	\$ 50,000	\$ -	\$ 277,901
Alberta Transportation - Water/ Wastewater	-	350,000	(104,701)	245,299
Municipal Sustainability Initiative - capital	168,150	67,233	-	235,383
ACP grants	75,748	50,000	(115,579)	10,169
ACP grant transfer from local government	10,898	-	-	10,898
Trans Canada Trail	2,000	-	(2,000)	-
Centennial Park	-	1,083	-	1,083
	<u>\$ 484,697</u>	<u>\$ 518,316</u>	<u>\$ (222,280)</u>	<u>\$ 780,733</u>

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).

6. Callable Debt

	2023	2022
Tax supported callable capital loan	<u>\$ 34,810</u>	<u>\$ 47,556</u>

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

	Principal	Interest	Total
2024	\$ 13,249	\$ 2,611	\$ 15,860
2025	14,243	1,617	15,860
2026	7,318	549	7,867
	<u>\$ 34,810</u>	<u>\$ 4,777</u>	<u>\$ 39,587</u>

The callable debt due within the next year is \$13,249 (2022 - \$12,650).

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 7.39% for 2023 (4.36% for 2022). 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 2023 was \$3,114 (2022 - \$1,924).

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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:

	2023	2022
Total debt limit	\$ 1,619,579	\$ 1,468,503
Total debt	(38,410)	(47,556)
Amount of debt limit remaining	\$ 1,581,169	\$ 1,420,947
Debt servicing limit	\$ 269,930	\$ 244,750
Debt servicing	(15,860)	(15,860)
Amount of debt servicing limit unused	\$ 254,070	\$ 228,890

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

	2023	2022
Tangible capital assets (schedule 2)	\$ 6,212,163	\$ 6,124,648
Accumulated amortization (schedule 2)	(2,769,223)	(2,598,811)
Tax supported callable capital loan (note 6)	(34,810)	(47,556)
	\$ 3,408,130	\$ 3,478,281

9. Accumulated Surplus

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

	2023	2022
Unrestricted surplus	\$ 356,607	\$ 299,004
Equity in tangible capital assets (note 8)	3,408,130	3,478,281
	\$ 3,764,737	\$ 3,777,285

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. Commitment

The Village currently leases a photocopier. The future lease payments under this operating lease is \$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).

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 tipage 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)	2023	2022
Mayor - Kunyk	\$ 12,350	\$ 2,302	\$ 14,652	\$ 14,497
Deputy Mayor - Thompson	10,200	2,363	12,563	14,256
Councillor - Miranda	5,100	1,844	6,944	5,999
CAO - Wagar	89,073	1,699	90,772	86,701
Designated officer (contract assessor)	5,420	-	5,420	5,437

(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.

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 \$91,540 (2022 - \$83,856) 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 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. Asset Retirement Obligation

The village has adopted PS3280 - Asset Retirement Obligations. The village did not identify any financial obligations in 2023 (2022 - 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.

(continues)

VILLAGE OF VILNA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

19. Recent Accounting Pronouncements Published But Not Yet Adopted (*continued*)

PSAS Section 1202, Financial Statement Presentation

This standard responds to the need for understandable financial statements. The new reporting model will consist of:

- a statement of financial position;
- a statement of net financial assets (net financial liabilities);
- a statement of operations;
- a statement of changes in net assets (net liabilities);
- a statement of cash flows; and
- accompanying notes and schedules.